



# U.S. Immigration and Customs Enforcement

REMARKS AS DELIVERED BY JOHN MORTON  
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## WHITE HOUSE FORUM ON HEALTH AND SAFETY IMPACT OF INTELLECTUAL PROPERTY THEFT

Well, thank you very much, Andrew. I am indeed John Morton, the director of Immigration and Customs Enforcement, and I'm very happy to be addressing you here today. We are the principal investigator of intellectual property crimes, as you know, and we lead the IPR center right across the river in Arlington.

I'm the son of a preacher, and here I'm preaching to the converted. And I know that. And it makes life a little easier, and I'm not going to drone on at length. I'm just going to hit a few themes that I think we need to be better at when we push our message in the public, because a lot of the challenge that we face is changing public attitudes.

And I think we need to speak a little more directly, we need to speak English, and we just need to get our message out.

And from my perspective, it goes a little bit like this. I mean, we need to convince people that counterfeiting spells trouble for America, pure and simple, all right. We all know it robs Americans of jobs. It robs Americans of innovation and creativity. We need to make the point that it fuels organized crime, not in the abstract -- it's not, the corner of 4th and Main -- it is organized crime, and that's where the money goes; and our focus here today, is that it creates a serious risk of harm to consumers.

And we've got to make sure that that latter point, that counterfeiting threatens the health and safety of Americans, is not just taken as an abstract concern. It's an immediate problem. As we've just heard, we've got to focus on the real effect. It's counterfeit toothpaste; putting something in your mouth every day that doesn't make sense for you if it is full of adulterated chemicals. Heart medicine and air bags. We just got done with an air bag case, where counterfeit air bags were being made in China and then ultimately put in cars throughout the United States.

Engine parts, ball bearings -- it's something as simple as ball bearings -- counterfeit, and then leads the engine to come apart. And I think people will appreciate that when they start to think

about the ball bearings in the car they're riding in, or better yet, in the GE engine that is turning to their right as they're at 30,000 feet.

The fake tourniquets on the battlefield in Iraq, Kevlar suits, on collagen medication, baby formula -- people understand those things -- the batteries, the circuit boards -- the number of cases that we've been doing with CISCO lately, a real challenge for us. The lights for the Christmas tree -- you don't want the Christmas tree to explode in flames.

We need to make sure that people understand no good comes from any of this. It's dangerous to our safety; it's dangerous to our economic well-being.

I think we need to really press home the point that counterfeiters don't follow safety standards; they don't open their factories to health inspectors; they don't pay taxes, whether they're federal, state or local; they don't invest any money like you do to find the next cure, to find the next technological leap, the next advance that makes our country great. And that's what -- that's what we're about in America. Innovation, advance -- that's the strength of our country.

These people make money by stealing other people's ideas, other people's work, and then they pass it off as their own.

Just one case that I think highlights, particularly in the context of health and safety, why this is important to all of us not only here in the United States but across the world. A few years ago we started an investigation into a gentleman named Kevin Xu in Houston -- many of you are probably familiar with that case. We worked that case with a lot of different people: the FDA; U.K. authorities; our friends at the Department of Justice; Lilly and Pfizer; and yes, the Chinese Ministry of Public Security. This is one of the rare cases that we've had in the last couple of years where we had genuine support, investigation from Chinese law enforcement, but it was a real success.

Xu wasn't a doctor. He wasn't a pharmacist. He wasn't a research scientist. Yet his company was selling counterfeit drugs on the Internet, distributing them throughout the United States and the U.K., primarily through the mail and express courier services.

In the U.K., it got so bad that his counterfeits actually entered the legitimate wholesale supply chain. And the authorities were forced to conduct not one but three recalls of -- Class I recalls of medicines, totaling about \$9 million. And unlike many of the cases that are in the news about lifestyle drugs, these were real medicines that immediately hit home on why this is important. Counterfeit Plavix is heart medicine; Casodex, cancer medication; and Zyprexa, which is used to treat schizophrenia and bipolar disorder. This gentleman was playing with fire for all of us.

Fortunately, we were able to arrest Xu, stop him in the middle of the game and presented him to the Department of Justice. He was prosecuted in 2009, sentenced to 78 months and ordered to pay, importantly, restitution of \$1.28 million.

Of course, as you all know, there are many, many Kevin Xu's out there. Counterfeiting is a global criminal industry. The good news is -- there are a lot of ICE agents out there. There are a

lot of FBI agents out there. There are a lot of federal prosecutors out there. There are a lot of CBP officers out there.

And make no mistake about it: We are after the Kevin Xu's of the world. As you just heard from the secretary of Homeland Security, our investigations at ICE from an intellectual property perspective are at an all-time high. And that means that the prosecutions that are being done at the Department of Justice are up. ICE isn't successful unless we have a partner at the Department of Justice -- and we do.

And you're going to see this continue next year. Our efforts are going to be very strong. We're simply going to go after counterfeits wherever we can find them. If we can find them on the Internet, we're going to go after them. If we find them in a back alley, we're going to go after them; on the corner of 4th and Main.

A few things as I close here, just to take away. I think we have to spend a lot of time making sure that we come together around a few key points, both internally and with the public. First, we have to genuinely believe that counterfeiting is serious and deserves our attention. And that's for all of us here in the audience and that'll reflect in our efforts to try to convince the public.

Second, we have to work together -- I think without an open and strong partnership between industry and government, this is ultimately a losing cause. And for it to be a winning cause, we need to work strongly together, openly together, and not be defensive about that. And, we need your expertise, we need your referrals, we need your thoughts on how we can tackle this problem. You know the problem better than we do.

We have to convince the average American that counterfeiting hurts them individually. Again, it's not some abstract concern about wealthy corporate elites. It's about the danger that it poses to them personally, both in physical terms and in economic terms.

And finally, I want to make sure that everybody realizes that the federal government is intent on enforcing the law. And I give this message often when I'm speaking, but I mean it sincerely. If I were in your shoes -- and recognize that this is a fairly extraordinary time in intellectual property enforcement: Here you have the attorney general of the United States making it a priority at the Department of Justice. You have the secretary of Homeland Security making it a priority at the Department of Homeland Security. You have the first IPEC, who is -- in short order, set up an office and is leading the charge.

So I've been in federal law enforcement my entire career, and I've never seen this kind of attention to intellectual property enforcement. Hopefully you feel that. But my message to you is, seize the day and get out there and make hay while the sun shines. Because you got a lot of thoughtful, important people trying to -- trying to make this work. And who knows what'll happen in the future, but its right here, it's right now.

So with that, thank you all very much for coming. Thank you for your support up until now. I look forward to the next year or two working with all of you to go out and just keep doing more of the same. Thank you.

