

## Dave Lake “on Counterfeit Coupons”



**Leah Evert-Burks:** This is Leah Evert-Burks with the Center for Anti-Counterfeiting and Product Protection @ Michigan State University and this is Brand Protection

Stories - stories about the practice of brand protection by those who live it. In Brand Protection Stories we talk to those in the brand protection community about particular cases in their careers. Through some stranger than fiction real life scenarios we learn about the practice of brand protection and the challenges faced by brand-owners worldwide.

**Dave Lake:** It's just coupons are really weird ,and really unusual because I'm currently writing a paper about it where the coupon itself laying on the table is nothing it's a piece of scrap paper. It has no value, until it's executed until it's used as a transactional device at the point of sale. So if I stole 700 coupons laying on your table. What's that worth? I mean, what did they do not currency, but they become currency at the point of sale.

**Leah Evert-Burks:** David Lake is a retired Detective Sergeant and 30-year veteran of the Phoenix Police Department, specializing in organized commercial crimes. In that capacity, he conducted or directly supervised thousands of complex investigations across dozens of industries. This work led to the seizure of over 100 million dollars in cash and contraband from a wide range of criminal organizations. During this time, David also owned several businesses in the retail and service sectors. He coupled his business experience and police expertise to conduct unique research with the Department of Justice and Arizona State University. This research focused on the business of crime, dubbed the “Shadow Economy.” Through research, David documented how shadow economy crime damages communities and contributes to urban decay. This work, coupled with David’s real-world experience, has made him an internationally recognized expert on shadow economic crime. As such, he has presented at hundreds of events to police, public, and private sector leaders from over 80 countries around the world. Now retired from public service, David is the CEO of the Center on Shadow Economics. He works with private and public sector leaders in this role, building partnerships and capacity to understand and engage the shadow economy in communities worldwide.

**Leah Evert-Burks:** Good morning, Dave.

**Dave Lake:** Good morning Leah. How are you?

**Leah Evert-Burks:** I'm doing good, thank you. Though it was 13 years ago, the economic breakdown which began in 2008 doesn't really feel that far away. Many of us can remember the small and large shifts we made to our financial lives, due to the crisis. Some of the standard shifts across American households where the cutting of spending on big ticket items, but also on the weekly trips to the grocery store, and maybe for the first time, looking through the local paper, or the neighborhood circulars for coupons to help cut household spending. Coupons became a way to save a few cents, dollars, sometimes get free product, or in the case of Robin Ramirez which we will discuss with you today, make millions. So Dave, our listeners have already heard your impressive bio, but for this Ramirez case the coupon case that we're calling operation, "Super Coupon", you were a case agent and a supervisor for the Phoenix Police Department, is that correct?

**Dave Lake:** That is correct, that was my role at the time.

**Leah Evert-Burks:** And as I understand within the police department you were the only detective that worked on business issues and concerns, and intellectual property violations.

**Dave Lake:** Yes, that's right I had the role of, so I had owned a business while I was a cop I bought my first business first formal retail business with about 10 years on, and that's the time I also became a detective in property crimes. So I approached investigations not from just the law enforcement standard of "who's the victim what was the offense?", but from the business strategy, what was the business strategy of the criminal. And how did that compete with legitimate business. And so I developed a specialty called organized commercial crime. I looked at, not just a shoplifter but what did the shoplifter do with the item they stole and did that become a secondary market issue, etc. I built that specialty to the point that I became the only guy in the property crimes bureau, and for the city of Phoenix it was doing advanced investigations like this. And what happened was I promoted and I took that skill set with me. And nobody backfilled because it was a unique combination of my business experience and policing. There was nobody else who had that that experience or was interested in taking on the massive caseloads that come with that. So, so yeah I took it with me to be a sergeant. And what happened was when the Operation

Super Coupon case came about. I was approached by victims that I had developed relationships, you know, working, working on their cases before saying, could you consult, with whatever agency because they didn't know where she was.

**Leah Evert-Burks:** Ah I see, I see.

**Dave Lake:** So they wanted me to consult once they found her because of my skill set Well sure, I'll do that.

**Leah Evert-Burks:** Well it's interesting being a business owner, along with your law enforcement background because you understood the business decisions behind couponing right or or issuing of coupons, and I think it's important to go through that before we walk through the case, because again, we're looking at a financial crisis beginning in 2008, many households were suffering, many businesses were suffering and one way that brands and businesses try to drive loyalty is to provide some savings or some incentive for a consumer to try their product, which is the whole basis of issuing of coupons.

