

Press Release

9th July 2009

Yesterday (8 July) members of a criminal network involved in a multi-million pound film piracy 'industry' have been found guilty at Southwark Crown Court.

The gang knowingly provided a 'one stop shop' supply service for other criminal gangs producing and selling counterfeit DVDs in London and the South East, with international links.

Those convicted are remanded - some in custody and some on bail - to be sentenced on 28 July.

At approx 11.30 on 13 June 2006, officers from the Metropolitan Police Service's Film Piracy Unit and Territorial Support Group entered residential and business premises in North Chingford, Harlow and Walthamstow at which ten persons were arrested. Utilising intelligence from a number of sources including FACT (Federation Against Copyright Theft), IFPI (International Federation of Phonographic Industries) and Waltham Forest Trading Standards, the Film Piracy Unit was able to target this highly successful criminal network.

The operation, codenamed 'Donets', began in the early part of 2006 following an interception of a parcel by Her Majesty's Revenue and Customs (HMRC) at Stansted Airport. The parcel was addressed to Rafi Sheikh and contained a Toyota car catalogue which had ten silver metal discs hidden in the pages. The discs were believed to be metal pre-masters utilised by industrial DVD replication machinery. HMRC handed the parcel over to FACT, which with the assistance of IFPI, was able to confirm that each disk was in fact a 'stamper' or original master copy.

As the 'stamper' could only be used to duplicate film imprinted upon it this indicted the presence in the UK of an industrial replication plant, the first time such a rogue plant had been identified in Western Europe. FACT contacted the Film Piracy Unit at the MPS which began an extensive surveillance operation at the home and various business addresses connected to the directors and family associates of the company, Samrana Ltd.

The Samrana warehouse in Harlow was the main supplier, sustaining the production of counterfeit film product on a very large scale by criminal networks in London and the South East. The directors of Samrana Ltd and other family members were able to conduct their criminal enterprise under the cover of a company conducting legitimate business.

The location of the industrial replication machinery was traced to a counterfeiting factory situated in industrial premises in Walthamstow and is now physically located in Vietnam having been exported from the UK via Hong Kong by the principles of Samrana following the seizure of the 'stamper'.

Sami and Rafi Ashgar-Sheikh were directors of Samrana Ltd and had used money from their father Khalid Ashgar-Sheikh to start the business in 2003. Through its criminal activities the 'business' had grown substantially within a short period of time and the suspects were able to purchase the industrial premises in Harlow for a substantial sum in 2005 injecting substantial sums of cash, believed to be the proceeds of this criminality. Other members of the family were involved in the

day-to-day operation of the business

Standing trial with the principles of Samrana was Xin Li, an illegal entrant to the UK who acted as a quartermaster/organizer for one of the criminal networks who worked closely with Samrana. He stated that he and his wife paid £20,000 each to come illegally into the UK from China. As he was educated and able to speak English he became responsible for orchestrating/organising the workforce and illegal 'factories' operated by a Chinese based organised crime group in the UK.

Vast sums of money were realized by both Samrana and the group organized by Xin Li, much of which left the UK. An investigation aimed at tracing and confiscating these criminal assets is now continuing. At the time of the searches £106,000 in cash was located hidden in various locations throughout the home occupied by the Sheikh family and a further £24,000 recovered from the bedroom occupied by Xin Li and his wife.

The organized crime groups they were supplying use a workforce of largely illegal Chinese immigrants who had been trafficked into the UK for this purpose. They were housed in 'factories' which ranged from industrial units to terraced houses. These factories were generally short term lets where the illegal immigrants worked and lived around the clock in conditions of 'virtual slavery'.

The technology utilised by these groups was very different from that described previously and was based around a 'burning' technology, similar to that available on any home computer but in character more akin to an industrial production line. It was this 'industry' that required the vast amounts of raw materials, such as discs, burner towers and specialist disc printers that were required in the production of the counterfeit materials. It was these 'factories' that supplied the many street sellers, many of whom are of Chinese origin, who can be found selling counterfeit film product (both mainstream film and unregulated pornography) on the streets of any UK city.

