





Back to article



Counterfeit Cisco gear seized by U.S., Canadian agencies

Authorities find more than \$78 million worth of counterfeit Cisco Systems networking equipment in an ongoing investigation into imports from China

By Grant Gross, IDG News Service

February 29, 2008

U.S. and Canadian law enforcement authorities have seized more than \$78 million worth of counterfeit Cisco Systems networking equipment in an ongoing investigation into imports from China, the U.S. Department of Justice and other agencies announced Friday.

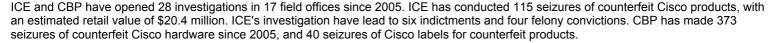
The coordinated operation, begun in 2005, has resulted in more than 400 seizures of Cisco hardware and labels, the DOJ said in a news release. The operation targets the illegal importation and sale of counterfeit network hardware such as routers, switches and network cards. One of the operation's goals is to protect the public from network infrastructure failures associated with the counterfeits, the DOJ said.

"Counterfeit network hardware entering the marketplace raises significant public safety concerns and must be stopped," Assistant Attorney General Alice Fisher of the DOJ's Criminal Division, said in a statement. "It is critically important that network administrators in both private sector and government perform due diligence in order to prevent counterfeit hardware from being installed on their networks."

The agencies that worked together on the operation included the U.S. Federal Bureau of Investigation's Cyber Division, U.S. Immigration and Customs Enforcement (ICE), U.S. Customs and Border Protection (CBP) and the Royal Canadian Mounted Police (RCMP).

The FBI named its portion of this ongoing initiative Operation Cisco Raider, an investigation involving nine FBI field offices and help from several other agencies. Over the last two years, the FBI's operation has resulted in 36 search

warrants that identified about 3,500 counterfeit network components with a retail value of more than \$3.5 million, the DOJ said. The FBI's work has led to 10 convictions and \$1.7 million in restitution.



ICE and CBP seized more than 74,000 counterfeit Cisco networking products and labels with a retail value of more than \$73 million.

On Friday in Toronto, the RCMP charged two people and a company with distributing large quantities of counterfeit network components to companies in the U.S. through the Internet. The RCMP seized approximately 1,600 pieces of counterfeit network hardware with an estimated value of \$2 million.

Other recent cases:

-- On Feb. 14, Todd Richard, 33, was sentenced to 36 months in prison and ordered to pay \$208,440 in restitution to Cisco by the U.S. District Court for the Northern District of Georgia. From late 2003 to early 2007, Richard imported shipments of counterfeit Cisco computer components from China, and separate shipments of counterfeit Cisco labels. He then affixed the fake labels to the fake components and sold the products on eBay, the DOJ said.

Richard sold more \$1 million worth of counterfeit Cisco products, the DOJ said.

--On Jan. 4, a grand jury in U.S. District Court for the Southern District of Texas indicted Michael Edman, 36, and his brother Robert Edman, 28, for trafficking in counterfeit Cisco products. The indictment alleges that the Edmans purchased and imported the counterfeit computer network hardware from an individual in China, then selling the products to retailers across the U.S. The Edmans shipped some of the counterfeit hardware directly to the U.S. Marine Corps, Air Force, Federal Aviation Administration, FBI, defense contractors, universities and financial institutions, according to the indictment. These organizations had purchased the product from a computer retailer serving as a middleman, which in turn purchased the products from the Edmans.