**Dave Lake:** Right, so, so the coupon actually has two two really unique functions from the eyes of a manufacturer or an issuer, because remember the coupon to be issued by the retailer as well, but its job is to promote brand loyalty as you just said, or to create velocity, we need to sell more of our favorite, or one of our title products, this quarter so they'll push out a coupon to get more people to use it. And, and they drive that velocity, meaning that normal users will use a coupon, but maybe a few new users so they'll pick up some new consumers so it's always a tug of war between them and their competitors issuing coupons. And so basically that coupons a marketing tool but has a serendipitous benefit. The manufacturer pushed it out for business purposes, but the consumer used it for budgeting purposes. And so the 2008 economic downturn, led people who may have always thought of couponing as food stamps, they saw them in the same way they were for the poor they were for the less affluent, you know I would be embarrassed to use them a lot of people would say, but 2008 that was a unique crisis that broke not only from the poor but all the way through Wall Street, it was a derivatives problem. So, so everybody was suddenly using them and the benefit was that you could, back then, save up to 50-60% of your monthly budget on food and that's a huge savings for most people.

**Leah Evert-Burks:** Absolutely. And during that time taking off on the popularity of cost saving measures like couponing, TV networks like TLC launched Extreme Couponing, which was a very popular show for them, which showed how people were using coupons and saving money and so forth. So during this economic meltdown and families really were looking to save money. But I think it's also interesting with couponing, there's also a situation where I think they call it a "coupon high" where people feel a great sense of accomplishment when they've when they've saved money.

**Dave Lake:** Yeah I think that I think that goes back to our hunter gatherer days, I think, you know, it was only less than 100 years ago we had to go out and pick our food, right, even at the grocery store when you find good fruit, you know, so, so I think there's still that hunter gatherer aspect that comes from providing something for your, your tribe or your home that comes from good selection, good planning, good hunting. And so it does it does release endorphins for a lot of people. The same is getting a getting a good deal or even a job promotion, it makes you feel like you've done something well, and for some people it's an addiction though, some people, I mean they really go to extremes. Now that now the extreme couponing TV show was a very interesting anomaly, because we don't know what came first. We don't. You could not achieve the deals that they were achieving in that show by using coupons appropriately, or I'd so there were numerous times in that coupon show that it came up, that, that the counterfeits had been identified, whether the - I'm not saying that TLC knew it I'm not saying that the producers know it, but the achievements that they had were able to make were not replicable using coupons, properly.

**Leah Evert-Burks:** Legitimate coupons so it was unrealistic results.

**Dave Lake:** Right, which drove millions of people into the couponing world, and they broke into two directions. Those who said, okay, I'm making the savings I can't do that but I'm making a savings thank you for the renewed interest in this, or the new interest in it, and those who said, so what do I have to do to get those savings? Yeah, which why Robin Ramirez grew to fame.

**Leah Evert-Burks:** Right. And I think probably our listeners are starting to recognize, possibly this storyline. There was a recent comedy that was issued, that was produced called "Queen Pins", which I kind of categorize as a kind of a madcap buddy comedy "inspired by real events" which is the qualifier for Hollywood. But I did find it interesting in

watching this movie, that was inspired by these events, that that they even acknowledged this was a crime. You know the perpetrators knew it was a crime, they you know we're, we're committing criminal activity, making a lot of money. So even though you know the fun comedy of it I think it did come through that a crime was being committed, and there were victims.

**Dave Lake:** Gita Pullapilly and Aron Gaudet or the writers and directors who I got to meet. They interviewed me and we shared and we've actually become friends over the years I just love them, they're wonderful people. And they just wanted to make something funny, so they thought this was unusual, they made something funny and it is a fun story. And because they're such loving people, they didn't want anybody to seem hurt. So, you know, she didn't get life in prison in the movie or, you know, there was, it was just fun and if everybody takes it is just fun,

they've done a good job. But they did recognize it was a crime when we talked about it they just thought that was too heavy for a comedy, but they as writers recognize it's a crime and everybody should recognize that that fraud is a crime. It's just coupons are really weird, and really unusual because I'm currently writing a paper about it where the coupon itself laying on the table is nothing it's a piece of scrap paper. It has no value, until it's executed until it's used as a transactional device at the point of sale. So if I stole 700 coupons laying on your table. What's that worth? I mean, what did they do not currency, but they become currency at the point of sale. And that takes them into a different world they become like a check, written on the account of the issuer. And now you're into a fascinating world where we have no, I mean, every other financial instrument out there, has regulatory oversight, except coupons.

