

17. Whack-a-Mole: Brand Protection & Counterfeit Parts

October 14, 2019

The graphic features the word "TOYOTA" in a bold, red, sans-serif font, positioned above the word "UNTOLD" in a bold, black, sans-serif font. Below the text is a photograph of a dark red, draped fabric, possibly a car cover, with soft folds and highlights, set against a light background.

TOYOTA
UNTOLD

What do auto parts and whack-a-mole have to do with each other? Turns out, quite a lot. Join Kelsey and Tyler as they learn all about counterfeit parts and Toyota's brand protection strategy from Joe Cammiso and Teena Bohi, two members of our Brand Protection team, and Jon Ruttencutter of Homeland Security. Bring on the busts, stings, and surveillance...

Full transcript below.

Jon Ruttencutter: [00:00:00] I was specifically tasked looking for things that had to do with automotive parts. And you could find everything from counterfeit tires, to counterfeit rims, to counterfeit airbags, suspension systems, brakes, fuel systems, anything that's manufactured for automobile can be and was counterfeited. When you're out there, and you get ready to do the operation, every raid or every search warrant, it can't be routine. There's a danger involved. The person behind that door, you just don't know how his day is going that day, or is he involved in other crimes that you don't know about.

Kelsey Soule: [00:00:31] Hey, everyone, and welcome back to Toyota Untold. Today, we are going to be talking about brand protection. But for the purpose of today's conversation, what we really mean here is counterfeit parts. So, pretty much any product today, whether it's makeup or automotive parts, is subject to counterfeiting. And the internet makes it really easy to sell fakes to unsuspecting customers.

Kelsey Soule: [00:00:53] Here at Toyota, we take the threat of counterfeiting very seriously. It's of the utmost importance for the customer's safety; so seriously that we work with Homeland Security and other government agencies to chase down the bad actors responsible for producing imitation auto parts.

Kelsey Soule: [00:01:08] One note before we start. At Toyota, we love an acronym. There is one for literally every move you make here. So, in this episode you're going to hear us refer to OEMs. That that stands for original equipment manufacturers or what the world calls car companies, automakers, et cetera. You get the gist.

Kelsey Soule: [00:01:26] All right. So, onto the dark underworld of counterfeiting.

Kelsey Soule: [00:01:33] Okay. So, today we're going to talk about something that I think a lot of people don't know about. It's definitely something I didn't know about until we scheduled this interview. And that is on the topic of brand protection for Toyota and counterfeit parts.

Tyler Litchenberger: [00:01:47] Same, Kelsey. I'm so excited to talk to these people today. We have Joe and Teena from our brand protection group, which I didn't know really existed.

Kelsey Soule: [00:01:55] If you can explain what you do every day, just so people can kind of get the lay of the land of what brand protection is.

Joe Cammisio: [00:02:01] Sure. I'm Joe Cammisio. I'm Brand Protection Manager. I work in the Service Parts Division. And our jobs primarily is two components – fighting counterfeit auto parts and, also, grey market parts. But I think this discussion will focus on the counterfeit stuff, the fun stuff.

Teena Bohi: [00:02:17] And I'm Teena Bohi. And I'm the Senior Brand Protection Analyst in Toyota's Brand Protection Department. And my job is to coordinate all of those activities. So, we do a lot of online marketplace monitoring, and we take action when we see infringements there. We work with our legal group when we want to take civil action. And they, also, do some online monitoring as well for web domain infringement. And then, we work with law enforcement very closely because once we find somebody that is doing something illegal, you know, we want to take every action that we can.

Kelsey Soule: [00:02:56] So, let's start at the beginning. Let's define, what's a counterfeit part? And what does that mean for the average consumer?

Teena Bohi: [00:03:04] Good question. So, a counterfeit part is a part that is produced without Toyota's authorization, and the producer of that part applies our trademark. So, we have several protected trademarks that can be used. The Toyota T is the big one, the Lexus L, as well as a number of model names. And they're just

not authorized to do that. And we don't like it when they do. So, that's a counterfeit part.

