

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

A Monthly Newsletter – Informing, Communicating, and Educating – March 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 24/7 live operator. Calls can be taken in English or Spanish at 1-800-BAD-BEAT.

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

WHAT IS SOUND RECORDING PIRACY?

"Piracy" generally refers to the illegal duplication and distribution of sound recordings. There are four specific categories of music piracy:

Counterfeit Recordings are unauthorized recordings of the prerecorded sound as well as the unauthorized duplication of original artwork, label, trademark and packaging.

Pirate Recordings are the unauthorized duplication of only the sound of legitimate recordings, as opposed to all the packaging, i.e. the original art, label, title, sequencing, combination of titles etc. This includes mixed tapes and compilation CDs featuring one or more artists. They are sometimes referred to as DJ or dance mixes.

Bootleg Recordings (underground recordings) are the unauthorized recordings of live concerts, or musical broadcasts on radio or television. They are sometimes referred to as imports.

Online Piracy is the unauthorized reproduction, distribution and/or performance of a copyrighted sound recording in a networked environment.

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 ajjones@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 March, multiple enforcement agencies from fifteen different states and the Dominican Republic conducted enforcement action to help reduce music piracy committed across the country.

Alabama

On March 2, 2006, a recidivist was convicted in Mobile County Alabama District Court and was sentenced to one year jail time (suspended for two years probation), court costs, a \$2,000 fine and ordered to pay \$6,000 in restitution to the RIAA. The defendant was first arrested in October 2005, with 976 piratical CD-Rs in his possession and again in December 2005 at the same location with 574 piratical CD-Rs.

On March 5, 2006, the Monroeville Alabama Police were called to a domestic violence call and during the investigation, the wife stated that her husband made music CD-Rs and sold them out of their home. Police, who had attended previous piracy training at a seminar in Birmingham found four CD-R burners, 128 master CD-Rs, computer equipment and a receipt for blank CDs bought at Wal-Mart. The defendant was arrested at the scene.

On March 15, 2006, a street vendor in Montgomery was observed selling counterfeit CD-Rs and placed under arrest. Seized from the suspect were 946 piratical CDs and CD-Rs, 144 piratical DVDs, an undisclosed amount of illegal narcotics and a handgun.

Arizona

On March 20, 2006, the Phoenix Police Department, while conducting an illegal alien smuggling investigation, discovered an illicit

music and movie distribution operation inside a residence. A total of 1,532 counterfeit movie DVDs, 893 counterfeit CDs and an unspecified amount of packaging materials were recovered. The owner of the residence was arrested on felony charges.

California

On March 3, 2006, RIAA investigators assisted the Anaheim Police Department in executing a search warrant in downtown L.A.'s infamous "Santee Alley" and recovered 7,374 counterfeit and piratical CD-Rs. Anaheim Police developed information from a street vendor arrested in Orange County and traced the source of the pirate product to the distribution location in Los Angeles.

On March 15, 2006, RIAA investigators assisted the Los Angeles County Sheriff's Department in the execution of a search warrant at a distribution location in East Los Angeles. Authorities seized 13,976 counterfeit and piratical CDs (pressed high quality product) and arrested five suspects at the location on felony charges.

On March 16, 2006, the Los Angeles Police Department's Anti-Piracy Unit, assisted by RIAA investigators, executed a search warrant at a burner lab in Sun Valley. This action resulted in the seizure of 28 CD-R burners, 1,678 counterfeit CD-Rs and 1,734 counterfeit movie DVDs. The two suspects at the location were arrested on felony charges.

On March 22, 2006, a Rialto barber shop was raided by detectives from the San Bernadino Police Department following undercover buys that resulted in the execution of a search warrant and seizure of 1,927 counterfeit CD-Rs and 444 counterfeit movie DVDs. The arrested suspect is a parolee with felony convictions for selling PCP drugs and for participation in a criminal street gang, according to court records. He was arrested and held without bail.

Also on this date, RIAA investigators assisted the Los Angeles Police Department in conducting a raid at an indoor mall in downtown Los Angeles. The officers arrested seven vendors selling pirated music and seized 6,790 counterfeit CD-Rs during the raid.

On March 23, 2006, the Los Angeles County Sheriff's deputies, assisted by the RIAA, executed a search warrant at a residence in East Los Angeles and seized 603 counterfeit movie DVDs and 2,455 CDs (pressed high quality product). The suspect was arrested on felony charges.

