

Exhibit 2

Intellectual Property Rights Seizure Statistics

Fiscal Year 2017

Disclaimer: The information contained in this report does not constitute the official trade statistics of the United States. The statistics, and the projections based upon those statistics, are not intended to be used for economic analysis, and are provided for the purpose of establishing U.S. Department of Homeland Security workload.



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Executive Summary

Products that infringe U.S. trademarks and copyrights or are subject to exclusion orders issued by the United States International Trade Commission threaten the health and safety of American consumers and pose risks to our national interests. U.S. Customs and Border Protection's (CBP) and U.S. Immigration and Customs Enforcement (ICE) - Homeland Security Investigations' (HSI) enforcement of intellectual property rights (IPR) mitigates the financial and welfare risks posed by imports of such illicit products.

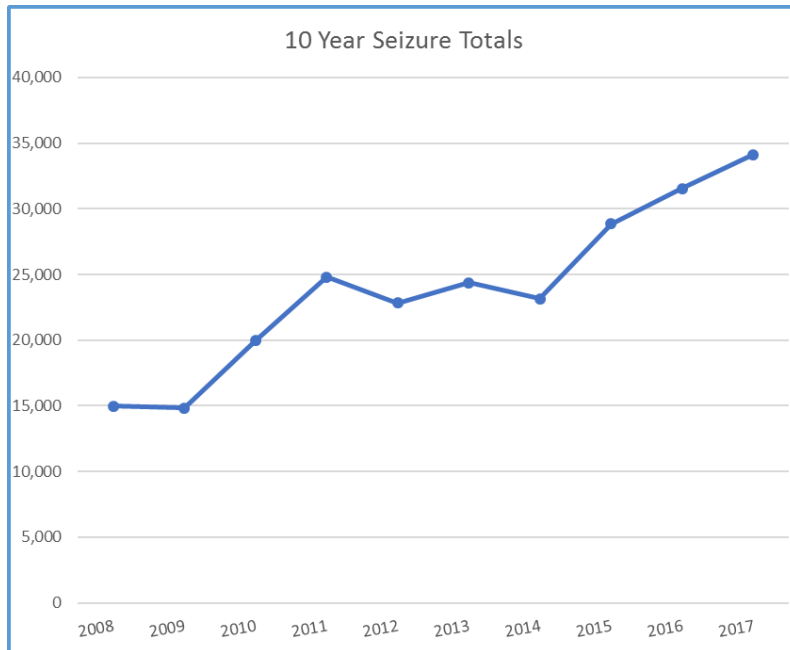
In Fiscal Year (FY) 2017, the number of IPR seizures increased 8% to 34,143 from 31,560 in FY 2016. The total estimated manufacturer's suggested retail price (MSRP) of the seized goods, had they been genuine, decreased to \$1,206,382,219 from \$1,382,903,001 in FY 2016.

In FY 2017, ICE-HSI arrested 457 individuals, obtained 288 indictments, and received 242 convictions related to intellectual property crimes.

Each year, more than 11 million maritime containers arrive at our seaports. At our land borders, another 10 million arrive by truck and 3 million arrive by rail. An additional quarter billion more cargo, postal, and express consignment packages arrive through air travel. The components within the Department of Homeland Security (DHS) remain vigilant in targeting shipments containing IPR-infringing goods, levying civil fines and criminally investigating those who seek to violate our trade laws, harm our people and damage our economy.



Year in Review



- In partnership with the Express Association of America and its members, CBP continued the voluntary abandonment pilot program. This program—supported through a formal recommendation by the Commercial Customs Operations Advisory Committee (COAC), CBP’s federal advisory committee—resulted in 5,588 voluntary abandonments of detained goods and significant interdiction cost savings to the government.
- In FY 2017, CBP completed 115 exclusion order enforcement actions (shipments seized and shipments excluded).
- CBP seized 297 shipments of circumvention devices for violations of the Digital Millennium Copyright Act (DMCA), a 324% increase from 70 such seizures in FY 2016.
- The combined total number of all IPR border enforcement actions in FY 2017 increased 12% over FY 2016.



Year in Review

- Components of CBP's Integrated Trade Targeting Network (ITTN) conducted 12 national level IPR-mitigating trade operations in FY 2017. These operations targeted high-risk shipments at seaports, airports, international mail facilities and express carrier hubs across the U.S., and resulted in 1,845 seizures of IPR-infringing goods which, if genuine, would have an estimated MSRP of \$44 million.
- Eight of these operations were conducted by Mobile Intellectual Property Enforcement Teams (MIPETs), groups of IPR experts deployed to assist enforcement operations. MIPET operations resulted in 1,687 seizures of IPR-infringing goods valued at \$34.6 million MSRP and 67 abandonments.
- CBP and the General Administration of China Customs (GACC) conducted a month-long joint operation in April 2017 that focused on household consumer electronics, including lamps, lights, light fixtures, light bulbs, lighted signs, projectors, kitchen appliances, and personal grooming products. During the operation, both CBP and GACC focused on stopping shipments of IPR-infringing goods from entering U.S. commerce, with CBP making seizures at the U.S. border and GACC interdicting exports of counterfeit goods destined to the United States. The joint operation resulted in over 1,300 seizures.
- The ICE-led National IPR Coordination Center, along with representatives from CBP, conducted Operation Team Player prior to Super Bowl LI to jointly address the illegal importation of counterfeit sports-related merchandise. As a result of these efforts, U.S. task force officers arrested 12 individuals and conducted 104 seizures/abandonments of approximately 24,324 items with an estimated MSRP value of approximately \$1.2 million.
- CBP and HSI seized 123 shipments of semiconductor devices affixed with counterfeit trademarks in FY 2017. In total, 49 trademarks were counterfeited in these seizures.



