



PROBLEMS

With our proprietary technologies, Stealth Mark can protect your organization against the four major ways in which your brand and integrity come under attack:

- **Counterfeiting:** the unauthorized reproduction of a product, document, negotiable instrument or other item of value.
- **Diversion:** the unauthorized redirection of product or material from its approved geographic region or sales outlet.
- **Tampering:** the theft or unauthorized manipulation of a package's contents.
- **Substitution:** the unauthorized replacement of material or components you provide to a contract manufacturer with material or components of inferior or unknown quality.

Our technologies also excel in asset authentication, allowing you to absolutely identify yourself as the rightful owner of an asset, such as valuable possessions recovered from loss or theft.

- **Theft:** the illegal taking of another person's property without that person's freely-given consent. Return of the item requires the ability for positive proof of ownership.

Counterfeiting

Counterfeiting is the unauthorized reproduction of your product, document, negotiable instrument, or other item of value. It is the leading illegal way in which an organization's financial well-being and its brand integrity is eroded.

In today's global marketplace your brand can be attacked from almost any location on the planet. Current counterfeiting and piracy activities have a \$900 billion impact on the global economy. That number is climbing and it directly impacts companies and individuals alike:

- Companies are affected financially by the loss of sales for their legitimate product; the cost of warranty claims for counterfeit products purchased as legitimate; and damage to their brand and their integrity.
- Worse yet, the general public is adversely affected by the loss of jobs, threats to the public health and safety, lost tax revenues, and the provision of funding for other illegal activities such as terrorism.



Stealth Mark® Security Products protect against counterfeiting by positive identification of the genuine article, thus exposing the fake.

Counterfeiting - Global Problem

In today's global marketplace your brand can be attacked from almost anywhere in the world. Counterfeiting and piracy has a \$900 billion impact on the global economy. For example:

- U.S. Chamber of Commerce: "Counterfeiting and piracy cost the U.S. economy between \$200-\$250 billion per year, a total of 750,000 American jobs, and pose a real threat to consumer health and safety."¹
- Federal Trade Commission: "...the auto industry could hire 250,000 additional workers, if the sale of counterfeit auto parts was eliminated."²
- And perhaps more alarming, the sale of counterfeit products is a major source of revenue for international terrorists and organized crime. For example, Al-Qaeda raises money by selling fake goods.³ In fact, the U.S. News & World Report stated that, "a counterfeit T-shirt ring... helped pay for the 1993 attack on the World Trade Center."⁴
- US Chamber of Commerce, again: "In the last month it is almost guaranteed that you unknowingly bought a counterfeit good. Criminal networks abroad, organized crime, even terrorists, have infiltrated supply chains. Counterfeit and pirated goods are in legitimate retail outlets. It's everyday products bought in everyday stores: batteries, software, over-the-counter and prescription drugs, spark plugs, car brakes, airplane parts, golf clubs, baby cribs, cell phones, and whiskey to name a few."⁵



1. <http://www.uschamber.com/issues/index/counterfeiting/default>
2. "Legislators Detail Concerns About Counterfeit Goods from China – Theft of intellectual property has significant impact on revenue, jobs," State Department Press Releases and Documents, June 12, 2006.
3. Interpol.
4. U.S. News & World Report, July 14, 2003.
5. U.S. Chamber of Commerce Video: "Counterfeiting & Piracy – The Threat to American Workers is Real" www.TheTrueCosts.org.

Counterfeiting - Piracy Video

To understand more about this important issue, please view the U.S. Chamber of Commerce video, "Counterfeiting and Piracy: The Threat to American Workers is Real."

Diversions

Diversions is the unauthorized redirection of a product to another sales channel or geography. Perhaps certain of your products are authorized for sale in a particular geography, but you are finding them being sold in another – the gray market. Or perhaps your products are to be sold by authorized dealers only and yet are being found available at unauthorized outlets. In either case, your organization and your brand's integrity are victims of diversion.



Using Stealth Mark® technology, when your product is found in an unauthorized location or outlet, you can immediately identify both the source of distribution and its legitimate destination.

Tampering

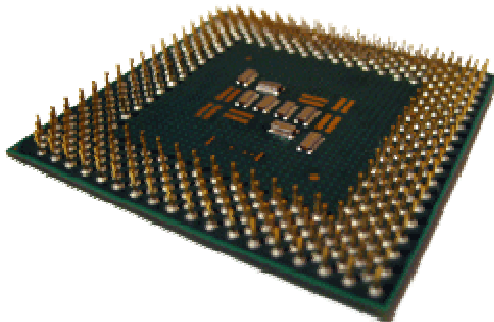
Tampering occurs when the contents of a package or container have been removed, damaged, contaminated, or otherwise manipulated so that they now constitute something other than what is represented by the label or shipping manifest. Tampering is a clear attack on your organization's brand integrity.