On March 26, 2006, RIAA investigators assisted the Los Angeles Police Department in conducting raids at the Los Angeles City College Swap Meet. As a result of this action, 1,030 piratical music CDs and 289 music CD-Rs were seized by authorities and four suspects were arrested at the scene.

On March 30, 2006, San Bernadino Sheriff's Department detectives were executing a search warrant involving identity theft crimes and uncovered a burner lab inside a residence in La Puente. Police seized 24 CD-R burners, 5,694 piratical music CD-Rs and raw materials used in the manufacture of pirated DVDs and CD-Rs. The primary suspect at the location was arrested on felony charges.

On the same date, the RIAA and MPAA provided piracy awareness training to 25 flea market owners and operators throughout Central California. The training seminar in Fresno included identification of counterfeit and piratical CDs and DVDs, and included discussion about the potential legal consequences for allowing sales of pirated product to occur on the premises. Additional training seminars for flea market owners and operators in California are scheduled in Los Angeles, San Diego, Sacramento, and the Bay Area.

In total, during the month of March, law enforcement officers in California arrested 90 music pirates engaged in the distribution, sale or manufacture of pirate product. LAPD officers made 46 music piracy arrests during March. Other arresting agencies included the L.A. County Sheriff's Department, San Bernadino PD and San Bernadino County Sheriff's Department, Anaheim PD, Santa Maria PD, Pasadena PD, Hawthorne PD, Chino PD, Huntington Park PD, Indio PD, Ontario PD, CHP officers, San Luis Obispo Sheriff's Department, San Diego PD, and Sacramento PD. These enforcement actions netted more than 70,000 counterfeit and piratical music CDs and CD-Rs seized during the month of March.

Delaware

On March 2, 2006, a recidivist was arrested during a routine traffic stop when Delaware River & Bay Authority Police observed illegal CDs inside the vehicle. Police recovered 160 counterfeit CD-Rs and RIAA investigators respond to the station to identify the evidence. RIAA investigators were informed that a search warrant would be served at the suspect's home.

Florida

On March 19, 2006, RIAA investigators assisted the Orlando Police Department with flea market enforcement at the Central Florida Fair in Orlando. This resulted in the arrest of eight offenders and the seizure of 8,216 counterfeit CD-Rs, 184 molded CDs, 677 counterfeit music DVDs, 203 music MP3s, and 829 counterfeit movie DVDs.

Georgia

On March 10, 2006, the Atlanta Police Department executed a search warrant at the USA Flea Market and discovered two booths selling pirated music. A total of 2,004 piratical CD-Rs, 185 counterfeit movie DVD-Rs and a tower with 8 CD-R burners were seized. The operator of the first booth was arrested on the scene. The second booth was found unoccupied and it is unknown who the owner was.

On March 24, 2006, the Atlanta Police executed a search warrant on Stone Hogan Road and discovered a CD burner lab in operation by two individuals who were arrested on the scene. Uncovered as a result of this investigation were 7,160 piratical CD-Rs, 4,035 counterfeit movie DVD-Rs and 35 CD-R burners. During the investigation, the Atlanta Police Department developed probable cause on an office next door that later resulted in the seizure of three lbs of marijuana, various firearms and the arrest of eight suspects.

Illinois (Late Entry)

On February 26, 2006, RIAA and MPAA investigators assisted Chicago Police with the execution of a search warrant at the home

of a manufacturer, who is also a recidivist. Officers contacted RIAA and MPAA investigators after receiving the information from a confidential informant. RIAA investigators and police confiscated 1,479 counterfeit and piratical CD-Rs, 1,273 counterfeit movie DVD-Rs, 23 CD-R burners, three boxes of empty CD & DVD jewel cases and three printer / scanners. A large quantity of marijuana was also confiscated from the home. The suspect was arrested and charged accordingly.

Maryland

On March 3, 2006, a Baltimore recidivist pleaded guilty to two counts of music piracy and one count for movie piracy. The suspect was ordered to pay \$500 in restitution to the RIAA and \$500 in restitution to the MPAA. As the defendant was in violation of his federal probation he was re-sentenced to five years in federal prison. At the time of the suspects arrest, the Baltimore City police seized 175 counterfeit CD-Rs and 184 counterfeit movie DVD-Rs.