**Leah Evert-Burks:** Right. I mean there's no institutional protections for them.

**Dave Lake:** Right, exactly.

**Leah Evert-Burks:** But, you know, it brings it into the realm of counterfeit violations because you've got brand names on those coupons, you've got their trademarks on those coupons. So that's where it becomes counterfeiting. But, but you're right it's not currency so you can call the Department of Treasury and get them to, to help with these types of situations. And I think that's where Robin Ramirez maybe got a little bit caught up in well I'm just copying coupons and I think too the consumer, in using, or some of the people that

were involved in using the counterfeit coupons that well they have to be legitimate because they're scanning at the register.

**Dave Lake:** Right, the famous if it scans, it's if it scans, it's good.

**Leah Evert-Burks:** The discipline of brand protection is derived out of trademark law- since counterfeiting is a violation of trademark rights – it's important to remember that these are laws set up regionally throughout the world to protect the consumer. Yes, trademarks are assets of companies, but they tell the consumer the source of the goods and provide the assurance of origin. But, brand protection isn't only the responsibility of the legal profession, it's multi-disciplinary by nature, and necessity. People find themselves in this field from such diverse career paths as security, supply chain, law enforcement, marketing, IT, finance and yes legal, as well as many more.

**Dave Lake:** The truth is, when I did the case, in the way I teach my investigators. So in the Robin Ramirez case for a little context I was running a patrol squad I had transferred out of detectives, and I'm now a sergeant running up the squad "911, what's emergency?", that was us we ran out there. So this was way outside of our line of responsibility. This isn't what patrol officers do. They don't do advanced organized commercial crime cases. But when the case was determined, when the private sector did the work and said, "Hey wait these people are in Phoenix." I said, okay, I went up the chain of command and said, "Does property crimes want it?" - well those detectives are overwhelmed, they're working 1000 cases a day, a month. They don't want something as complex so, which is why I did them when I was there. So I went to the chain of command, I have a great teaching opportunity my officers have between one and three years on the department. This is a case that for most of them they'll never, I did many of these cases just so you know for many industries. That was my specialty, but I said I have an opportunity to teach them a unique specialty. Can we do it? So they authorized us to do it on our days off, so that it didn't interfere with our 911 responses. So what happened was interesting. There was only a small budget for overtime, which is what we'd be doing our days off. So I agreed to do it for free, so I did all of my work, I just did it for free for the, and all of my officers and they were all great officers, worked, we were able to pay but they gave up their days off to come in and work the case. And so ,what we were looking at and what we were building and what what I taught them is very important for the listener. It's not that you made a mistake. I won't

arrest you for a mistake in fact it's my job to do what I call, I teach my officers to investigate to innocence, prove that this person didn't do the crime you think they did, because if you can't, then the evidence that they did do it will be in your lap. But if you're only looking myopically for guilt, you'll get, you'll get innocent people. So what we did is we looked at Robin Ramirez, and we looked at some of her users. And we said, when are we beyond accidental? When you do what Robin did one of the things she did is she, she had layer after layer of fake identities. That's not a step that we would take if we just stumbled across something.

**Leah Evert-Burks:** Right.

**Dave Lake:** She screened, so what I teach him as to take three to five things that cannot be explained any other way. For example, if, if I'm a retailer and I'm selling a legitimate product I don't screen my buyers. But she made sure that you had to be referred into her network, and somebody had to vouch for you that that's not a normal retail process. So it was things like that that we use to remove the, "I innocently stumbled into this."

**Leah Evert-Burks:** Right, right, you know, and then and then the obvious, you know she had very sophisticated printing capabilities for the coupons. Right?

**Dave Lake:** Yes, so that's a major, major determination. So, first of all, there's no circumstance where you legitimately reproduce these. There's just not - there's, at this point, intellectually you think this will function as a check, written on the account of the issuer once I use it at the point of sale. So, for you to find your neighbors checkbook and mass produce those, you know that's wrong.