Tyler Litchenberger: [00:03:35] How was this all kind of founded that like, "Oh, man, we need people actually on the case"?

Joe Cammisio: [00:03:40] Well, I think we started realizing that there was more and more of a problem out there. And I think for the most part, over the years, automakers have been kind of hesitant to accept the fact or acknowledge the fact that there is a problem. But with the advent of e-commerce, it kind of brought the whole thing to light.

Teena Bohi: [00:03:58] We've learned, and I think it's fair to say, that people aren't going out and looking for a counterfeit part.

Kelsey Soule: [00:04:05] Right.

Teena Bohi: [00:04:05] Right? They're looking for a genuine Toyota part or a genuine Lexus part that's cheaper than they can buy it at the dealer. And maybe some of those people install them, you know, on their vehicles themselves. But we've found that increasingly, the independent repair facilities are also buying these parts online.

Joe Cammisio: [00:04:24] And they're unsuspecting consumers also because they don't—nobody really understands the proliferation of these things-

Kelsey Soule: [00:04:31] So, how—aside from something going wrong in your car, taking it in, and, you know, having somebody look at it, and say, "Wow! This part was completely wrong," how are these people finding out that their parts are counterfeit?

Teena Bohi: [00:04:43] Yeah, unfortunately, a lot of people don't find out, right? They buy a part, let's just say a spark plug, they install it in their car, they buy a set of spark plugs, and install them in their car, and they fail prematurely. They thought they bought Toyota product-

Kelsey Soule: [00:04:58] Right.

Teena Bohi: [00:04:59] ... that failed prematurely. Now, in their mind, there's damage to the Toyota brand. They may never know that those parts were counterfeit.

Kelsey Soule: [00:05:07] So, what would your message be to auto body shops, independent garages, and do-it-yourselfers, so that they can protect themselves against this?

Joe Cammisio: [00:05:17] Know the source of your parts. Know where you're getting them from. If you're buying them from an unknown third party online, you've got to be careful.

Teena Bohi: [00:05:26] Well, kind of to Joe's point, we distribute our genuine Toyota and Lexus parts through our dealer network. And that's it. We're not selling to individual consumers. So, those people substantiate the fact that that product is a genuine product. Things that are, you know, maybe giveaways are—that the part doesn't come in a genuine box, or that the box is damaged or tattered looking, that the packaging is subpar and not what you would maybe expect, that the part has additional flashing or just looks like poor quality.

Kelsey Soule: [00:06:00] Are there any specific online platforms where you're finding these, kind of, fit parts?

Joe Cammisso: [00:06:05] We find them where we look. Teena is out there looking every day.

Teena Bohi: [00:06:08] Independent websites also.

Kelsey Soule: [00:06:10] Yeah. So, they're not particular about where they sell.

Teena Bohi: [00:06:14] No. They like volume consumers.

Kelsey Soule: [00:06:20] One thing we want to stress here is that a consumer who unknowingly buys a counterfeit part is not the criminal here. You're the victim. We want people who suspect that they bought a counterfeit part to report it, so that we can figure out who the counterfeit sellers are. Consumers are the true victims here that the brand protection team and government agencies are trying to protect. Yes, we want to protect Toyota and Lexus reputation for exceptional quality, but our overall goal is all about customers and making sure their vehicles are safely serviced with genuine Toyota and Lexus parts. And the only way to be absolutely sure about is to go directly to the Toyota and Lexus dealer network for any service.

Tyler Litchenberger: [00:07:02] And then, how do you work with those platforms to remove them or do what you need to do to make sure customers are safe?

Teena Bohi: [00:07:09] Yeah, good question. So, that's a big part of what we do. We work through a third-party vendor to, basically, comb the internet. And that includes, you know, independent websites and online marketplace listings to identify suspicious and potential counterfeit products. And then, we evaluate that.

Kelsey Soule: [00:07:31] So, if we take a moment to kind of profile these counterfeiters, I mean, people are doing this in all sorts of markets, right? So, why do you think that they're targeting auto parts?