On March 10, 2006, the Baltimore City Organized Crime Division, with the help of RIAA investigators, executed two search warrants at residential locations. Officers and RIAA investigators confiscated 4,986 counterfeit and piratical CD-Rs, several thousand DVD-Rs, one laptop computer and other equipment relative to distribution operations from the locations. Also seized were two vehicles used in the operation and four suspects were charged with various anti-piracy violations.

On March 19, 2006, the Maryland State Police made a traffic stop as a result of a speeding violation. During the stop, another driver approached the officer and stated that

the suspect in the vehicle hit his car and fled the area. The suspect was driving on a suspended license and placed under arrest. An inventory of the vehicle revealed 2,828 counterfeit and piratical CD-Rs as well as 728 counterfeit movie DVD-Rs. RIAA investigators responded to the station to sign complaints and assume custody of the evidence.

Michigan

On March 13, 2006, a Michigan woman was sentenced to 24 months probation and ordered to pay \$1,500 restitution to the RIAA after pleading guilty to felony charges of music piracy. The defendant was arrested in January of 2006 after the Detroit Police Department identified the suspect at the site of a raid with narcotics in her vehicle. Seized from her vehicle were a total of 630 counterfeit and piratical CD-Rs.

On March 22, 2006, a Michigan manufacturer pleaded guilty in the Wayne County Circuit Court and was sentenced to 24 months probation and ordered to pay \$1,500 restitution to the RIAA and \$1,500 restitution to the MPAA as well as \$900 in court costs. The defendant was arrested during a traffic stop where the Detroit Police Department observed 1,957 counterfeit CD-Rs, 1,747 counterfeit movie DVD-Rs and eight CD-R burners inside his vehicle. On March 29, 2006, the Eastern District of the Detroit Police Department, assisted by RIAA and MPAA investigators, conducted a plain view seizure at the Conner Flea Market in Detroit. A total of 1,527 counterfeit and piratical CD-Rs, 455 counterfeit movie DVD-Rs and seven CD/DVD burners were seized from one vendor. Prior to the raid, MPAA investigators had made several

undercover purchases of DVDs and informed RIAA investigators after observing the CD-Rs. The vendor was arrested and charged accordingly.

On March 30, 2006, RIAA investigators were contacted by Detroit police and informed that police had arrested a suspect for the sale of what was believed to be bootleg CDs and DVDs. RIAA and MPAA investigators responded to the Western District Station and confirmed that 722 counterfeit and piratical CD-Rs as well as 511 counterfeit movie DVD-Rs were unauthorized copies. Investigators were given the opportunity to interview the suspect who then provided a name and phone number of a distributor / manufacturer of CD-Rs and DVD-Rs. This case is still under investigation

New York

On March 2, 2006, the New York Police Department's Organized Crimes Investigations Division, along with RIAA and MPAA investigators, conducted multiple search warrants in Brooklyn. This first enforcement action on Vernon Avenue resulted in the arrest of three suspects and the seizure of 69 CD-R burners, 1,200 piratical DJ mix CD-Rs, 1,606 counterfeit movie DVD-Rs, a laptop computer, one printer and several boxes of raw materials.

Also that day, a second operation was led on Fulton Street. This action resulted in the arrest of one suspect and the seizure of 28 CD-R burners, 16,900 piratical DJ mix CD-Rs, 1,900 music DVD-Rs, 9,909 counterfeit movie DVD-Rs and boxes of various raw materials.

Also on Fulton Street, a further warrant led to the arrest of another suspect and the seizure of seven burners and 5,100 counterfeit movie DVD-Rs. A seizure at a third location on Fulton Street resulted in the seizure of 35 burners, 10,300 piratical DJ mix CD-Rs, 1,400 music DVD-Rs and 7,105 counterfeit movie DVD-Rs.

On March 7, 2006, RIAA investigators received information from the Suffolk County District Attorney's Rackets Bureau that a Queen's man pled guilty to a felony and was sentenced to 1 1/2 years in state prison. The suspect was arrested in August of 2003 with 725 counterfeit CD-Rs in his possession and again in July of 2004 with 48 counterfeit CD-Rs and 225 piratical CD-Rs.

On March 8, 2006, RIAA investigators assisted the Brooklyn District Attorneys Squad in the execution of a search warrant at a burner lab on Patchen Avenue. The warrant resulted in one arrest and the seizure of 80 CD- R burners, 5,850 counterfeit and piratical CD-Rs, one rimage printer, 5,000 insert labels and 1,980 counterfeit movie DVDs.