**Leah Evert-Burks:** Exactly.

**Dave Lake:** So it makes it very clear that she and that printing capability that advanced party capability was only possible because a printer was willing to violate, state, and federal laws to do it so or or international laws even around counterfeiting so she had some unusual level help that wouldn't most printers if you showed up with the trademark dyed-in set and said I'd like to reproduce it, oh no.

**Leah Evert-Burks:** Yeah, they would say no. Yeah, right, and then then as you indicated the referral network. So she was only allowed referrals for I guess I guess you would consider these people distributors of the coupons and that's how she was getting her money, right, was being bringing people into the, the coupon business selling the coupons and then



getting referrals in, and it kept building. So, so as, as you indicated you're, you're doing this on your time off, and using it as a training tool for your officers. How did it come to your attention and how did how did the case develop?

**Dave Lake:** Well, the beautiful thing is, and it's, it's, sometimes I get sad that this is the necessity, but it is a reality. The private sector recognized that they were being victims. And they, one of the corporations I'm, I can say it's Procter and Gamble took the lead, and they said you know what we're losing too much money. So they took the lead to go find it - they worked with a wonderful group of people I have to say, Kris Buckner and the people that have Investigative Consultants in California and I, and they are private sector group that represents a lot of brands on counterfeit. He and I had been working together and developing Arizona's counterfeit enforcement program to just counterfeit was relatively new it's a relatively new organized commercial crime for law enforcement in general. We always used to see that as a business, civil matter but it's not it's part of a major organized crime, effort, and so he and I were building that, him on a private sector. Well, they took over and they were Procter and Gamble work with Kris Buckner, DJ Smith at Procter and Gamble, and they push this case to the point that they had almost identified, we think we know where Melissa Walters was her, her name by the way that name shows up when they in the movie. It's actually an Easter egg in the movie when she got all the fake IDs from, from a lady. One of them is Melissa Walters because that was really one of her fake IDs. And so, they think they've got her tracked down, and it's in Phoenix. Well it turns out that while they're doing that simultaneously for two years. The, there was a federal agency, who had been sitting on this case, not sitting, they had been struggling with this case, trying to find it because she was so well hidden, and they didn't have a lot of resources. And so that part in the movie where the the store clerk is calling the FBI, but in this case it's a different, a federal agency I don't want to put them on notice but but they had been struggling for two years in the Phoenix office, because they had been notified by the Coupon Information Center of this problem. Well that had been ended. So here the private sector went on our own. And I took that I found out she's in Phoenix I found that there was a federal case and I went into the federal agents and said, "Would you mind a little help," can we work together and they said, whatever you need to do. Well we're specialists in digging through the trash and getting in the mud and stuff like that. We're specialists at the one-foot view, and a lot of



federal agencies are specialists that a little higher level of policing. So we were able to work together to complement each other. And we did it in, they had been stuck for about two years but because of the information we have to the private sector, and our own specific skill set, and some cooperation between all three parties were able to finish it in eight weeks.

**Leah Evert-Burks:** Wow that is fast to pull it together.

**Dave Lake:** It is fast and part of it has to do with a lot of experience, part of it has to do with the tremendous help from the private sector. And then we had, a you know, there was what was really interesting about it was when you approach it from a business standpoint, the evidence you're looking for changes. It changes, now we're looking at business processes and business processes are a lot easier to find all that take a little more time, then some of the more nuanced stuff like, you know, does she know that she is producing trademarked items. That can be a little more cumbersome, you know yes she knows obviously it's written all over them. But now you've got to find a printer you got to do stuff, but when you, when you're looking at business stuff. Where is she banking? Where she's spending her money, that stuff. So the reason it took eight weeks is because we started writing search words so we I used a detective her Sarah Garza I had went in and asked if I could get somebody to focus on our money well they didn't have anybody at the money laundering, people the Southwest Borderlines because they're all focused on cartels. So we transplanted we took Detective Garza, and I said if I put the body there will you teach her and so we were able to move that so the department was helpful. Even though nobody knew what this was. We put her there and she was able to write subpoenas will those subpoenas take 30 days to get back so that's why it took eight weeks, we had Robin can down in the first 30 days, took is another 30 days just to get the evidence yeah

**Leah Evert-Burks:** The process for the process.

**Dave Lake:** For all the banking material stuff but she did a great job on that, and then here I took these, I think I took a total, it was a total of 40 officers 12, 13, 14 of them were my patrol officers and then we had extra help. And we went in and did a three-location raid to take her out.