Joe Cammisso: [00:07:41] It's—if you're a counterfeit or auto parts are a great product to get into.

Kelsey Soule: [00:07:45] Why?

Joe Cammisso: [00:07:45] For a couple of reasons. We have high-dollar parts. So, a lot of margin on them, opportunity to make money. High-volume parts with our maintenance parts, spark plugs, filters, brake pads. And we have a global demand. So, if you're a counterfeiter overseas, China or Hong Kong, where a vast majority of auto parts come from, counterfeit auto parts, you're not just making them for Toyota North America. You're making up for Toyotas throughout the world.

Kelsey Soule: [00:08:12] Do you think it's getting better or worse?

Teena Bohi: [00:08:14] Worse.

Joe Cammisso: [00:08:14] It's just getting worse.

Kelsey Soule: [00:08:18] But look, we get it. Sometimes, you want an authentic aftermarket product like when we talk to Metaltech in our Overlanding episode, something that you want to add to enhance your vehicle experience that didn't come with the original product when it was manufactured. Don't worry, the team is on it.

Tyler Litchenberger: [00:08:37] I think a lot of people listening are probably people who do stuff to the cars, right? They fix their cars. They want it changed, the do-it-yourselfers, as Kelsey mentioned. Is there a difference between counterfeit, and aftermarket, and the vendors there?

Kelsey Soule: [00:08:51] Yeah.

Joe Cammisio: [00:08:52] Big difference.

Tyler Litchenberger: [00:08:52] Okay. What is the difference for people?

Teena Bohi: [00:08:53] Well, so aftermarket companies are perfectly legitimate companies. They produce. They have a brand that they're also protecting. They're also, oftentimes, victims of counterfeit as well. And counterfeiters don't necessarily do that, right? They don't produce to any particular standard. Counterfeiters ignore all of that.

Tyler Litchenberger: [00:09:15] If someone bought something that maybe they have and they're unsure of, like are there telltale signs by looking? You said the packaging, where it comes from.

Teena Bohi: [00:09:25] Yeah. We've seen simple mistakes that we're starting to see less of, but misspelled words on a caution label. Misspelled words on a part number label. Misspelled words on the part itself. General poor quality. Extra flashing, for instance, if it's a plastic part. If there's, you know, rough edges, things of that nature.

Kelsey Soule: [00:09:49] Okay. So, one, obviously, this is a whole movement. And you guys work with—you work with the government, right, on kind of managing this space, right?

Joe Cammisio: [00:09:59] Correct.

Kelsey Soule: [00:10:00] Okay. So, tell us more. There is an Automotive Anti-Counterfeiting Council.

Tyler Litchenberger: [00:10:05] A2C2 to be exact.

Teena Bohi: [00:10:07] That's it.

Kelsey Soule: [00:10:07] Yeah. Oh, yes. Okay. So, can you tell us a little bit about how that came together and what this group does?

Joe Cammisio: [00:10:14] Sure. Like you mentioned at the beginning of the program, this was—we started this group about five years ago within the Service Parts Division. We quickly realized that all the other automakers had the same problem that we had.

Tyler Litchenberger: [00:10:28] Yeah.

Joe Cammisio: [00:10:29] So, we started talking to them, our counterparts from Ford, and GM, and the Japanese brands, and Korean brands, and just started talking, and just started saying, "This is what we're doing. This is what we're seeing. This is the problem we have." There's a lot of apprehension at first on whether or not how much information to share with each other.

Kelsey Soule: [00:10:46] Right.

Joe Cammisio: [00:10:47] But we slowly worked through that, just through conversations and building trust. And then, lo and behold, we formed the A2C2, the Automotive Anti-Counterfeiting Council, back in 2015. And, basically, it's us, Toyota, and 10 other North American automakers. So, it's about 95% of the market. We get together quarterly for face-to-face meetings. A large part of our strategy here in the United States is working

through A2C2.