Also on this date, at a separate location, RIAA investigators assisted the Brooklyn District Attorneys Squad in the execution of a search warrant at a distributor location on Bedford Avenue in Brooklyn. This warrant resulted in the seizure of 5,600 counterfeit and piratical CD-Rs, 2,600 counterfeit music DVDs and 14,500 counterfeit movie DVDs. On March 9, 2006, RIAA investigators assisted the Bronx District Attorneys Squad in the execution of a search warrant at a burner lab on Morris Avenue. This warrant resulted in one arrest and the seizure of 25 CD-R burners, 900 counterfeit and piratical CD-Rs, 100 counterfeit music DVDs and 2,600 counterfeit movie DVDs.

Also on this date, the New York Police Department's 25th Precinct, assisted by the RIAA, executed a search warrant at a storage unit acting as a distribution location on Park Avenue in New York City. Seized as a result were 4,000 counterfeit CD-Rs, 4,800 piratical CD-Rs and 2,800 counterfeit movie DVD-Rs.

On March 10, 2006, the 70th Precinct of the New York Police Department conducted enforcement action at a retail store in Brooklyn. This resulted in one arrest and the seizure of 56 CD-R burners, 1,300 counterfeit and piratical CD-Rs and 450 movie DVD-Rs.

On March 13, 2006, RIAA investigators assisted the New York police with enforcement on West 37th Street in New York City. This action resulted in two arrests and the seizure of 12,600 counterfeit and piratical CD-Rs and 4,300 counterfeit movie DVD-Rs.

On March 14, 2006, the 67th Precinct of the New York Police Department, along with the RIAA, executed a search warrant at a CD-R burner lab located on Church Street in Brooklyn resulting in two arrests and the seizure of seven towers containing 46 CD-R burners, 3,200 piratical CD-R, three computers, two laptops, one mirage printer, one laser printer and a loaded 9mm handgun.

On March 16, 2006, the Spring Valley Police Department, along with the RIAA, executed a search warrant at a burner lab located on North Main Street resulting in one arrest and the seizure of five towers consisting of 11 CD-R burners, two printers, assorted raw material, 1,300 piratical CDs, 1,200 pirated CD-Rs and 500 counterfeit CDs.

At another location, also on this date, the Spring Valley Police Department along with the RIAA, executed a search warrant at a burner lab also located on North Main Street resulting in one arrest and the seizure of one tower consisting of eight CD-R burners, 1,245 piratical CD-Rs, and various raw materials.

The enforcement actions in the state of New York resulted in the seizure of more than 70,895 counterfeit and piratical CD-Rs, 56,350 counterfeit movie DVDs and 365 CD / DVD Burners.

North Carolina

On March 17, 2006, following a call to the RIAA by an informant, a raid was conducted at a retail store on West Plaza Drive in Mooresville. Upon receipt of the information law enforcement officials executed a search warrant at the location and seized a total of 1,435 counterfeit CD-Rs along with five CD-R burners. No charges have been filed at this time.

On March 18, 2006, the Spartanburg Sheriff's Office conducted a raid at the Spartanburg Flea Market following RIAA training two weeks earlier. This resulted in the arrests of four individuals and the seizure of 1,279 piratical CDs and CD-Rs.

Oregon

On March 17, 2006, detectives from the Gresham Police Department uncovered a music and movie burner lab while executing a narcotics search warrant inside a residence in Gresham. Authorities arrested the suspect and seized four CD-R burners, 3,500

counterfeit CD-Rs and 1,200 counterfeit movie DVD-Rs.

Pennsylvania

On March 1, 2006, following a two-day trial in Lebanon County Court in Pennsylvania, a recidivist was sentenced to a minimum of four months to two years in prison and ordered to pay \$23,217.35 in restitution to the RIAA. During the defendant's second arrest for music piracy, Pennsylvania State Troopers seized 1,533 counterfeit and piratical CD-Rs from a vehicle driven by the defendant.