**Leah Evert-Burks:** So, walk us through that you know I know you're talking about the financial aspect and that investigation. She had acquired quite a bit of wealth and and had

done quite a bit of extravagant spending that you were able to to locate some of those items that were red flags, when they were located that something was going on here, someone doesn't pay \$250,000 for a car, cash. But, but walk us through this raid, paint a picture for us - what, what did it look like?

**Dave Lake:** Well, what we did is we figured out that there were three locations and working with the you know they have the Postal Inspector in the movie and that's mostly funny, because Postal Inspectors are funnier than Phoenix Police Department. But in reality of Postal Inspector did play a role in helping us figure out some of her mailing patterns because we had tracked her down. We analyzed her business process, we determined vulnerabilities that would allow us to intercept her business processes which help us identify her patterns it's a complex issue. It's advanced investigative techniques, it's a way of looking at businesses differently, looking at crime as a business. So when we did that we were able to identify some gaps that other agencies could fill so the Postal Inspectors out there so what we found was that she was operating from, she had her house which functioned as her business and then she had another location, just like in a movie a drop house, or a stash house, where she actually operated the fulfillment of the orders. So there she had millions of coupons that were used to fulfill the orders. And then there was another one of her codefendants, Marilyn. So, so in the in the stash house was a, a chiropractor, who had started making money from her filling the coupon orders, and she was able to live in the stash house to guard or be aware, you know watch all the, all the coupons walls, and then fill the orders during the day, and then Marilyn, who was a buyer of coupons, because she did some dog training and she would use dog food coupons too with her customers actually got involved as well so so we were able to show that all three people knew something was wrong and one of the ways we could show it is that they would actually be sticking security labels, holograms onto the stickers as part of the process of - So if you have to assemble something that's supposed to be legitimate and you're the one assembling it, there's an obvious indication.

**Leah Evert-Burks:** Right.

**Dave Lake:** So for example you can say "I didn't know this purse was counterfeit." But if you're the one that put the brand logo on the purse, you don't get to say that.

**Leah Evert-Burks:** You know, you know.

**Dave Lake:** Right, And so, so we did that, and we so what we did on execution day or search warrant execution day is we targeted those three locations her house, the stash house and Marilyn's house. And so I sent officers SWAT teams, Neighborhood Enforcement Support officers out into all three. And at 6am 6:01, we, we entered into their homes, went well, we were, we did in fact use the SWAT team, which is kind of unusual on, we try to try not to use that level of force unless we have drug dealers, reinforced homes. We actually have three tiers and this was more of. Normally, something like this might be a Tier One which means my team to do it but my team of patrol officers wasn't qualified number one and number two we had noticed that they purchased a lot of guns.

**Leah Evert-Burks:** Yeah, yeah.

**Dave Lake:** And when you see that when you see that, they bought a lot of guns in a short period of time, it's reasonable believe they have access to all those guns. And at that point, I have to weigh the safety of everybody involved and send in the specialist so our SWAT team of specialists and they entered, and they take control the situation.

**Leah Evert-Burks:** Counterfeiting can be lucrative but in many jurisdictions prosecution results only in low penalties, therefore it attracts a wide spectrum of criminals from out-of-garage sellers to sophisticated networks funding terrorism. And what is counterfeited? Just about everything.

**Leah Evert-Burks:** So as I understand what was recovered was about 40 million in coupons, as you said it was a very organized business, so their turnover of inventory was every few months so I think it equated to about 160 million a year and operations for for these five years that she was an operation.

**Dave Lake:** So yes, that's a good point so so at the at the main house we seized assets guns, cars, toys at the at the stash house we seized the business tools what we call the KPIs, key profit instruments, which would be the coupons. We see so so in one rooms she's got coupons stacked floor to ceiling. How did we come to a \$40 million valuation on that? I took 100 coupons from each box, I wrote down the value. I weighed the coupons, the hundred. Then we took all the coupons out of the box we weighed the box. Now we know the way that the box way that coupons we put all of them together. And that's how we can tell how many are in there, right.