Joe Cammisio: [00:11:14] One of the of the group is building awareness. When you go to them as one voice, and “We are the US auto industry, and here’s a problem that we’re having, and here’s where we need help, and here’s how big we see the problem is,” then you’re more likely to get their attention and their support. And we have. The government’s been great partners. They’re in our meetings every quarter with us, representatives from Homeland Security and Customs. And we’ve been able to accomplish quite a bit by working through that model.

Teena Bohi: [00:11:46] Yeah, I think we would be remiss if we didn’t mention them by name. A lot of that support that we’ve gotten has been through the Intellectual Property Enforcement Coordination Center, which is located in Crystal City, Virginia. And it’s really a conglomeration of, I think, they’re up to 25 government agencies at this point. So, all of the folks that you want interested in your counterfeiting problem are accessible through this resource. And so, I think that’s kind of where we came together, and, really, I gained access to some support that we wouldn’t have had if we hadn’t engaged through the IPR center.

Tyler Litchenberger: [00:12:30] Is it fascinating getting a peek into the tent of what the government does on this side?

Teena Bohi: [00:12:36] Yes.

Tyler Litchenberger: [00:12:36] Good. That’s the answer I wanted.

Teena Bohi: [00:12:40] Yeah. Oh, yeah. Yeah, we are—Joe is actually disappointed because today he was supposed to be preparing to support a search warrant action on a-

Kelsey Soule: [00:12:49] Oh, yeah. I want to get into this.

Teena Bohi: [00:12:51] ... suspect counterfeiter in a region of the country. And unfortunately, it’s been postponed. And that’s a lot of what we find is you have to be nimble. You have to be ready to support. You know, we’ve coined ourselves within A2C2 as the committed and not the curious. So, you can’t take a case to law enforcement, and then not be willing to really follow through when they need your help-

Tyler Litchenberger: [00:13:15] Yeah.

Teena Bohi: [00:13:15] ... for instance, in authenticating product, establishing knowledge that someone knows that what they’re doing is not, you know, on the up and up, and being willing to go and support a search warrant action.

Kelsey Soule: [00:13:33] Yeah. We need to get into this.

Teena Bohi: [00:13:33] Yeah.

Tyler Litchenberger: [00:13:33] Yeah.

Joe Cammisio: [00:13:33] Our job, we feel, is to make government’s job as easy as possible.

Kelsey Soule: [00:13:37] Yeah, like you’ve done the research.

Joe Cammisio: [00:13:39] Yeah. So, if you’re a customs agent, and you’re stopping something that looks suspicious coming into the country, one of the hundreds of ports of entries, and you need help verifying that, we

want to be able to support them and tell them this is genuine or this is fake, you should stop it and seize it.

Kelsey Soule: [00:13:53] So, on the law enforcement side, when you guys get pulled into this, you know, the research has been done, they know where this person is, they know that they are going to approach them, for lack of a better term, just, you know-

Tyler Litchenberger: [00:14:05] Engage them, if you will.

Kelsey Soule: [00:14:06] Right, yeah. Do some more investigation. So, do they do—is it like a stakeout? Like are they watching people?

Tyler Litchenberger: [00:14:15] A sting? What is happening?

Teena Bohi: [00:14:15] A lot of times, yes. So, you're right. A lot of times law enforcement comes to us and says, "I think this is a bad guy. Can you help me?" But a lot of times, we work through our daily activities, and we identify these bad actors. A lot of times, we engage them prior to ever contacting law enforcement. So, we will send them a notice of infringement saying, "Hey, you're abusing my trademark. Stop doing it. And they continue to do it." And they continue to do it.

Kelsey Soule: [00:14:44] Yes. So, you gave them a chance.

Teena Bohi: [00:14:45] Right. And then, a lot of times, we'll do our own test purchases, and we'll authenticate that what this person is selling is, in fact, counterfeit. And we package all of that up. And many times, we work with our other A2C2 partners to say, "Hey, we found this person. Do you know this person?" And they may say, "Yes, we're investigating this person." And so, we pool all of that information that we have together, and we present that case to law enforcement. And then, they may take that and investigate it. And their investigations are, you know, way more interesting than-

Kelsey Soule: [00:15:18] Right.