The factories are capable of producing hundreds of thousands of illegal copies per week of popular movies, with hundreds of different titles being copied. They are also highly active in the illegal distribution of unregulated pornographic material, including some content that would never be licensed in the UK. These pornographic DVDs are sold on the streets alongside the mainstream movie titles.

Detective Superintendent Russell Day, Film Piracy Unit, Met Police, said:

"Today's verdict is the result of three years hard work and investigation into the activity of an extensive criminal network. Their crimes not only had an impact on the major motion picture houses but also the consumers and in particular the vulnerable Chinese people who became victims of the 'slave labourforce.' Film piracy is not a victimless crime and it is crucial that the public ask themselves if they want to play a part in the exploitation of vulnerable people by buying illegal DVD's. "

Kieron Sharp, FACT Director General, said: "This is a significant success for the Met's Film Piracy Unit working together with FACT. The focus of this operation was to dismantle an illicit business sustaining the organised crime gangs running large scale counterfeiting of audio-visual media.

"This was not a small scale business - this was a well run and highly organized criminal enterprise with links to international crime gangs that are impacting on the livelihoods of the tens of thousands of people who work in the UK film and TV industries.

"The success in this case comes on the back of a long and complex investigation initiated by FACT and pursued through the diligence of officers from the Met. I would like to thank them for all their hard work"

The Film Piracy Unit had been set up in early 2006, in partnership with FACT, in order to deal with the growing problems surrounding the production and sale of counterfeit film product by organized criminal groups. The unit, part of the Specialist Crime Directorate at NSY, was staffed with financial investigators and placed reliance on the powers provided by the Proceeds of Crime Act 2004 as their primary investigative tool

Searches took place at the following addresses on 13 June 2006 :

- = 74 Hoe St, Walthamstow, E17 (shop premises)
- = Unit 11, New Horizon Business Centre, Barrow Rd, Harlow (factory premises)
- = 26 Larkshall Rd, North Chingford.

In addition the following addresses were also searched in connection with the operation:

- = 3 Daventry Avenue, E17
- =176 Page Green Terrace. N15
- =Unit 50, Leyton Industrial Village, Argall Avenue, E10
- =12 Barton Close, E9
- =Unit 11, Kimberley Industrial Estate, Cheney Row, E17

The defendants were:

Sami ASGHAR-SHEIKH [4.1.81 - 28 ys] of 26 Larkshall Rd, North Chingford - found guilty of conspiracy to launder the proceeds of Film Piracy, and conspiring to produce pirate DVDs contravening the Trademark Act and Copyright.

Rafi ASGHAR-SHEIKH [1.9.82 - 26 ys] of 26 Larkshall Rd, North Chingford - found guilty of conspiracy to launder the proceeds of Film Piracy, and conspiring to produce pirate DVDs contravening the Trademark Act and Copyright.

Khalid ASGHAR-SHEIKH [5.5.56 - 53 ys] of 26 Larkshall Rd, North Chingford - found guilty of conspiring to launder the proceeds of Film Piracy.

Mahrokh AMINI (female) [28.7.57 - 51 ys] of 26 Larkshall Rd, North Chingford - found not guilty

Xin Li a/k/a Jerry Li [23.8.74 - 34 ys] (male) from 24 Victoria Rd E17 - found guilty of concealing the proceeds of crime, namely Film Piracy, and not guilty on conspiring to launder the proceeds of film

piracy.

Guo Lan Li [28.11.74 - 34 ys] (female) from 24 Victoria Rd E17 - found not guilty.

Richard Russell [28.8.79 - 27 ys], 24 Driberg Court, Dagenham - pleaded guilty to a minor offence relating to copyright issues at the start of the trial.

(Khalid ASGHAR-SHEIKH and Mahrokh AMINI are father and mother to Sami and Rafi. Guo Lan Li is the wife of Xin Li).

About FACT:

The Federation Against Copyright Theft is the UK's leading trade organisation established to protect and represent the interests of the film and broadcasting industry against copyright and trademark infringements.

Established in 1983, FACT works closely with statutory law enforcement agencies to combat the growth of pirate film and television programme DVDs and other forms of broadcast material including the increasing threat from online/internet based piracy.