So, so if 100 weights one ounce, and I've got four pounds in there I know how much they're worth. And so we were actually get 49 million. Well, what we did is talking to her she said that she goes through that room about every 90 days. Now what's interesting and what what the readers, or the listeners should know is that she was just trundling along as a normal, because we have all our business records we have all of them. And so we looked and we could see that she was just making you know \$20 - \$30,000 a month, up until the Extreme Couponing series, right in 2010 she went to 300,000, a month.

**Leah Evert-Burks:** Quite a spike.

**Dave Lake:** Yes, because she had free advertising and so all of a sudden she got overwhelmed and she's got to produce that she's, she's selling these things especially can't, you can't deal with all that money. And so there are, we go to the bank that we see at the bank I say you know she was putting money, actually Sarah went, and the bank ladies says she's coming in with cash we can see her deposits, she's putting \$50,000 a day in the bank account sometimes. And someday she's walking in with baskets of money. Why didn't you tell the officials that this was unusual?

Now she looks like such a nice lady. So, so the point is we found that the, the, we found all those coupons there that we could see her damage. We found toys at her house; Marilyn's house was treated as a separate you know because she had her own little things going on there. But then, in all of our negotiations where we're interviewing her husband and he says well have you been to the hangar? We didn't know about the hangar. And just like in a movie, we go to the hangar, and they've got a 30-foot speedboat they've got a multi-million dollar, two of them actually motorhomes they have more stuff than you can imagine. So I think at the end of the day I believe that are, we seize 2.5 million in assets, one of which you alluded to, was the 1957 Chevy Corvette convertible that costs \$250,000 cash that they bought.

**Leah Evert-Burks:** Yeah, yeah. And and I think it was a total of six homes, they're owned or in that number.

**Dave Lake:** Yeah, no, she bought it, she started buying a street. She started buying all the houses on one street because you know if you're going to make a ton of money, you really should buried in the, in the two best places to sink money is guns, and because they never lose their value and real estate. So she cars are kind of a bad investment, because in fact

that \$250,000 car we ended up destroying it because it was made up of many stolen cars, it was a Franken-car, but we did sell one of her cars and nine, a Corvette that they had or Camaro that they had customized as a pace car for for NASCAR.

**Leah Evert-Burks:** So that's a value.

**Dave Lake:** Yeah yeah some stuff had value but for the most part, somewhere along the line she got advice to buy real estate and guns.

**Leah Evert-Burks:** Okay, okay. And with the cars I, I think that there's, you know, in the movie they they showed the Lamborghinis. But in her purchasing of the cars I think she also ran into an issue of where to put them, and started parking them around Phoenix, and maybe they didn't fit into the streets that they were parked on which was an interesting indicator. I think to law enforcement that there was something going on.

**Dave Lake:** What we did what we did is we said at one point we had to helicopter fly around the neighborhoods, because we started, we're asking her, we're finding the titles where's this car? "I don't remember where I put it." She just parked in them around the neighborhoods and so you you know in a neighborhood park where there are swing sets. Here's a \$60 - \$80,000 even in one case \$150,000 car just sitting on the side of the road collecting dust, and it's not stolen, you know, police officers go through and run the license plates, not stolen. But she just didn't have enough parking for them all and she was paying to park. I think she had so many cars, I mean it was unbelievable. She even had a 18 Wheeler converted into a three car garage the trailer with the front part being a being a luxury palace basically Italian tile and and crystal chandeliers in the cab of 18 Wheeler, and then the back was a three car garage, and neither one of them were qualified to drive it nine feet. It needs a special CDL driver's license, and we sold that to NASCAR too but the point is, you know, we take that money we recover the money we try to give it back to the victims who will take it. That's for asset forfeiture when you do these cases traditional asset forfeiture is used to take drug money and there's no victim. At the end of that so the government tends to use it for operations under RICO to help fight other drug cases in organized commercial crime, we use asset forfeiture and this is important. We use asset forfeiture to make victims whole. We try to recover, as much as money from the criminal organizations identify victims and give them the money if we, if they'll take it. Some corporations can't take it because it's a bottom-line issue, but for the most part, we, we use

asset forfeiture differently to help make victims whole. And that's an important distinction because asset forfeiture currently is being questioned for its value.