Year in Review

- Consumer Products is a new category of seized products. This category ranks 5th among the top ten categories with 3,912 seizures of products such as insulated drinking tumblers, cell phone and computer accessories, and lights and light fixtures. Some of these goods may have posed threats to health and safety had they not been interdicted.
- Seizures of iconic, mid-century, modern design home and office furniture seizures continued to increase for a second year in a row. There were 38 seizures, and the seized goods would have had an estimated total Manufacturer's Suggested Retail Price of \$15.1 million had they been genuine. This represented a 260% increase in seizure value from the previous year. CBP's furniture enforcement efforts have helped to protect over 8,000 American jobs related to the companies that make the genuine furniture. Since these companies also purchase raw materials and parts that are made in the U.S. from other companies, a greater number of American jobs are actually supported.
- A California importer of counterfeit computer networking equipment was sentenced to 37 months in federal prison. CBP identified and seized the counterfeit shipments and referred the case to HSI for criminal investigation. CBP's identification of incoming counterfeit labels led to HSI search warrants resulting in the seizure of counterfeit products, which if genuine, would have had total estimated MSRP value of \$2.6 million. The suspect pleaded guilty to attempting to traffic \$4 million of counterfeit goods.
- CBP has established 10 Centers of Excellence and Expertise (Centers) to focus CBP's trade expertise on industry-specific issues through account-based processing on a national scale. The Centers, managed from strategic locations around the country, have national authority to make trade decisions at all ports of entry in an effort to meet the goals of strengthening America's economic competitiveness, enhancing industry knowledge and expertise, developing innovative trade processing procedures, applying strategic and impactful trade enforcement actions, and leveraging available trade intelligence. The Centers have been developing and executing enforcement operations to address areas of risk in the IPR Priority Trade Issue. These activities may be directed at a specific port of entry and expanded to all ports of entry as the risk is scoped out nationally.



Year in Review

- During 2017, CBP and ICE continued to implement various *Trade Facilitation and Trade Enforcement Act of 2015* (TFTEA) provisions that specifically call for actions regarding IPR enforcement and provide mechanisms to supplement IPR enforcement. These include mandates to enhance CBP's and ICE's collaboration with rights holders, interagency coordination through the National IPR Coordination Center, and international partnerships to stop counterfeiting at the source.
- Pursuant to the TFTEA Section 308(d), CBP has prescribed regulations 19 CFR 133.61 for receiving donations from private sector parties of hardware, software, equipment, and technologies for the purpose of enforcing IPR.
- In FY 2017, CBP developed and ran *The Truth Behind Counterfeits* public awareness campaign to inform international travelers of the legal, economic and public health and safety impacts of importing IPR infringing merchandise into the United States. The campaign consisted of ads placed on the large electronic bulletin boards at six major airports throughout the United States and online ads on several travel websites during the busy travel months of June and July. The ads were designed to educate travelers on the unknown dangers of counterfeit goods, alert them that purchasing counterfeit goods may support criminal activity, and encourage them to shop from reputable sources. In FY 2017, the campaign reached an estimated 97 million travelers. CBP also launched a dedicated website on the campaign at www.cbp.gov/fakegoodsrealdangers.
- The ICE-led IPR Center engages in partnerships with the public and private sectors to combat IP theft through its Operation Joint Venture initiative. This initiative is designed to increase information sharing with public and private sectors to combat the illegal importation and distribution of counterfeit, substandard and tainted goods. Joint Venture targets rights holders, manufacturers, importers, customs brokers, freight forwarders, bonded facilities, carriers and others to discuss the IPR Center's priorities of protecting public health and safety, the economy, and securing the Government's supply chain. In addition to the industry outreach mission, it conducts domestic and international training of federal, state, local and foreign law enforcement to facilitate seizure of illicit goods. In FY 2017, more than 14,000 people participated in 339 outreach and training events.