Teena Bohi: [00:15:18] ... what we do, right? A lot of times, they will do surveilled buys. So, they may ask that, you know, we support with a private investigator who actually does the buy. And then, they watch it happen. So, they see the actual transaction, exchange of money. Just like you see-

Tyler Litchenberger: [00:15:36] They got it on camera.

Teena Bohi: [00:15:37] ... on TV. Exactly.

Tyler Litchenberger: [00:15:37] Yeah.

Teena Bohi: [00:15:37] It's fascinating. They will watch people's homes. They will do things like controlled deliveries. So, I know that, you know, this person has been put on notice by a brand. So, we're going to maybe send that document in a different form and watch it be received by the person.

Kelsey Soule: [00:15:57] Yeah.

Tyler Litchenberger: [00:15:57] Right.

Teena Bohi: [00:15:57] So, they can't say, "I didn't know what I was doing-"

Tyler Litchenberger: [00:15:59] I didn't get it. Yeah.

Kelsey Soule: [00:16:00] Yeah.

Teena Bohi: [00:16:00] "... was wrong. Up to the point where we really get excited, which is they call us and say, "Hey, look, we've got a search warrant. We're going to go look at what this person has in their home or what they have in their business. And we need a brand or couple of brands there to help us identify what we're looking at."

Kelsey Soule: [00:16:18] Yeah.

Teena Bohi: [00:16:19] And we're—you know, usually, you get plenty of hand raisers, right?

Tyler Litchenberger: [00:16:23] Yeah.

Kelsey Soule: [00:16:24] Right.

Teena Bohi: [00:16:24] So, we've been able to do that on a couple of occasions, and it's quite fantastic.

Kelsey Soule: [00:16:30] How many counterfeiters, like on average, are apprehended and convicted? What happens next?

Teena Bohi: [00:16:37] Not enough. Okay. We'll start with saying-

Tyler Litchenberger: [00:16:40] Is this like whack-a-mole at some point?

Teena Bohi: [00:16:42] That's a term that is common-

Tyler Litchenberger: [00:16:44] Okay.

Teena Bohi: [00:16:44] ... to the brand protection-

Tyler Litchenberger: [00:16:46] Okay.

Teena Bohi: [00:16:46] ... industry. And so, what we're trying to do is less whack-a-mole, right-

Tyler Litchenberger: [00:16:50] Okay.

Teena Bohi: [00:16:50] ... by maximizing our resources and working together wherever we can. where we're really striving to improve is finding the problem at the source, right? We know that the majority of the counterfeit parts that we encounter are coming from China. And we can stop bad guys selling here on online marketplaces all day long, but until we really go backwards through that food chain, if you will-

Kelsey Soule: [00:17:19] Find who are making it.

Teena Bohi: [00:17:19] ... and stop where they're being manufactured-

Kelsey Soule: [00:17:22] Yeah.

Teena Bohi: [00:17:22] ... we're just going to keep playing-

Tyler Litchenberger: [00:17:24] Yeah.

Teena Bohi: [00:17:25] ... the game of whack-a-mole.

Kelsey Soule: [00:17:26] So how to counterfeit parts of impact our supply chain?

Joe Cammisio: [00:17:30] We're pretty confident with our supply chain. We vet our suppliers. We audit them. We have great relationships with them. So, the product coming into our warehouses is genuine. And then, that gets distributed around through our supply chains out to our dealers.

Kelsey Soule: [00:17:44] Yeah.

Joe Cammisio: [00:17:44] So, in that regard, we're extremely confident.

Kelsey Soule: [00:17:48] What would be three things that you want the listeners to take away from this episode, from this conversation? How can they prepare themselves?

Joe Cammisio: [00:17:59] Increased awareness.

Teena Bohi: [00:18:00] Yes.

Joe Cammisio: [00:18:01] That's our message with everyone, with the public, with the independent repair facilities, with the e-commerce platforms, with government agencies, increase our awareness. If you don't know that this stuff exists, then you don't have your radar up, and you're not looking for it, but the more you're aware that this stuff is out there, the better you're able to defend yourself-

Tyler Litchenberger: [00:18:22] Right.