**Leah Evert-Burks:** Right, right.

**Dave Lake:** As counterfeit and let me just make this point, Leah. Counterfeit is one of the cases that you guys focused on counterfeit where you are. Counterfeit allows asset forfeiture and it's critical that asset for to remain a tool because counterfeit allows assets, because of the charge of counterfeit allows asset forfeiture to be used an asset forfeiture used in that context can be used to help the brand owners.

**Leah Evert-Burks:** As Dave indicates asset forfeiture is a legal mechanism 'to right the wrong 'of financial damage caused by criminal activity. As Chris Horne indicated in the podcast on music bootlegging # 8 of Brand Protection Stories, the UK utilizes the Proceeds of Crime Act for this purpose, which as with forfeiture in the US is intended for the proceeds of the crimes or assets derived from the criminal act to be 'returned 'to the victims or help fund fraud investigations including those involving counterfeits.

**Leah Evert-Burks:** So it so in 2012, Robin was sentenced to I believe two years in prison. Plus I think five years 'probation, it was considered a white-collar crime but she was also, as you talked about the forfeitures, but she was also required to pay back in restitution 1.5 million. As you indicated, you know the criminal activity was deep she had multiple identities financial fraud. In addition to counterfeit and trademark violations. So fraud, forgery, counterfeit of marks, and so forth, is what she was prosecuted for. And again, as you mentioned, there was some restitution and some forfeiture for the brand owners. And I think also what's important to think about is, is the result of this case with respect to the landscape of couponing a lot of companies suffered because of Robin Ramirez and her operation, financially, and no longer issue high value coupons. And if we think about that. And as we talked about on the outset of this podcast, there's a number of people that rely on coupons to help make ends meet. And so as a result of this case and other criminal activity like it, coupons have been reduced by corporations and brands. So it's no longer I think the TLC Extreme Couponing show was cancelled. And we just don't see those high value coupons anymore in circulars because of this case.

**Dave Lake:** Right and you, you actually touch on two different things that I should address, one her sentencing was unfortunate. The behind-the-scenes story is the prosecutor had it

was a veteran prosecutor, and he was so good at what he did, right before we made the arrest and I love the guy fantastic prosecutor, he got promoted. And so they brought in a new prosecutor and here you have a new prosecutor that's about to handle one of the largest complex crimes you can do. And he did the best he could for himself to navigate that and I think that got overwhelmed. And so they entered into a plea agreement that was largely spoken against a lot I mean there was huge media coverage coverage, all kinds of people come out and said this is a travesty of justice, and it was, but you know it wasn't that way because like in the TV show the victims didn't care, it wasn't that way because corporations win no matter what, that's, that was all Hollywood. The truth is, there was a mismatch between the complexity of this case, the way his supervisors understood it, and what his skill set was and something's happened that were unfortunate and that's going to happen but having said that she does have to pay back the \$1.5 million. And if I want to tell you if you want to hear something that will horrify - what I tease my millennial children with his white-collar crime probation standards, you're not allowed to own a computer. So can you imagine that your phone, you can't have a phone that can have access to the internet under white collar crime. I mean that's, I mean, you might as well put these people in a box, you know, it's so there may be some more anguish in there than most people realize, rather than a prison sentence having five years you can't have a, you can't have a smartphone.

**Leah Evert-Burks:** It sounds. Yeah, yeah.

**Dave Lake:** So could you imagine you can be texting.

**Leah Evert-Burks:** Can't imagine functioning.

**Dave Lake:** Yeah so so you know I don't I don't make light of it but the point is there was, it was unfortunate. Now, when you talk about the coupon change the industry looked around and said, our model of coupon is based off trust. It's based off trust, we don't have a banking system and bank fraud investigators and everybody protecting our system. It's you use it the way you were supposed to the retailer submitted it the way it was supposed to will pay everybody. But when the trust is broken, they didn't have a mechanism. And so they're, they're only solution was to contract. And so, assuming we have a lot of young listeners because you're at a university, back in the day we had triple coupon days and double coupon offers and