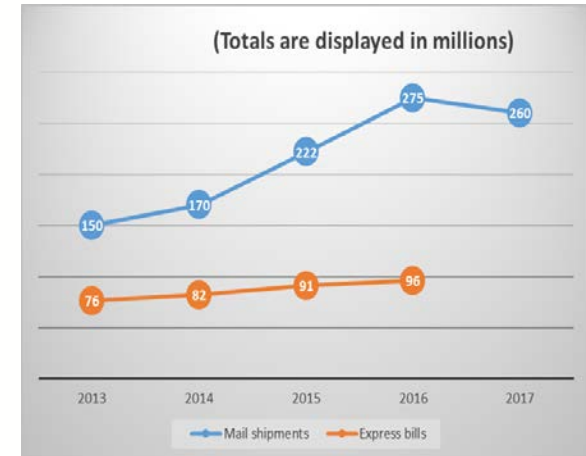
Year in Review

- CBP concentrates its IPR border enforcement on federally registered trademarks and copyrights that have been recorded with CBP by their owners using the Intellectual Property Rights e-Recordation (IPRR) system, <https://iprr.cbp.gov/>. CBP administers these recordations using a secure proprietary database that CBP can access to make IPR border enforcement determinations. Product ID manuals that are prepared by rights holders are also linked to the database and used by CBP in making IPR border enforcement determinations.
- At the close of FY 2017, CBP enforced trademarks and copyrights pertaining to over 18,209 active recordations, including 2,343 new recordations or renewals of expiring recordations.
- Since August 2016, pursuant to Section 304 of the TFTEA, 22 new recordations were initiated for copyrights which had pending registration applications with the U.S. Copyright Office (USCO). For one right holder, during FY 2017, there were nearly two hundred seizures of athletic shoes involving such recorded but not yet federally registered copyrights. Previously, recordation with CBP was not possible until the copyright was registered with the USCO. Now, once recorded, these unregistered copyrights receive the same benefits of IPR border enforcement and protection as those that are federally registered and recorded.
- CBP works closely with rights holders in making IPR enforcement determinations. A public database of both active and inactive recordations is available using a search engine called the Intellectual Property Rights Search (IPRS) at <http://iprs.cbp.gov/>. Information on potential IPR infringements can be submitted to CBP using the e-Allegations Online Trade Violation Reporting System at <https://eallegations.cbp.gov/Home/Index2>.



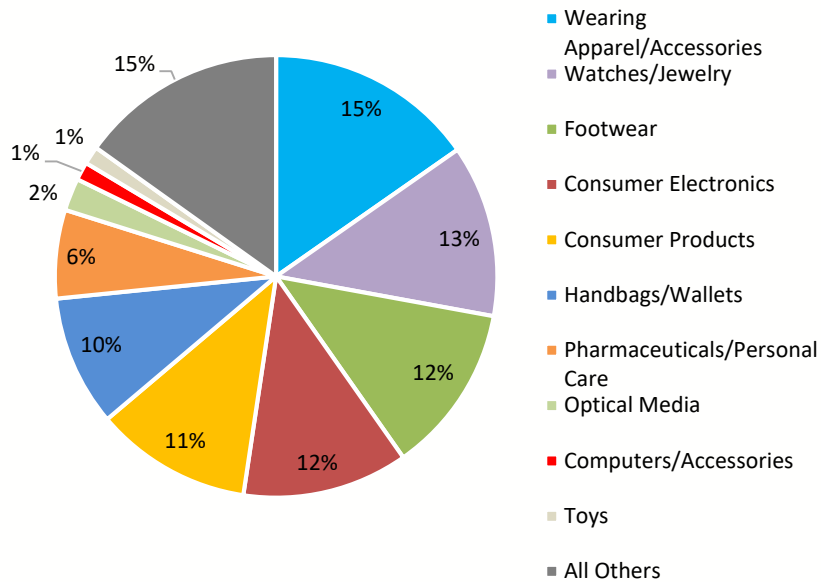
IPR & E-Commerce

- E-Commerce sales including those through third-party platforms have resulted in a sharp increase in small packages into the U.S. Annually, 260 million packages are shipped through the mail, and there were nearly 100 million bills of lading, which may pertain to more than one package, in the express environment.
- 89% of all IPR seizures take place in the international mail and express environments.
- In September 2016, CBP officially established the e-Commerce and Small Business Branch, which has led the development a strategy and plan for combating violations of U.S. trade and customs laws pertaining to e-commerce shipments.
- More e-commerce related information can be found at <https://www.cbp.gov/trade/basic-import-export/e-commerce>



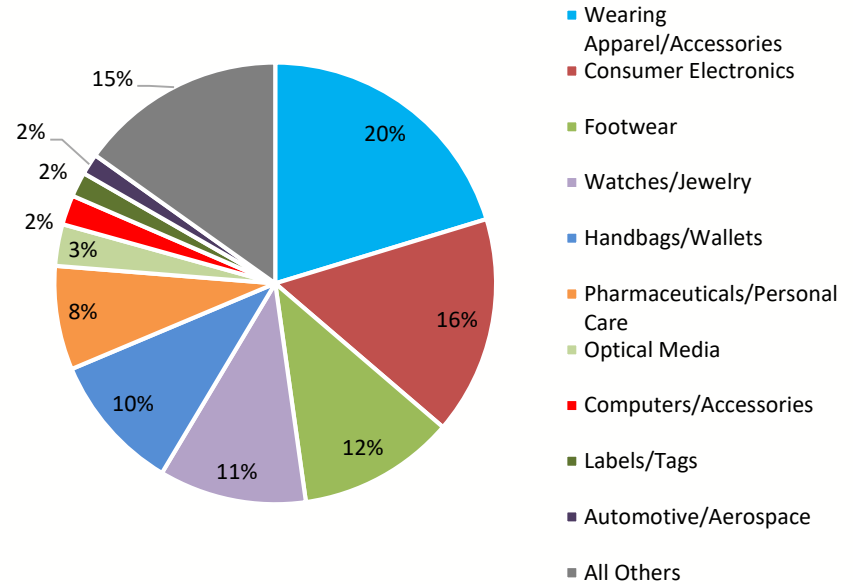
Number of Seizures

Fiscal Year 2017



Total Number of Seizures: 34,143

Fiscal Year 2016



Total Number of Seizures: 31,560

Note: Seizures involving multiple product categories are included in the "All Others" category.