Joe Cammisio: [00:18:23] ... and start protecting yourself.

Teena Bohi: [00:18:23] So, yeah, it goes back to what we've already said, which is know the source of the parts that are going on your car. So, if you're not doing it yourself, ask who is doing it? Where are you getting these parts? I want to see some documentation. I want to know that the parts came from a dealership, or I want to know that the parts going on my car are a quality aftermarket part if I'm not using genuine parts.

Kelsey Soule: [00:18:47] Yeah.

Teena Bohi: [00:18:47] So, know the source.

Kelsey Soule: [00:18:48] Thank you, guys, so much for joining us today. This is awesome. This is so interesting. I learned so much.

Tyler Litchenberger: [00:18:54] Please take me. I'm in your next bust.

Kelsey Soule: [00:18:55] Yeah.

Jon Ruttencutter: [00:18:55] I'm fascinated.

Kelsey Soule: [00:18:58] I'll stay home. I don't know how you can just say that. Awesome. Thank you, guys, so much.

Kelsey Soule: [00:19:07] But like Joe and Teena said, the Toyota team gets help at the highest levels. So, we leveled up our interview and went straight to Homeland Security. We had the chance to talk with Jon Ruttencutter who's experienced with Homeland Security investigations.

Kelsey Soule: [00:19:24] And we're so happy to have you today on this very interesting topic and your experience with the Intellectual Property Protection team.

Jon Ruttencutter: [00:19:33] Well, thank you for the invitation to participate.

Kelsey Soule: [00:19:35] Yeah. So, let's just get started. If you can say your first and last name, your title, and what agencies you've worked for.

Jon Ruttencutter: [00:19:45] Yes. My name is Jon Ruttencutter. I recently retired from Homeland Security in January of this year. Prior to that, I started my federal service with the United States Air Force in 1988. And in 1994, I joined the US Customs Service. Of course, that became Homeland Security after 9/11.

Kelsey Soule: [00:20:05] Awesome. Okay. So, I think that we're going—like when I ask you about like your chief duties and what's a normal day like, that would be that the job that you most recently retired from?

Jon Ruttencutter: [00:20:15] Well, my last eight years of my career, I was assigned to the National Intellectual Property Rights Center, which is located in Arlington, Virginia. That center comprises of multiple agencies. And as part of the online security investigations, I was assigned to the counterfeit unit looking after all things counterfeit. My duty included processing counterfeit intelligence as it came to center. I worked a lot with the industry representatives, and I provided guidance to the field agents investigating counterfeit crimes.

Kelsey Soule: [00:20:45] Okay. So, what would be like a super exciting day in the lives of—on the counterfeit parts assignment?

Jon Ruttencutter: [00:20:54] Well, I guess, a great day at the office, when you had a piece of intelligence that made it seem like it was nothing at first glance, you take it to the team, and someone at that table recognizes the information that might be linked to a bigger operation or a bigger scheme. You work with the experts from industry. Industry always adds more to the story based on their experiences.

Jon Ruttencutter: [00:21:17] That story is, then, provided to the agent in the field. And then, you work with the agents in the field for days and months. Sometimes, even a couple years. The agent utilizes his skills and investigative tools to broaden that picture of what that scheme of counterfeit maybe look like. That picture becomes clear. Enforcement actions are planned. And a day that's great at the office, a good day at the office is when enforcement takes place, search warrants and arrest warrants are executed, and everyone goes home safely, the criminal enterprise is disrupted and dismantled, and the harmful items are removed from the market. And then, tomorrow, you start a new case.

Kelsey Soule: [00:22:01] Yeah. So, just thinking and, obviously, we're talking about counterfeit parts as it pertains to Toyota and Lexus. But when—in your department, it kind of runs the gamut of the possibilities of different products. So, I'm not sure what you're able to say or not, but can you give some examples of different investigations or products that come across your desk?

