



PROTECTING COMMUNITIES FROM  
COUNTERFEIT & STOLEN GOODS

June 9, 2021

The Honorable Dick Stein  
Chairman  
Ohio House Committee on Commerce and Labor  
Columbus, OH 43215

Dear Chairman Stein:

The [Buy Safe America Coalition](#) (“Coalition”) supports HB 272 because it is a common-sense, bipartisan solution to a growing consumer safety issue and serious economic threat. It is our hope the Ohio legislature will set an example for other states and Congress to get serious about the threat this issue poses to local businesses and consumers. HB 272 will ensure legitimate businesses and consumers are better protected, requiring simple transparency and accountability of third parties selling goods online.

The Coalition consists of a diverse group of responsible retailers, consumer groups, manufacturers, intellectual property advocates and law enforcement officials who support efforts at all levels of government to protect consumers and communities from the sale of counterfeit and stolen goods. The Coalition members include automakers, toy manufacturers, wholesaler - distributors, home improvement, apparel, footwear, power tools, sporting goods, beauty and health, and shopping centers to name a few.

The sale of stolen and counterfeit goods represents a serious threat to legitimate businesses in Ohio and poses genuine harm to consumer health and welfare. The problem has grown exponentially in the last year as record number of Americans have turned to online shopping and unregulated third-party sellers operating through online marketplaces like Amazon and Facebook that have grown in size and influence. Criminal networks have taken advantage of the rapid escalation of people buying their goods on marketplaces to peddle counterfeit, stolen, defective, harmful, and dangerous products to unsuspecting consumers.

A 2019 Wall Street Journal investigation found 4,152 items for sale on Amazon Inc.’s website that had been declared unsafe by federal agencies, were deceptively labeled or were banned by federal regulators—items that Ohio-based retailers’ policies would bar from their shelves or face penalties, fines and potential closure. Among those items, at least 2,000 listings for toys and medications lacked warnings about health risks to children.

Consumers are constantly warned to check the validity and source of products purchased through online marketplaces to ensure they are not being duped with stolen or counterfeit items. Yet despite all the evidence and warnings, one thing has not changed – marketplace platforms run by Amazon, Facebook and other tech companies remain fiercely opposed to strong transparency and accountability laws that would empower consumers with information and make it harder for unscrupulous sellers and criminals to profit from these transactions.



The problem is widespread, impacting every community and virtually every retail category. For example, an organized retail crime network made headlines nationwide this past year in California when investigators uncovered and seized approximately \$50 million in stolen health and beauty products. There are countless published accounts of faulty and defective infant car seats, strollers, bike helmets, car brake pads, air bags and toys that have injured a child, parent, or family member. In recent months, government officials have caught scam artists flooding online marketplaces with knockoff personal protective equipment (PPE). U.S. Customs and Border Protection officials in Cincinnati seized over 10,000 counterfeit surgical masks at the height of the pandemic that had been illegally smuggled from China and two months ago seized \$4.26 million in counterfeit jewelry.

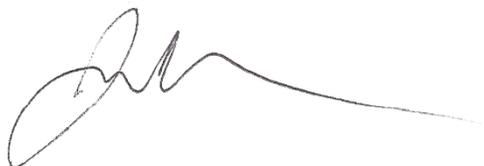
The financial impact has been felt by small, medium, and large businesses. Retailers are projecting that organized retail crime (ORC), which already costs retailers roughly \$30 - \$40 billion per year, will only increase in 2021. According to a January 2020 report by the Department of Homeland Security, the annual cost of counterfeit and pirated goods being sold in the U.S. is over \$500 billion. This is a multi-billion-dollar problem that needs to be addressed. These criminal networks are cheating consumers, hurting legitimate businesses, devaluing American brands, and endangering employees.

Unfortunately, Big Tech marketplaces stand in stark contrast to the leading practices of local retailers, who are accountable for the products they sell both off the shelf and on their websites. Ohio retailers verify every product in advance so that there is no trademark or other intellectual property infringement. They weed out disreputable suppliers who violate safety standards or peddle counterfeit products. And if a customer buys a product at a local retail outlet or on a retail website and it is broken or otherwise defective, the consumer knows exactly who to contact. There is accountability. Many online marketplaces allow largely anonymous sellers to peddle almost anything, too often willfully ignorant to whether the transactions they facilitate involve unsafe, stolen, or counterfeit product provenance.

The dubious claim that the size and scope of these online marketplaces makes solving this problem too hard, too complicated, or too burdensome is unfounded. Big Tech marketplace platforms employ some of the most sophisticated data scientists and logistics professionals in the world, and it is clear the knowhow exists to identify and crack down on these illegitimate sales. These platforms have their place in an increasingly diverse and digital economy, connecting legitimate sellers—often small businesses—to a large and growing pool of online shoppers. But their growth should not be a golden ticket for criminal rings and unscrupulous hucksters targeting legitimate businesses and innocent consumers.

The Coalition, again, thanks you for your commitment to protecting Ohio consumers. We look forward to working with you to pass HB 272 so that we can reverse the alarming trend of illicit goods sold online, and consumers have the protection they need and deserve.

Sincerely,



Jason Brewer  
Spokesperson for Buy Safe America Coalition  
[BuySafeAmerica.org](https://BuySafeAmerica.org)

CC: Committee on Commerce and Labor  
Representative Phil Plummer  
Representative Haraz Ghanbari

