



THE COUNTERFEITER CATCHER



As CEO of private investigation agency I-On Asia, Derek Elmer is helping to drive the counterfeiters out of China — when he isn't selling private jets or protecting top executives.

text **HELEN DALLEY**

Derek Elmer is a wanted man. Not only is he sought after by the world's leading luxury brands — he counts Chanel, Gucci and Prada among his clients — but he is also on the more dangerous hit list of counterfeiters he has helped put out of business or behind bars. A central figure in the anti-counterfeiting crackdown in China, he very recently orchestrated a raid that shut down a factory producing fake Calvin Klein undergarments, and his team also uncovered a container carrying millions of dollars worth of illegal cigarettes bound from China to the UK.

His life, therefore, is far from safe — the head of risk and security company I-On Asia received four death threats last year. “We’ve done some very big raids in China that have cost the counterfeiters millions of dollars. Last year, of the raids that we were linked to, there were probably about 300 arrests and 25 jailings. One of those was the biggest jail term in Chinese history for an intellectual property offence, and another raid that we conducted resulted in the biggest fine.” These victories over brand forgery have come at a price, however, and Elmer has to constantly watch his back. “I have a couple of bodyguards who are with me 24/7. It’s not the best thing in the world, but you have to take such threats seriously, as one day when you think you’re nice and safe, you might just get a poison dart in the back of your leg.”

The use of poison-tipped darts isn’t mere Bond film fantasy. Back in 1978, such a tactic killed Bulgarian dissident Georgi Markhov in one of the most notorious assassinations

of the cold war and, with so many adversaries, Elmer has to stay vigilant. “We don’t have any signage either downstairs or upstairs, we have cameras in every room and biometric screening at the front door, which scans the capillaries of your hand. If anyone does break in, there are smoke bags that fill up the office with smoke in two or three seconds. But even if someone did come looking for a file, all our paperwork is kept pretty much off-site, so they probably won’t find it — plus we try to be a paperless office as much as possible. It’s not easy, but it’s something we have to try and do,” says the London-born CEO in surprisingly measured tones.

FITTING IN

Since setting up the business in 2001, Elmer has taken it from a modest HK\$2 million operation to a company with an annual turnover of HK\$60 million that employs over 100 staff in 13 offices around the world. How does he account for the growth? “I think a large part of our success is down to the fact that 99 per cent of our staff are actually Chinese — we don’t have an office full of expatriates as they stick out like a sore thumb, can’t speak the language, and aren’t able to cultivate the relationships in China that our people have.” Another reason for the company’s success, Elmer believes, is that 75-80 per cent of his staff are female, which is certainly unusual in his business, but he says, “Women pay much more attention to detail, and in the field we’re in, that’s what it’s all about.”

"CHINA IS STILL
OUR BIGGEST FOCUS...
WE HAVE A LOT OF
CONNECTIONS."

Elmer has called Hong Kong his home since 1987, and worked for locally listed company CNT Group before stepping out on his own. "I was in charge of business development and some of the corporate security — this is my background," he explains. "I used to look at some of the results they got and think, 'I could easily do what they've just given me,' because it was always PC and database research. No one really got off their arse and had a look at the companies under investigation — no one visited factories, or made a business approach to a firm to see if they were susceptible to being offered a bribe. It was like, 'This company has a good reputation because the internet says so, thanks very much, that's HK\$20,000.'" He left the firm in the late 90s when the financial crisis hit, with a determined plan to set up a company that would take a more 'gumboot' approach to investigation.

"There are just so many dinosaurs in this industry," he says. "The majority are ex-Hong Kong police with no knowledge of business in the private sector. Plus without a helicopter and a dog unit, they're lost. After over 10 years' experience in corporate security, I know how businesses work, and that's why we're now the biggest commercial private investigation firm in Hong Kong.

"At any one time, we've got around a dozen operatives working undercover. It may range from someone being on a factory line to investigate counterfeiting to an agent working in the accounts department to detect internal fraud. At the raid we did for Calvin Klein in Southern China last week, we seized over a million pairs of underwear. We had an undercover in there that was feeding us information and taking photos for us. The factory had a secret

warehouse and, without that undercover, we wouldn't have known where that was, or when the production line was actually running."

Going undercover is obviously not without risk. How does the company protect its employees? "I tell them don't ever, ever take chances, don't do anything beyond the call of duty, and don't go in stealing things, as that's a crime in itself. It's basically focused on getting information, and most of my staff are very experienced and have been working for me for a long time, so they are able to do this well," says Elmer.

GOOD FRIENDS

Due to its proven track record, particularly in exposing counterfeiters on the mainland, the company has built up a solid relationship with both the Chinese police and the Quality Brands Protection Committee (QBPC). "We've been very successful in beating counterfeiting in mainland China and Vietnam — in China I think we've become the most successful firm with regards to actually seizing the goods. We have worked on some really big cases alongside the police and officers have been promoted off the back of them, so people do tend to like working with us," he smiles. "I think the Chinese police are as good as any Western police force, but you need to talk to the right people and nurture relationships over a long period instead of calling them every time you need something, and then they will give you much more face. If people go and ask for some help every six months, the Chinese authorities just say, 'Well OK, but get in the queue,' whereas we actively maintain the friendship with them — we have even given them training in new software that can be used for investigative purposes."

In addition to protecting some of the world's largest brands, Elmer's company investigates money laundering, and he confides that his team recently unveiled an antique shop in Hollywood Road laundering hundreds of millions of dollars of illegal gambling money from China. He also speaks of other areas of expansion. "A couple of years ago, we started offering executive protection, and that's an area that's really growing," he says. "When you have big executives coming into Asia from the States and Europe, they feel they need a level of security — they're apprehensive. We have a package where we meet them from their private jet, arrange bulletproof cars to their hotel, show them around, and put them on the plane to their next destination."

In something of a bizarre twist, it has also extended its business into aviation sales. "There's a shortage of planes to fly high rollers into Macau, Singapore and Malaysia, and a

huge waiting list with people like Boeing, so our clients asked us if we could help. We now have a good relationship with a French company, Dassault, and are able to put these private jets onto the market," reveals the ever-enterprising Elmer.

And what is the next destination for I-On Asia? The company is riding on the back of the Chinese economy boom. "China is still our biggest focus — we're most confident there, and we have a lot of connections." Elmer also foresees rapid expansion in the corporate private investigation industry. Most of his clients, he says, are from the US and have to comply with regulations like the Foreign Corrupt Practices Act (FCPA) and the Patriot Act. Because of this, he says that in the next five to 10 years corporate private investigation will explode — he predicts the industry will quadruple. ▲