**Leah Evert-Burks:** Remember them well.

**Dave Lake:** Yeah so you could stack, you could stack coupons and offers were as much as \$3 off on a product, etc. Well guess what, we will have another economic downturn. And these things won't be there for you because they can't afford them to trust was broken. Now there is some good news. The good news is, is that they're working on technological solutions like blockchain and positive offer files and everything else that one day if they can remove the trust factor, and they can use digital or technological checks and balances, we may see those offers come back so in my mind, there's a race, which will come first, the need the economic downturn because we have them. I got bad news for everybody they happen in they're going to happen again. And coupons have always been there to help, but they're not there to help this time. So, will they be there to help because technology has made it possible, or will the economic downturn come first. And we're in a foot race. Because to be honest with you that the the, one of the second most expensive purchase most people make is food. They may, I mean they make their house payment and their car, but their their discretion not discretionary but the bubble, the one that can be flexed up and down the most is food, you can't get a coupon for your, your house payment, but you could mitigate your living expenses and so what she did. If there was a moral equivalent, I don't know what the morning could be but if you look at it from a moral standpoint, the true destruction was the removal of coupons, from our social system, our, our communities that that removal that degradation. That used to be there to help people isn't there anymore. And that just that I don't matter explain how many lives you affected,

**Leah Evert-Burks:** You know, it's, it's, it's tragic. It is tragic, really is.

**Leah Evert-Burks:** Yeah, well, and that leads us to my, my final question for you, Dave, and we may have already zeroed in on it, but if you can select one word to describe this fascinating case, what would it be?

**Dave Lake:** Well I think you did zero in on it and I actually wrote it down, when we were talking, but tragic, I truly see the damage as tragic. And the idea that people would say it's victimless. Oh it's victimless it's just paper corporations somehow can stay in business and lose millions of dollars which is childish and it's it's concept, but the the idea that you committed a crime that will deprive families for generations. You know back in 2008, in the worst economic downturn that this generation has seen people were still able to save

enough money to reprioritize and come home from some, some parents were coming home from work what you know they would drop one job because they could save enough. Others were able to rebuild their savings and none of that is going to be possible again, not in this current situation. So, So, if you look at the ripple effect of what she did and you're mature enough to stop thinking of dollars and cents and think about people its absolutely tragic.

**Leah Evert-Burks:** I agree. Well thank your Dave for joining us for ab episode of Brand Protection Stories and thank you for doing the hard work.

**Dave Lake:** Thank you so much for having me Leah, it's been wonderful.

**Leah Evert-Burks:** As a businessman, Dave Lake may have had a particular insight into the damage counterfeiting causes, and as a law enforcement professional obviously recognized the importance of training officers to investigate organized commercial and property crimes. Many municipal police organizations do not have the benefit of such exposure, to fully appreciate the damage counterfeiting can cause – even from the counterfeiting of coupons which will have a long-term economic effect on American households.

**Leah Evert-Burks:** If you're interested in sponsoring episodes of Brand Protection Stories, please contact A-CAPP Assistant Director Kari Kammel at [kkammel@msu.edu](mailto:kkammel@msu.edu).

**Leah Evert-Burks:** In the next episode of Brand Protection Stories, I talk with two guests, Roy Albiani and Wael Adhami from the Global Brand Protection team for Medical Devices at Johnson & Johnson. They will take us through an international case spanning 9 countries, that resulted in the conviction of a gray market wholesaler in the U.S., who was selling under the guise of distributing "SURGICEL," a topical absorbable hemostat used to control bleeding in surgical procedures. The discovery of the counterfeiting of this product was made by a neurosurgeon, when he opened the pouch containing the product and noticed it wasn't, folded, properly. When was this discovery made?... While his patient lay on the operating table awaiting brain surgery...

**Leah Evert-Burks:** Thanks for joining us today for this edition of Brand Protection Stories, produced by the Center for Anti-Counterfeiting and Product Protection (or A-CAPP) @ Michigan State University in East Lansing, MI. Please visit us @ [a-capp.msu.edu](http://a-capp.msu.edu). A-CAPP is a non-profit organization founded in 2009. It is the first and only academic body focusing upon the complex global issues of anti-counterfeiting and product protection of all

products, across all industries, in all markets. In addition to this series, we offer certificate courses in brand protection, applied education and academic courses, executive education, student internships, live summits and virtual events, ground-breaking research, and publish the quarterly digital industry journal, The Brand Protection Professional.

**Leah Evert-Burks:** This is Leah Evert-Burks with A-CAPP. Until our next session, keep protecting your brands, and the world's consumers. Keep it real.