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Number of Seizures

FY 2017 Products	Number of Seizures	Percent of Total
Wearing Apparel/Accessories	5,223	15%
Watches/Jewelry	4,297	13%
Footwear	4,224	12%
Consumer Electronics	4,137	12%
Consumer Products	3,912	11%
Handbags/Wallets	3,266	10%
Pharmaceuticals/Personal Care	2,209	6%
Optical Media	809	2%
Computers/Accessories	454	1%
Toys	449	1%
All Others	<u>5,163</u>	15%
Number of Seizures	34,143	

FY 2016 Products	Number of Seizures	Percent of Total
Wearing Apparel/Accessories	6,406	20%
Consumer Electronics	5,043	16%
Footwear	3,630	12%
Watches/Jewelry	3,407	11%
Handbags/Wallets	3,184	10%
Pharmaceuticals/Personal Care	2,401	8%
Optical Media	963	3%
Computers/Accessories	686	2%
Labels/Tags	572	2%
Automotive/Aerospace	486	2%
All Others	<u>4,782</u>	15%
Number of Seizures	31,560	

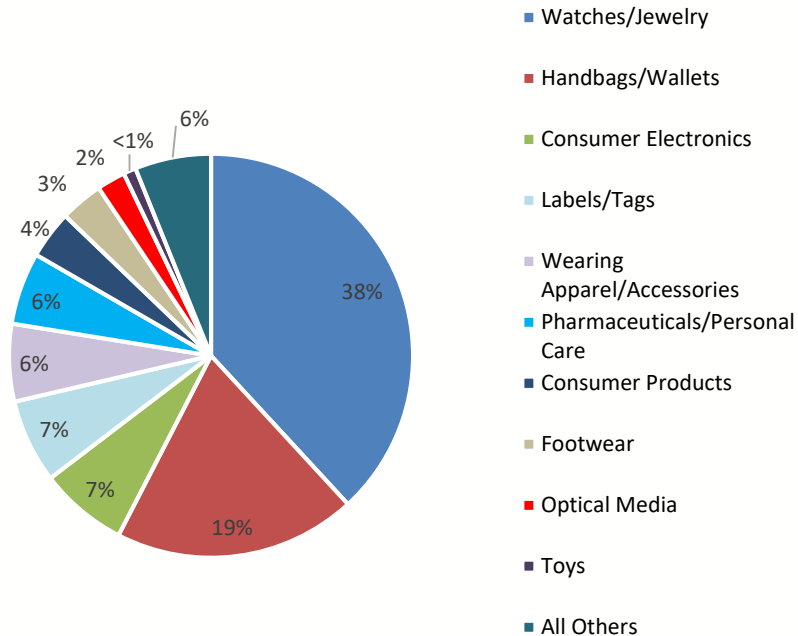
Notes: Seizures involving multiple product categories are included in the “All Others” category.

Because the individual percentage figures are rounded, in some cases, the sum of the rounded percentages for a given fiscal year is slightly higher or lower than 100%.



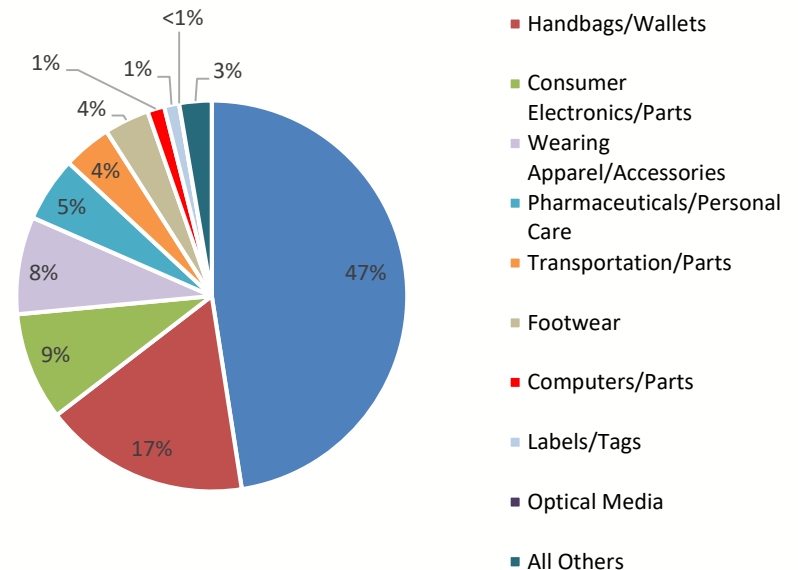
MSRP by Product

FY 2017



Total FY 2017 Est. MSRP: \$1,206,382,219

FY 2016



Total FY 2016 Est. MSRP: \$1,382,903,001

Note: Seizures involving multiple product categories are included in the "All Others" category.



