

Product Fraud Prevention – the Leading Role for Packaging

IoPP Webinar

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[Http://FoodFraud.MSU.edu](http://FoodFraud.MSU.edu) -- Twitter @FoodFraud and #FoodFraud

Curriculum

Graduate Courses (Online, Three Credits)

- Anti-Counterfeit & Product Protection (Food Fraud)
- Quantifying Food Risk (including Food Fraud)
- Food Protection and Defense (Packaging Module)
- Packaging for Food Safety

Certificate (Online, Four Courses Each)

- Certificate in Food Fraud Prevention (Food Safety)
- Certificate in Counterfeit Medicines (Public Health)
- Certificate in Counterfeiting Criminology (Criminal Justice)

Graduate Degree (Online)

- Master of Science in Food Safety –
 - <http://online.foodsafety.msu.edu>

MSU Engagement 2013

	Outcome	Benefit	Commitment
Graduate Course	Share your knowledge and set direction of research	Develop the internal talent to support initiatives in the AC space	14 Weeks, online, May to August, ~\$1500
Executive Education	Share your knowledge and set direction of research	Develop the internal talent to support initiatives in the AC space, meet other thought leaders (“invitation only” sessions for brand owners)	2 Days on-campus (\$1950) September 10-11 September 12-13 - Trends
Multi-Client Studies	Research the why’s of AC/D, understand underlying drivers	Uncovering the drivers may lead to new strategies to combat Counterfeiting	Teleconference Meetings with option for on-campus meeting, \$varies
MOOC	Engage global network of Food Fraud thinkers..	Two, 2-hour on-line webinar format with assessment. Students earn an MSU “credential”.	Overview: May 10 & 17 Nov 12 & 19

Contact: John Spink, SpinkJ@Msu.edu – 517.381.4491 – <http://www.online.foodsafety.msu.edu/>

WARNING:
Counterfeiters Attend
Anti-Counterfeit
Conferences

MSU Research Projects

- Establish a theoretical and public foundation
 - Defining the Types of Counterfeiting, Counterfeiters, and Offender Organizations (final revisions)
 - Challenges of IP Enforcement (published)
 - Review of Methods to Assess the Economic Impact of Counterfeiting (published)
 - Product Protection Risk Mindfulness (data analysis)
 - Defining the Public Health Threat of Food Fraud (published)
 - Defining the Public Health Threat of Dietary Supplement Fraud (final revisions)
 - Review of Nigerian Anti-Counterfeiting Initiatives (final review)
 - Review of Food Fraud Incidents – USP (published)
 - Review of Economically Motivated Adulteration Incidents – NCFPD (published)
- [Risk Mindfulness Survey](#)
 - https://broad.qualtrics.com/SE/?SID=SV_3TPkQ8UYXVBDZ1H

Types of Counterfeiting ...or Consumer Product Fraud

- Adulteration
- Tampering
- Over-run
 - Licensee-Fraud (Excessive/ Post-Contract Production)
 - Re-Manufacturing/ Re-Conditioning
 - Unauthorized Refill
 - Clone
- Theft
- Diversion
 - Smuggling/ Money Laundering
 - Parallel Trade
 - Origin Laundering
- Simulation
- Counterfeiting (IP)
 - Replicas

The Myth of “How to Identify Counterfeits”

- *“Buying products on the internet is dangerous”*
- *“If the price is too good to be true, it probably is”*
- *“Gray market products fund terrorists and child labor”*
- *“Gray market product is dangerous”*
- *“How to spot a fake”... many counterfeiters know this!*
 - Low price
 - Retail Location
 - Certification marks missing or different
 - Authentication features missing or different
 - Country of origin different than where produced
 - Physical appearance or weight

The Chemistry of the Crime

Brand Protection

- Management/ IT
 - **ERM**
- Market Monitoring
- Supply Chain Integrity
- Product Protection
 - Tampering
 - Traceability
 - Authentication
 - Security
 - Safety