On March 3, 2006, Pittsburgh FBI agents executed a search warrant at a retail store on Fifth Avenue Street following several month of surveillance. The owner of the business stated that he receives his merchandise from New York City and it is shipped to him through the Greyhound Bus Station. The owner provided agents with a phone number of the person he ordered the merchandise from but refused to cooperate any further at which point, he was taken into custody. Agents will present the case to the U.S. Attorney's Office for an indictment. Recovered from the store were 2,573 counterfeit and piratical CD-Rs, 5,000 counterfeit movie DVD-Rs and numerous purses and watches valued at more than \$300,000. RIAA investigators responded to the FBI office to help with inventory and charges.

On March 7, 2006, a retail store owner was arrested by the Harrisburg Police Department after giving police consent to search his business for counterfeit CD-Rs and movie DVD-Rs. Detectives of the Harrisburg Police Department and MPAA investigators searched the business and discovered 2,505

counterfeit movie DVD-Rs, 14 VHS tapes, three DVD-Rs in a mailer and approximately 3, 224 counterfeit and piratical CD-Rs as well as five CD/DVD-R burners. RIAA investigators were informed of the raid and responded to the station to sign complaints and inventory the evidence.

South Carolina

During the week of February 27 - March 3, 2006, an initiative was taken in the Spartanburg area concerning music piracy. RIAA officials conducted a four hour block of instruction to educate officers about intellectual property crime and authentication methods used to identify illegal product.

On March 2, 2006, a search warrant was executed at a retail store after information was received during a recent South Carolina flea market raid that led authorities to the business. Items seized from the location included 1,032 counterfeit CD-Rs. The owner of the business was charged under South Carolina State Statutes.

Texas

On March 18, 2006, RIAA investigators assisted the Nacogdoches Police Department with plain view seizures from a trade fair and confiscated 2,500 counterfeit CD-Rs from a vendor. The vendor was arrested and will be charged with violating the Texas Actual Name and Address Statute.

On March 21, 2006, RIAA investigators assisted the Southlake Police Department with plain view seizures at the Southlake Flea Market located in the Dallas / Fort Worth area. Southlake Police seized 2,482 piratical CD-Rs, 113 piratical movie DVDs and arrested three vendors.

On March 29, 2006, RIAA investigators assisted the Longview Police Department with a search warrant and seizure at a retail food store located on North 4th Street. Officers seized 1,589 piratical CD-Rs and 880 counterfeit movie DVDs. The owner of the store was arrested and will be charged with violating the Texas Actual Name and Address Statute.

Virginia

On March 17, 2006, several members of the Norfolk Police Department entered the Fair Price Flea Market located on East Little Creek Road. A package taken from FedEx by the Norfolk Police Department Interdiction team containing 8,500 counterfeit music CD-Rs was seized and three suspects were arrested.

Dominican Republic

On March 24, 2006, the RIAA in conjunction with Adoprofono, seized three CD-R towers, 12 CD-R burners, one CPU with three towers (39 CD-R burners total), 12,310 counterfeit CD labels, one white Chevrolet Opel van and one gun during a raid in Santo Domingo. An individual at the site was arrested and charged.

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.

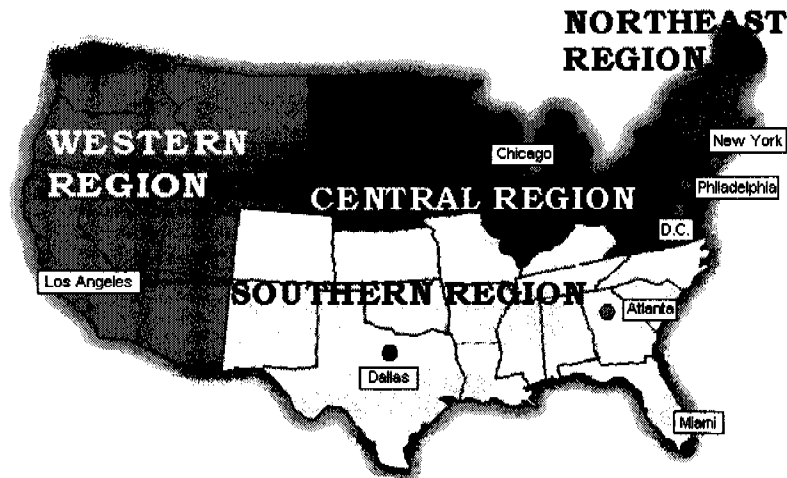
Sales of all pirate recordings fell slightly to 1.5 billion units, as cassette piracy fell by 28% to 390 million units in 2004.

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.

These figures represent a sampling of the largest cases and not the total number of counterfeit items seized.

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