MSRP by Product

FY 2017 Products	MSRP	Percent of Total
Watches/Jewelry	\$ 460,162,145	38%
Handbags/Wallets	\$ 234,451,926	19%
Consumer Electronics	\$ 85,115,639	7%
Labels/Tags	\$ 80,951,055	7%
Wearing Apparel/Accessories	\$ 74,880,617	6%
Pharmaceuticals/Personal Care	\$ 69,758,720	6%
Consumer Products	\$ 46,265,355	4%
Footwear	\$ 41,490,429	3%
Optical Media	\$ 27,573,775	2%
Toys	\$ 12,128,156	1%
All Others	\$ 73,604,401	6%

Total FY 2017 MSRP \$ 1,206,382,219

Number of Seizures 34,143

FY 2016 Products	MSRP	Percent of Total
Watches/Jewelry	\$ 653,590,442	47%
Handbags/Wallets	\$ 234,078,645	17%
Consumer Electronics/Parts	\$ 122,892,442	9%
Wearing Apparel/Accessories	\$ 110,805,624	8%
Pharmaceuticals/Personal Care	\$ 73,716,381	5%
Transportation/Parts	\$ 55,199,025	4%
Footwear	\$ 51,231,396	4%
Computers/Parts	\$ 19,319,416	1%
Labels/Tags	\$ 17,052,517	1%
Optical Media	\$ 8,165,968	1%
All Others	\$ 36,851,145	3%

Total FY 2016 MSRP \$ 1,382,903,001

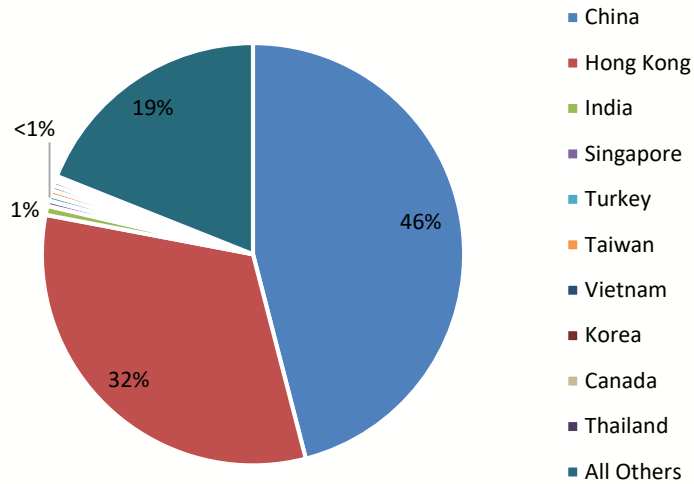
Number of Seizures 31,560

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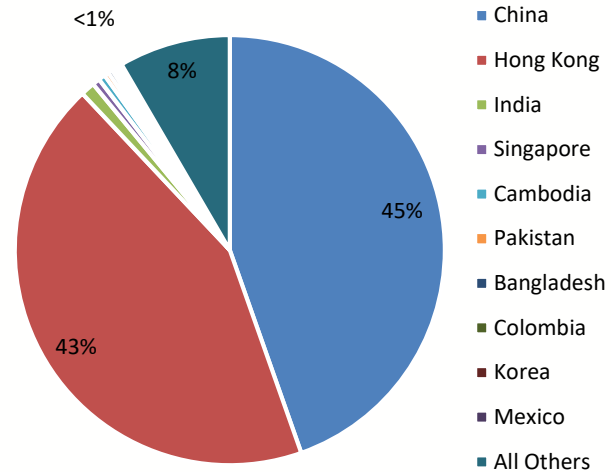
MSRP by Economy

FY 2017



Total FY 2017 Est. MSRP: \$1,206,383,219

FY 2016



Total FY 2016 Est. MSRP: \$1,382,903,001

Note: The aggregate seizure data reflect the reported country of origin, not necessarily where the seized goods were produced.



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MSRP by Economy

FY 2017 Trading Partner	MSRP	Percent of Total
China	\$ 554,631,765	46%
Hong Kong	\$ 386,242,271	32%
India	\$ 8,341,949	1%
Singapore	\$ 4,997,430	0.4%
Turkey	\$ 4,983,051	0.4%
Taiwan	\$ 4,902,390	0.4%
Vietnam	\$ 4,391,835	0.4%
Korea	\$ 4,235,107	0.4%
Canada	\$ 3,036,994	0.3%
Thailand	\$ 1,856,892	0.2%
All Others	\$ 228,762,535	19%

Total FY 2017 MSRP \$ 1,206,382,219

Number of Seizures 34,143

FY 2016 Trading Partner	MSRP	Percent of Total
China	\$ 616,881,043	45%
Hong Kong	\$ 599,785,306	43%
India	\$ 14,668,153	1%
Singapore	\$ 7,706,059	1%
Cambodia	\$ 7,014,825	1%
Pakistan	\$ 4,776,159	0.3%
Bangladesh	\$ 4,591,756	0.3%
Colombia	\$ 4,220,544	0.3%
Korea	\$ 3,585,190	0.3%
Mexico	\$ 3,538,991	0.3%
All Others	\$ 116,134,976	8%