Stealth Mark® brands guard against tampering by sealing your genuine article in a manner that acts as a deterrent by clearly exposing any package tampering.

Substitution

The history of illegal substitution goes back to the days of Archimedes. If you outsource your manufacturing, you run the risk that the materials or components you provide or specify are being swapped out and replaced with ones that are of an inferior or unknown quality. In this case, your company and your brand integrity has become a target for substitution.



Stealth Mark® solutions provide immediate identification of unauthorized material substitutions when inspecting outsourced products.

Theft

When valuable assets are lost or stolen, and later recovered, it is difficult – and often impossible – to conclusively prove rightful ownership of the items involved. More often than not assets are not marked in any way that accurately links them directly to their owner. Even more common is that they're not marked at all, or they are marked in a way where the mark can be easily detected and removed.



As the legal systems of the world impose ever tighter requirements for proving a crime was committed it becomes even more important that items of value are marked so proof of ownership can be positively established.



Our Crimestopper Property Protector™ can provide positive proof as to an item's rightful owner.

Related Links

Counterfeiting and piracy, substitution, diversion, and tampering are problems that are growing. They are global and pervasive: no industry or market is immune.

As the US Chamber of Commerce reminds us, "In the last month it is almost guaranteed that you unknowingly bought a counterfeit good. Criminal networks abroad, organized crime, even terrorists, have infiltrated supply chains. Counterfeit and pirated goods are in legitimate retail outlets..."

Events and trends regarding counterfeiting and piracy, substitution, diversion, and tampering are also becoming increasingly well-documented with new reports published everyday. Below are links to several articles and websites that provide a representative sample.

Please understand that this is not a comprehensive list of resources. Hopefully, though, it is sufficient to demonstrate the pervasive nature of the threat. Anyone interested in performing more extensive research will find that a simple Google search yields an overwhelming body of evidence illustrating the increasing size and scope of these problems.

To learn more about counterfeiting and how it affects your business, please refer to the information below.

U.S. Customs & Border Patrol:

- CBP's New York/Newark Seaport Officers Thwart Counterfeiters with Major Seizures of Fake Goods
November 5, 2007
http://www.cbp.gov/xp/cgov/newsroom/highlights/fake_goods.xml



- CBP at Port of Los Angeles/Long Beach Seizes Counterfeit Footwear, Jackets Worth More Than \$2 Million
November 5, 2007
http://www.cbp.gov/xp/cgov/newsroom/news_releases/11052007_4.xml

U. S. Chamber of Commerce:

- Jobs Killed:
<http://www.thetruecosts.org/portal/truecosts/getthefacts/jobs.htm>
- Consumers Duped:
<http://www.thetruecosts.org/portal/truecosts/getthefacts/consumers.htm>
- Health & Safety Threatened:
<http://www.thetruecosts.org/portal/truecosts/getthefacts/healthandsafety.htm>

eeTimes:

- Under the Hood Special Report: Counterfeit Parts, Part 1 -- Legitimate Woes
Gregory A. Quirk, Semiconductor Insights
August 06, 2007
<http://www.techonline.com/product/underthehood/201310284>
- Under the Hood Special Report: Counterfeit Parts, Part 2 -- Baiting the Trap
Gregory A. Quirk and Allan Yogasingam, Semiconductor Insights
October 08, 2007
<http://www.techonline.com/product/underthehood/202300844>

International Herald Tribune:

- Next Step in Pirating: Faking a Company For NEC, an Identity Crisis in China
David Lague, International Herald Tribune
April 28, 2006
<http://www.iht.com/articles/2006/04/27/business/nec.php>

Consumer Reports

- ConsumerReports.Org
January 2008 Real or Fake? Counterfeit Merchandise Can Threaten Your Safety and Fund Crime
<http://www.consumerreports.org/cro/money/shopping/shopping-tips/counterfeit-products-1-08/overview/counterfeit-ov.htm>

Reconnaissance International

- Global Intelligence Source on Authentication:
<http://www.reconnaissance-intl.com>
- Pharmaceutical Anti-Counterfeiting:
<http://www.pharma-anticounterfeiting.info>