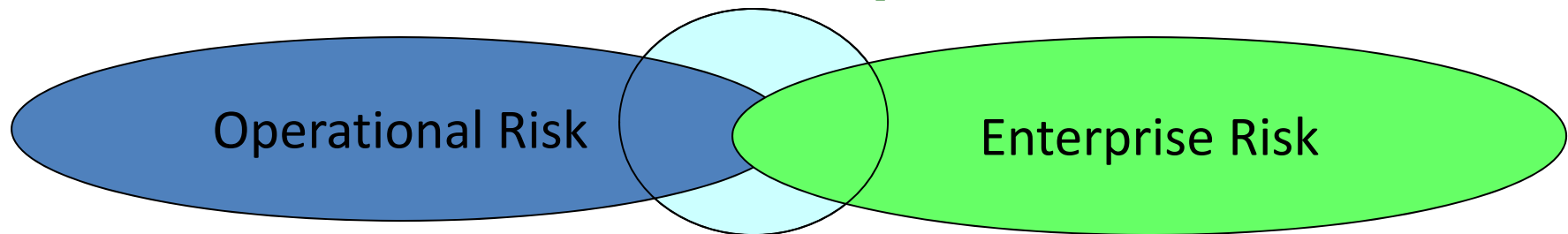


Risk Management

- Risk Analysis
- Risk Threshold
- Chief Risk Officer
- Enterprise Risk Management
- CASB Pedigree, FDA PDMA, FSMA, FD&C, Sarbanes-Oxley, ISO (12931, 28000, 22000, 31000), BT Act, GFSI, C-TPAT/ CSI, etc.
- How do the decision-makers decide on projects
- What other risks are similar in concept?
- A focus on Strategic Risks

Source: Spink & Ades, FSS, 2010

Enterprise Risk Management Continuum from Operational Risk



Tactical
Quantitative
ROI

Strategic
Qualitative
Vulnerability

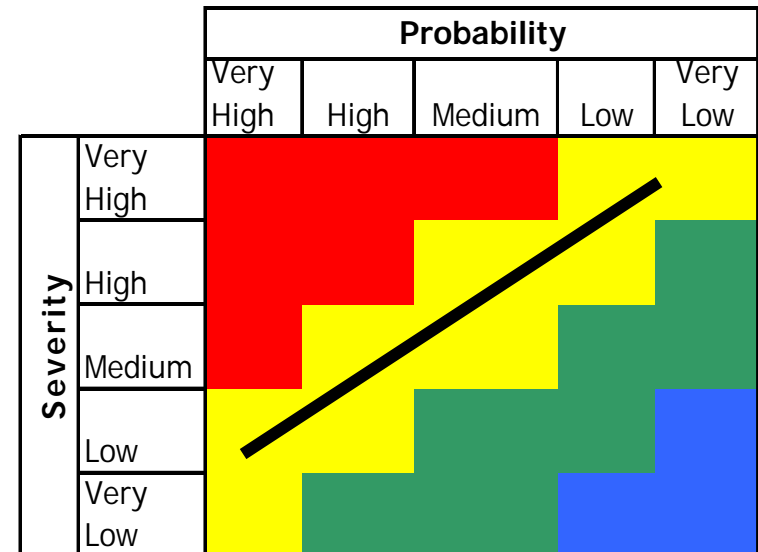
Metal Shavings ↔ Shoplifting ↔ Counterfeiting

Source: Spink, SRA Conference, 2009, 5th Global Forum on Pharmaceutical Anti-Counterfeiting 2010



Brand- to Product-Protection Risk Analysis

- Risk Analysis
 - Risk Assessment
 - Hazard Identification
 - Risk Management
 - Risk Communication
- Risk Threshold
- Risk Mitigation



Overall Anti-Counterfeit Goal

Stop knocking us off

- Product
- Brand
- Company
- Industry
- Country

Actions

- Overt/Covert/Forensic
- Traceability/ Pedigree
- Authentication
- Investigate/Prosecute

To do what

- Where is the product being compromised
- Where will the product be verified
- Who will verify it, using what methods
- How will you use the results of the investigation
- ...other consumer touches

Beyond “Top Management Buy-in”

- Step one: Deconstruct the fraud opportunity for specific incidents
- Step two: Present risk and vulnerability in managerial and financial accounting terms
- Step three: Understand the regulations and standards but focus on protecting the business.
- Step four: Continued vigilance of evolving fraud opportunities
- Source: Spink, J, Moyer, DC, & Heinonen, J. (2013) Anti-counterfeit countermeasures—tactics evolving to strategies, *Packaging World Magazine*, September 21, 2012

Wrap-Up

- Risk/ CRO/ ERM focus
- Risk above or below the line
- Whack-a-mole/ Chemistry of the Crime
- To do what: deter or detect = PREVENTION
- Counterfeiters as a competitor
- Integrate in SOPs—quality, procurement
- Black Swan...
- ***...Gray Swan***

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Discussion

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