Total FY 2016 MSRP \$ 1,382,903,001

Number of Seizures 31,560

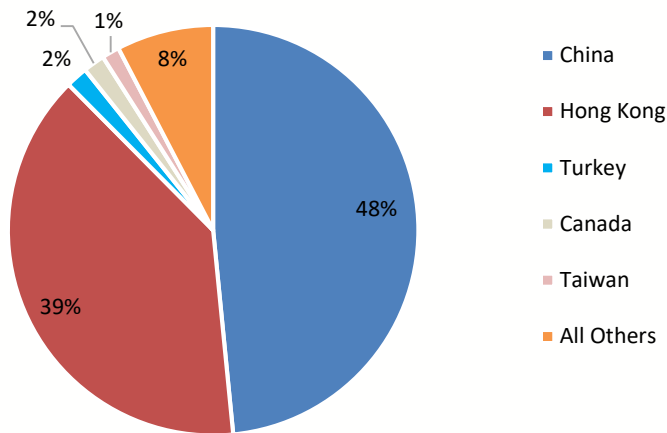
Note: The aggregate seizure data reflect the reported country of origin, not necessarily where the seized goods were produced. Because the individual percentage figures are rounded, in some cases, the sum of the rounded percentages for a given fiscal year is slightly higher or lower than 100%.



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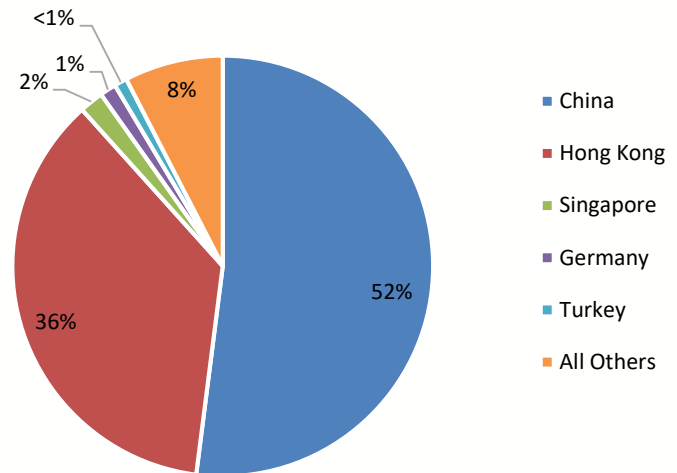
Seizures by Economy

FY 2017



Total Number of Seizures: 34,143

FY 2016



Total Number of Seizures: 31,560

Note: These aggregate seizure data reflect the reported country of origin, not necessarily where the seized goods were produced.



Seizures by Economy

FY 2017 Trading Partner	Number of Seizures	Percent of Total
China	16,538	48%
Hong Kong	13,357	39%
Turkey	587	2%
Canada	581	2%
Taiwan	472	1%
All Others	2,608	8%

Number of Seizures ***34,143***

FY 2016 Trading Partner	Number of Seizures	Percent of Total
China	16,417	52%
Hong Kong	11,462	36%
Singapore	583	2%
Germany	396	1%
Turkey	309	1%
All Others	2,393	8%

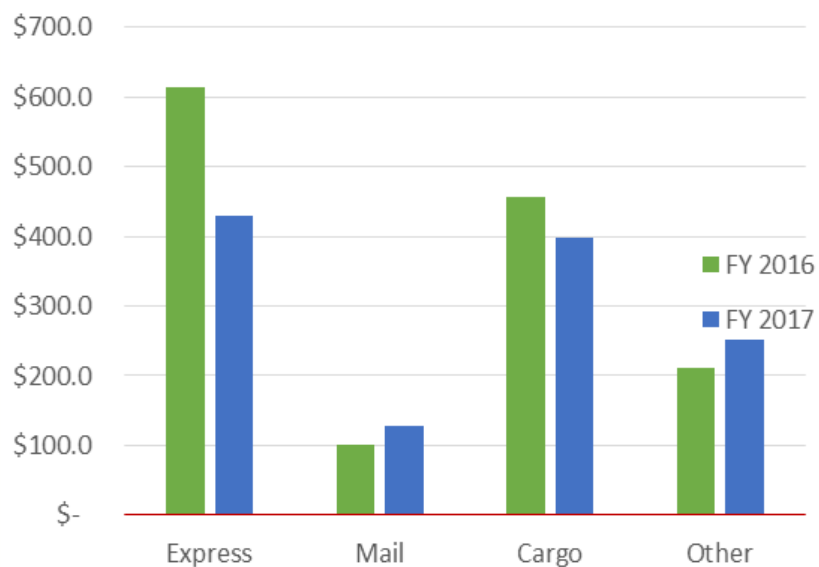
Number of Seizures ***31,560***

Note: The aggregate seizure data reflect the reported country of origin, not necessarily where the seized goods were produced. Because the individual percentage figures are rounded, in some cases, the sum of the rounded percentages for a given fiscal year is slightly higher or lower than 100%.