Jon Ruttencutter: [00:22:26] As part of the intelligence team, we've seen all types of commodities. And then, I would only sort that the program managers assigned to the center, if he's working in pharmaceuticals or-

Kelsey Soule: [00:22:36] Okay.

Jon Ruttencutter: [00:22:36] ... or apparel, or things of that nature, I was specifically tasked looking for things that had to do with automotive parts. And you could find everything from counterfeit tires, to counterfeit rims, to counterfeit airbags, suspension systems, brakes, fuel systems, anything that's manufactured for automobile could—can be and was counterfeited.

Jon Ruttencutter: [00:22:56] So, one of the cases that, you know, we highlight that happened, and you can find it if you search counterfeit airbags out there, it's been litigated to court is a couple of suspects, decided to go on, not only being part of the manufacturing process but importing and selling counterfeit airbags to repair shops. That was quite interesting and a little scary at the same time.

Kelsey Soule: [00:23:20] Right.

Jon Ruttencutter: [00:23:21] The two individuals, they went as far as to travel to the source country of China and meet with the manufacturers, described what they wanted. Then, they arranged for the importations into the US.

Kelsey Soule: [00:23:34] So, just generally, from the government's point of view across all industries, what threats do counterfeit parts pose?

Jon Ruttencutter: [00:23:44] Well, there is—you know, there's a threat besides the health and safety. There's always the impact on the US economy. And then, what a lot of people don't talk about is the loss of jobs.

Kelsey Soule: [00:23:54] Right.

Joe Cammisio: [00:23:56] You know, it's—when you have regulations around a certain commodity, and then, car parts are highly regulated, and the manufacturers are mandated to put a lot of resources to make sure these parts work the right way when called upon in an accident or just when the cars go down the road, counterfeiters don't have to meet those type requirements. So, the cost of creating manufacturing a counterfeit part is a lot less. That difference in cost in the market can really affect the US economy.

Kelsey Soule: [00:24:24] Right. So, how is automotive different as an overall category for counterfeiting versus other industries?

Jon Ruttencutter: [00:24:32] Well, usually, we look at as consumers don't usually go out and look for a counterfeit auto part. And when you interview folks that are walking the streets in New York, and they walk up to a vendor that's selling maybe a counterfeit luxury goods or a handbag, they know that you're getting a knock-off or a counterfeit bag, and they're searching for that, for the low price because they want to be part of the fashion, I guess. Usually, the consumer, when he takes his car to the repair shop, he's not telling a mechanic to go out and purchase a counterfeit part. He's relying on that mechanic to buy a part that is cost effective but will make the car work properly.

Kelsey Soule: [00:25:11] And I guess when it comes to stopping counterfeiters or identifying counterfeiters, what are your most successful methods?

Jon Ruttencutter: [00:25:20] I think the key that we've come out after years of investigating counterfeiters is consumer awareness. If we can get the consumers to stop and really take into consideration what they're buying, and what's behind that counterfeit auto part, or what's behind that counterfeit handbag, I think a lot of consumers, which would not take that route if they knew there were more crimes involved.

Jon Ruttencutter: [00:25:40] For instance, you know, you have the basic levels of manufacturing, selling, possession of counterfeits, and then the importation of contraband, but, also, there could be crimes involved with forced child labor overseas, you know, children being forced to make these items at a very—if paid at all or very low wages. And then, the moneys that are derived counterfeiting, which could be in the millions, could be used to fund other crimes such as terrorism or narcotics smuggling, even sex and human trafficking. Folks that are human trafficked can be brought to the United States, and then forced to sell counterfeit items on the street to pay off their smuggling fees. That has been seen. It has been uncovered.

Kelsey Soule: [00:26:24] Oh, wow! That is not what I expected to hear. And I'm assuming throughout your career, you've been on some of these raids.

Jon Ruttencutter: [00:26:33] Yes, I have. Yes.

Kelsey Soule: [00:26:33] So, are they like you see on TV or in the movies? Is it? Is it ever comical or is—are they dangerous or what's it like?

