

PRESS RELEASE

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TERRORISTS AND MAFIA FUNDED BY COUNTERFEIT MEDICINES TRADE, INVESTIGATION SHOWS

A new investigation into the links between organised crime, terrorism and counterfeit medicines conducted for the Stockholm Network by a former detective superintendent shows that criminals and underground organisations are increasingly turning to counterfeit medicines as a means of funding their activities.

A Sick Business – counterfeit medicines and organised crime by Graham Satchwell examines the growth in the trade in counterfeit medicines in Europe and asks what should be done to protect the public, who are now at risk not just from unsafe medicines but also from the consequences to public safety of organised criminals profiting from this trade.

The report found that:

- ◆ Europe and North America provide the best return on investment for those involved in the international supply of counterfeit products.
- ◆ There is no effective method within the UK – or to a greater or lesser extent across Europe – of identifying counterfeited pharmaceuticals before they are dispensed. Evidence suggests however that counterfeit products have probably been administered by the NHS and other health service providers, and that injury or death might well have been caused, although the true extent of the problem remains hidden.
- ◆ Contrary to expectations, lifestyle drugs do not pose the chief counterfeiting problem. Counterfeiters are attracted by 'big-sellers', for example, anti-malarial drugs are frequently counterfeited and the counterfeit packaging, even to the expert eye, is extremely hard to detect. A recent study in *The Lancet* concluded that up to 40% of artusenate products (for the treatment of malaria) contain no active ingredients. One study stated that "200,000 deaths would be avoidable annually if the medicines available were effective, of good quality and used correctly.
- ◆ There have been many thousands of deaths worldwide as a result of pharmaceutical counterfeiting.

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◆ The risks of producing and distributing counterfeit medicines are much lower than more 'traditional' activities of organised criminals, such as the production and sale of narcotics. The rapid, legal growth in the movement of medicines around the world via parallel trade in Europe and re-importation into the United States provides more opportunities for counterfeit and sub-standard medicines to enter the legitimate distribution chain.

◆ Regulatory agencies are not equipped to tackle international crime and within national police and intelligence agencies there is a lack of appreciation of the nature of the problem and a reluctance to use the legislation and resources available to deal with it. This is despite a major threat to public safety since international counterfeiting of pharmaceuticals often involves organised crime and sometimes involves terrorist groups and terrorist funding:

Al-Qaeda - Ron Noble, the Head of Interpol, has stated that one counterfeiting case has been reported in the media where there are alleged connections to al-Qaeda.

Hizbullah - Interpol are aware of three cases of counterfeiting activity and Hizbullah terrorist funding in South America. These cases involve ethnic-Lebanese who are involved in the remittance of funds to Hizbullah.

The Camorra – In 1995, an investigation into the Naples-based organised crime group uncovered a clandestine facility used to make counterfeit pharmaceuticals. The Italian government has disclosed that links between Islamic terrorist groups and the Camorra have since been identified.

The report, which includes a detailed appendix of known counterfeiting cases, concludes that a three-pronged strategy of education, enforcement and engineering is needed on the part of regulators, law enforcement agencies, the health service and manufacturers to stamp out an illegal trade in medicines that is now becoming life-threatening.

-ENDS-

NOTES TO EDITORS

- *A Sick Business – Counterfeit medicines and organised crime* by Graham Satchwell is published by the Stockholm Network priced £10. The Stockholm Network is a service organisation for Europe's market-oriented think tanks and thinkers.
- The report will be launched at a press conference chaired by Lord Mackenzie of Framwellgate from 8.30am for 9.00 until 10.00am on Monday 8 November at the EEF Broadway House, Tothill St, London SW1. To register for the launch, email Sacha Kumaria on sacha@stockholm-network.org.
- Graham Satchwell is a former detective superintendent. The former Association of Chief Police Officers' spokesperson on counterfeiting of branded goods, he was the main author and driving force behind the Memorandum of Understanding signed in 1999 between the Police Service, H.M. Customs, trading standards authorities and brand-owners. Since leaving the police in 1999, he has successfully managed international and politically sensitive major corporate investigations into counterfeiting, illegal diversion and fraud. Graham now leads Proco Solutions (www.Procosolutions.com), a specialist consultancy that provides brand protection to brand-owners.