

Counterfeit goods money laundering implications for market operators

Trading Standards information

www.southwark.gov.uk

1. Introduction

If you allow the sale of counterfeit goods in a market you operate you could be guilty of money laundering offences and any related assets gained could be confiscated under the Proceeds of Crime Act. This leaflet explains why and gives guidance on preventing sales of counterfeit goods.

2. Money laundering implications

Prosecutions relating to the supply of counterfeit goods in markets are usually brought against those who actually deal in the fakes, rather than those who run the market. However it has now been established that, where market operators collect pitch fees or rent from traders whose income comes from the sale of fakes, they can also be prosecuted for money laundering. This is because they are benefiting financially from the illegal sales.

3. The Wendy Fair case

In a landmark case the organisers of a Saturday market were prosecuted for money laundering after Trading Standards uncovered evidence that they were benefiting financially by collecting pitch rents from traders selling counterfeit goods. Trading Standards had given warnings and advice to the operators about what was being sold but they allegedly failed to take effective steps to stop the trade.

On appeal the convictions were quashed because the trial judge had not directed the jurors properly. The court found no fault with the trading standards investigation and prosecution.

4. Proceeds of crime implications

Anyone convicted of money laundering offences, or offences relating to the sale of counterfeit goods, could also have their assets confiscated. The Proceeds of Crime Act provides accredited officers with powers to pursue convicted persons through the courts and effectively confiscate all assets gained from any criminal activity.

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5. What can I do?

Responsible market and car boot sale organisers should operate a strict no-fakes policy. Positive steps need to be taken to enforce such policies; you cannot turn a blind eye. Examples of steps you could take include;

- Publicising your policy to those trading and in any advertisements.
- Displaying warning posters and advice material for traders
- Making sure your terms and conditions of trade allow you to terminate trading agreements if illegal trading takes place
- Ensuring you verify names and addresses of the traders operating in your market. Ask for proof of identity and residence before trading commences
- Ensuring you are aware of the products and brands that are most likely to be counterfeited
- Carrying out regular patrols in the market to check what is actually being sold
- Maintain contacts with trading standards and share information with them

6. What can Trading Standards do?

- We can provide warning posters, advice material and guidance leaflets on request
- We can help you with terms and conditions for your trading agreements
- We can inspect goods in the market and assist with the identification of counterfeit products
- We can take enforcement action against traders found selling counterfeit goods

7. What are the penalties for these offences?

The maximum penalty for money laundering under the Proceeds of Crime Act is an unlimited fine and up to 14 years imprisonment.

The maximum penalty for dealing in counterfeit goods under the Trade Marks Act is an unlimited fine and up to 10 years imprisonment.

8. Further information

If you require further assistance on these requirements, or would like additional information leaflets, please contact us at the address given.