Jon Ruttencutter: [00:26:43] One of the misconceptions is that investigation never is over in 30 minutes. It usually takes a couple of years to put a counterfeiting case together and sometimes, maybe longer. When you're out there, and you get ready to do the operation, every raid or every search warrant, it can't be routine. There's a danger involved. The person behind that door, you just don't know how his day is going that day, or is he involved in other crimes that you don't know about.

Kelsey Soule: [00:27:08] Right.

Jon Ruttencutter: [00:27:09] You're there for a counterfeit crime, which a lot of folks might think is like a white collar or fraud crime, but that individual might be involved with human trafficking or sex trafficking. So, when the law enforcement knocks on his door, his reaction to law enforcement might not be what's expected of someone who's just maybe selling counterfeit purses. So, you don't take any situation as a routine situation. There's always risk involved. Now, once the search warrant is executed, and the subjects are detained or even arrested in a situation to secure, you take a look around, and you are amazed at the operation.

Jon Ruttencutter: [00:27:47] Sometimes, I have been there, and I—the amount of effort that goes into an operation, you think to yourself, if these subjects would just put their minds into a good work environment, they would be very successful business people. And then, you walk into a warehouse that is just everything is everywhere, and you wonder how these folks actually fulfilled an order to begin with, let alone work with all the, you know, maybe their online marketplaces, or their warehouse inventories, or working with the shipments coming in from a foreign country how they ever were successful. So, I wouldn't say it's comical. It's—I guess, it's eye opening when you walk into a space after doing a raid and see the operation behind the scenes that you've been investigating for two years now.

Kelsey Soule: [00:28:32] When you guys show up, are they just kind of like, "Oh, you caught me"? Are they expecting?

Jon Ruttencutter: [00:28:40] Yes, I think. And I've been in office for 30 years. I found that, you know, when

you're transparent with a subject, and you're talking to them, most of the time, there is not a fight involved. Most of time is he puts his head down and just realizes he's been caught.

Kelsey Soule: [00:28:55] Yeah.

Jon Ruttencutter: [00:28:57] And sometimes, I have to say, they're actually relieved that they got caught because they're constantly having to look over their shoulder and wondering who's knocking at the door. So, sometimes, when we show up, they're not surprised. Usually, they really would like to know how we found them, how we got there, but not really surprised that we're knocking on their door.

Kelsey Soule: [00:29:16] So, to be specific, when you, obviously—you go through a raid, what laws are being broken by counterfeiters? Like what are they charged with?

Jon Ruttencutter: [00:29:24] There's—you know, of course, you have the manufacturing of counterfeits, and you have the 18 USC 2320 charges. And then, you have the importation charges, smuggling into the United States because a lot of the merchandise comes in unmarked, or maybe it's described as something that it's not. When you look at some of the crimes they commit, while they have the distribution networks, such as mailing the counterfeit items, or they have to use the internet to communicate and sell the counterfeit items, you have mail fraud and wire fraud. And then, again, there's all—there's usually other crimes involved when we get there, such as the child labor or, you know, that they're supporting other crimes, not just the counterfeit crimes. I tell my family, you know, shop from well-known sources. The stuff that may be cheap at the flea market might actually do more harm than good and just be careful.

Kelsey Soule: [00:30:16] Well, thank you so much for talking to us today.

Jon Ruttencutter: [00:30:20] That was my pleasure. Thank you for the invitation.

Tyler Litchenberger: [00:30:24] Well, that's a wrap on our episode about counterfeit parts and brand protection. Thanks to our Toyota guests, Joe Camisso, and Teena Bohi, and John Ruttencutter from Homeland Security. To learn more about the Automotive Anti-Counterfeiting Council, check out a2c2.com.

Tyler Litchenberger: [00:30:39] As always, shout out to producers Sharon Hong and Alison Powell. Music by Wes Meixner. Edited and mixed by Crate Media. And if you haven't done it yet, please hit that subscribe button. Or better yet, leave us a comment or a rating! Thanks for listening. Bye.