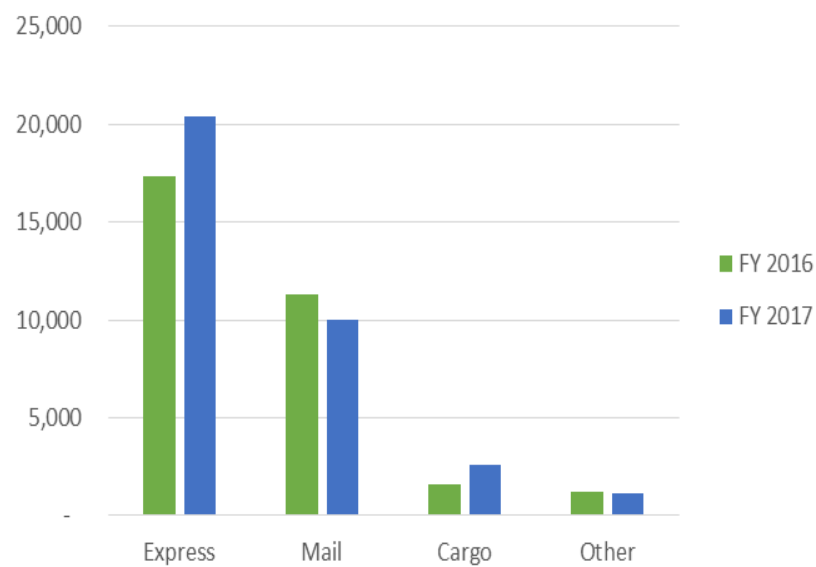


Modes of Transport

Estimated MSRP (in millions)



Number of Seizures



Note: Seizures included in the “Other” category involve exports, passenger baggage, or other enforcement actions.



Modes of Transport

Estimated Manufacturer's Suggested Retail Price (in Millions)

Mode	FY 2016	FY 2016 Percent of Total	FY 2017	FY 2017 Percent of Total	Difference	FY 2016 to FY 2017 Percentage Change
Express	\$ 614.5	44%	\$ 429.3	36%	\$ (185.20)	-30%
Mail	\$ 100.4	7%	\$ 128.4	11%	\$ 28.00	28%
Cargo	\$ 457.7	33%	\$ 397.5	33%	\$ (60.20)	-13%
Other	\$ 210.3	15%	\$ 251.1	21%	\$ 40.80	19%
Total	\$ 1,382.9		\$ 1,206.3		\$ (176.60)	-13%

Number of Seizures

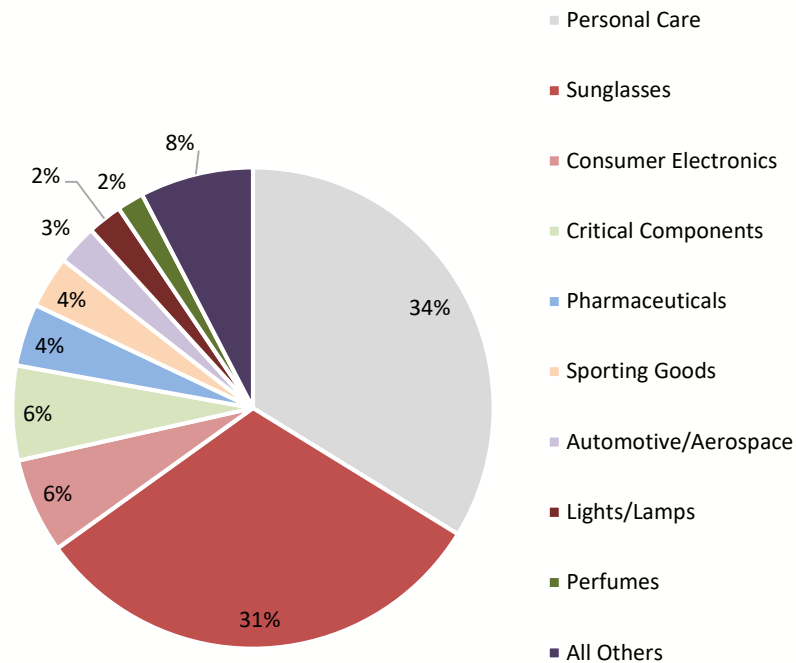
Mode	FY 2016	FY 2016 Percent of Total	FY 2017	FY 2017 Percent of Total	Difference	FY 2016 to FY 2017 Percentage Change
Express	17,363	55%	20,417	60%	3,054	18%
Mail	11,326	36%	9,992	29%	(1,334)	-12%
Cargo	1,621	5%	2,628	8%	1,007	62%
Other	1,250	4%	1,106	3%	(144)	-12%
Total	31,560		34,143		2,583	8%

Note: Seizures included in the "Other" category involve exports, passenger baggage, or other enforcement actions. Because the individual percentage figures are rounded, in some cases, the sum of the rounded percentages for a given fiscal year is slightly higher or lower than 100%.



