

**Michigan Hearing Remarks**  
**Kristin Reif, PMI**

Chair Filler and members of the House Judiciary Committee, thank you for inviting me today to this hearing on the INFORM Act – legislation that would help crackdown on online illicit sales. My name is Kristin Reif, and I am the Director of Illicit Trade Prevention for Philip Morris International, or PMI.

PMI is an American company, founded in the United States and still headquartered here today. Our company is building its future around a commitment to stop selling combustible cigarettes — the most harmful form of tobacco use. To do that, we are transforming our products into innovative, smoke-free tobacco and nicotine options that are a much better choice for adults who would otherwise continue to smoke.

But it's PMI's background in tobacco that has given us great expertise into the crisis of online illicit trade, counterfeiting and organized retail crime. We know that these illegal activities are not victimless. In fact, they are typically used to help fund even more nefarious crimes like terrorism and human trafficking.

Here in Michigan, 20 percent of all tobacco sales are illicit. And these illicit tobacco sales are costing Michigan taxpayers roughly \$200 million dollars annually. But these criminal enterprises use all types of products to fuel their illegal activities. In fact, the U.S. auto industry – a critical piece of Michigan's economy – loses an estimated \$3 billion dollars annually due to counterfeit auto parts.

Unfortunately, while the pandemic has been an incredibly difficult time for most Americans, it has been a golden opportunity for criminals. The tremendous growth in e-commerce has coincided with tremendous growth in counterfeit products and illicit sales. Many of these sales would hurt our most vulnerable.

Last September, federal authorities seized over 600,000 counterfeit N95 masks from a Detroit storage facility that were headed for hospitals in the region.

I was at a meeting with the Department of Homeland Security in January 2021 – just as the COVID vaccine was being rolled out. Agents there showed me how empty vials of the vaccine were already being sold online. That’s actually not illegal. But who is buying those empty vials, and what are they doing with them? That should scare all of us.

It is clear the perpetrators of these illegal sales don’t care who they hurt. So, whenever possible, it’s critical that we crackdown on the marketplaces where they operate.

For our part, PMI is taking a comprehensive approach to fighting these threats. Internally, we are using research and intelligence to help protect our supply chain and assist law enforcement. Externally, PMI has pledged \$100 million dollars for PMI Impact – a global initiative to support organizations fighting illicit trade. And the final piece of our work has been the creation of a coalition – United to Safeguard America from Illegal Trade – also known as USA-IT.

USA-IT was formed just last year, but is already making a big impact. The coalition is organizing partnerships between the public and private sectors, combining the expertise of more than 64 organizations. We have met more than 100 policymakers at the state, local and federal level. We trained 28,000 enforcement officials on how to better combat counterfeiting and illicit trade. And we are educating the public about the dangers of illicit trade and how to avoid it.

Michigan has more members in the coalition than any other state, and we have been proud to work alongside our partners here including academics, business groups, workers and law enforcement. We are also glad to see the INFORM Act making its way through the legislature and look forward to it becoming law.

The INFORM Act will force online marketplaces to better track who is selling on their platforms. This transparency is key. These shadowy markets abhor the light because it exposes their criminal activity. And the INFORM Act will be a bright light.

This legislation provides vital tools to law enforcement, helping them to go after these criminal networks. It protects consumers from counterfeit products, some of which may pose a danger to them. It also protects brand owners and their products.

I have spent years working on these issues. Long enough to know there are no simple solutions. But legislation like the INFORM Act is an important step in the right direction. And working together, I'm confident that we can crack down on these criminals and their illicit marketplaces. Thank you for having me today, and I look forward to your questions.