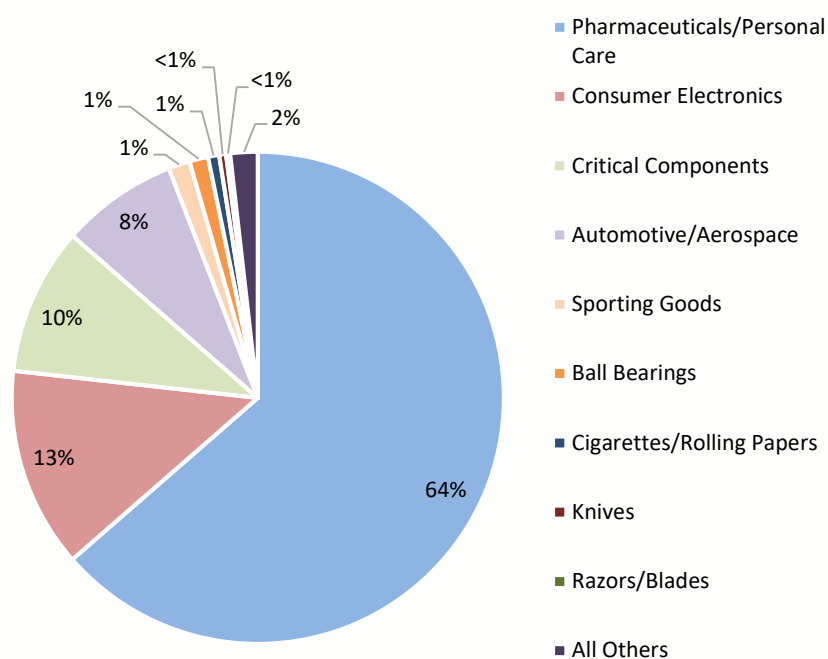
Health, Safety, and Security

FY 2017



Total Number of Seizures: 4,171

FY 2016



Total Number of Seizures: 4,897



Health, Safety, and Security

FY 2017	Number	Percent
Health, Safety and Security	of Seizures	of Total
Personal Care	1,409	34%
Sunglasses	1,306	31%
Consumer Electronics	267	6%
Critical Components	265	6%
Pharmaceuticals	175	4%
Sporting Goods	146	4%
Automotive/Aerospace	113	3%
Lights/Lamps	97	2%
Perfumes	75	2%
All Others	<u>318</u>	8%
<i>Number of Seizures</i>	4,171	

FY 2016	Number	Percent
Health, Safety and Security	of Seizures	of Total
Pharmaceuticals/Personal Care	3,114	64%
Consumer Electronics	645	13%
Critical Components	474	10%
Automotive/Aerospace	376	8%
Sporting Goods	69	1%
Ball Bearings	60	1%
Cigarettes/Rolling Papers	36	1%
Knives	22	0.4%
Razors/Blades	13	0.3%
All Others	<u>88</u>	2%
<i>Number of Seizures</i>	4,897	

Note: Shipments with multiple types of products are included in the “All Others” category. Because the individual percentage figures are rounded, in some cases, the sum of the rounded percentages for a given fiscal year is slightly higher or lower than 100%.



Exclusion Orders

- CBP enforces exclusion orders issued by the United States International Trade Commission (ITC).
- Most ITC exclusion orders are patent-based.
- The ITC issues both limited and general exclusion orders. Limited exclusion orders apply only to infringing articles of named respondents. General exclusion orders bar the entry of infringing articles by all.
- Exclusion orders prohibit the entry of all covered articles, even if they were not specifically accused and found to infringe by the ITC.
- Once excluded, subsequent importations of the same articles by the same importer are subject to seizure.

Fiscal Year 2016

Shipments Seized	Shipments Excluded	Seizure Est. MSRP	Rulings Issued*	Advice to Ports
52	113	\$3,254,654	19	54

Fiscal Year 2017

Shipments Seized	Shipments Excluded	Seizure Est. MSRP	Rulings Issued	Advice to Ports
52	63	\$1,865,192	20	64

Note: The term "rulings" covers rulings and other interpretive decisions.



IPR Points of Contact

Contact the IPR Help Desk to Report Violations and Obtain Assistance - CBP's IPR Help Desk is staffed Monday through Friday to answer questions on IPR enforcement. Contact the IPR Help Desk at **(562) 980-3119** ext. **252**, or via email at iprhelpdesk@cbp.dhs.gov.

Consult a CBP IPR Attorney - For those who have legal questions about CBP's IPR enforcement and would like to interface with a CBP IPR attorney, the IPR Branch is available to help. To request information on CBP's recordation program, please contact the IPR Branch at iprrquestions@cbp.dhs.gov. For general inquiries on IPR enforcement, please contact hqiprbranch@cbp.dhs.gov.

Obtain Guidance on CBP IPR Policy and Programs - The IPR Policy and Programs Division (IPR Division) coordinates with rights holders, members of the trade community, CBP staff, other Federal agencies, and foreign governments in developing and implementing the Agency's IPR strategy, policy and programs. To contact the IPR Division, email iprpolicyprograms@cbp.dhs.gov.

e-Allegations - If you are aware of or suspect a company or individual is committing IPR crime, please report the trade violation using CBP's e-Allegations Online Trade Violation Reporting System at <https://eallegations.cbp.gov/Home/Index2>. Trade violations can also be reported by calling 1-800-BE-ALERT.

National Intellectual Property Rights Coordination Center - To report violations of intellectual property rights, including counterfeiting and piracy, contact the National IPR Coordination Center at <https://www.iprcenter.gov/referral/> or telephone 1-866-IPR-2060.

