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THE STATE

# Film Piracy Saga Is Pure Hollywood

**A distributor believes her movies are being counterfeited. She writes a script, finds actors, hires a gumshoe and tracks down a suspect.**

By Richard Verrier, Times Staff Writer  
June 25, 2006

After six months on the trail of a suspected Russian pirate, Joan Borsten was closing in.

She had staked out the scruffy-looking young man she thought was strangling her film distribution business. Now he was in her sights. Borsten peered out through the curtained windows of a minivan as a private eye she'd hired snapped photographs using a telephoto lens.

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Click. The suspected pirate appears with a customer (actually a friend of Borsten's) who'd just bought 80 counterfeited DVDs of titles Borsten owns.

Click. The buyer and the seller shake hands.

Click. The target jumps into his BMW SUV and drives off.

Could it be that he was getting away?

What happened next was the culmination of Borsten's tireless crusade to save her Malibu-based film distribution business from a suspected piracy ring with ties to Russia. With the help of a detective named Jake, an actress playing "Natalya" and Oleg Vidov, Borsten's real-life husband, who was once known as the Robert Redford of Soviet-era cinema, this 58-year-old grandmother masterminded an amateur sting operation.

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"I don't think he had any idea of who he was going up against," Vidov said of the man they believed was running the piracy ring. "She is a street fighter."

Major Hollywood studios aren't the only victims of movie piracy. Ask the owners of Southern California's many small production and distribution companies, and they'll tell you their very survival depends on curbing counterfeiting. But saying it needs to be stopped is one thing. Doing it is another.

That's what sets Borsten apart. The Santa Monica native is a short, spirited woman who is fluent in five languages and harbors a passion for Russian fairy tales.

She and her husband used their actor friends and their knowledge of the Russian emigre community to infiltrate a world that often confounds even Hollywood's anti-piracy agency, the Motion Picture Assn. of America.

Borsten owns the international distribution rights to a library of 1,200 Russian animated films, including "Little Locomotive From Romashkovo," "Tale About Czar Sultan" and "Vasila the Beautiful." She sells DVDs of these titles to small specialty stores that serve Russian communities around the country.

But in December, she noticed a sudden drop in Los Angeles-area orders to her company, Films by Jove. Worried, Borsten visited a bookstore in Studio City and posed as an American woman buying cartoons for her adopted Russian grandchild. She found half a dozen pirated versions of Films by Jove videos, including one of her favorites, "I'll Get You," a Russian Tom and Jerry-type series.

The videos appeared to be homemade. Each had the same make of case, photocopied



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color inserts, and poor picture and sound quality. They sold for \$10 each, about half the normal retail price.

"I was shocked. There was no way that we were going to sit back and lose the second-largest market in the U.S. to a pirate operating out of a Hollywood pick house," Borsten said, using the industry lingo for a piracy operation. "I had to get to the bottom of it."

It wasn't the first time Borsten and Vidov had taken action to protect their business. During the last decade, they've been involved in numerous legal battles to protect copyrights on their film library, which includes a Russian-made feature-length version of Rudyard Kipling's "The Jungle Book" and a series of animated folk tales with the voices of American, French and Spanish stars.

First, Borsten asked a Russian friend to visit other Russian video shops and bookstores in West Hollywood and the San Fernando Valley. The woman bought several bootleg videos of Film by Jove titles and reported that store owners had told her to come back in a few weeks, when they would receive a new supply.

Borsten suspected that the stores were buying from a single supplier. Next, she had to find him.

So she and Vidov, who is also her business partner, wrote a script featuring a character called Natalya, who is described in court records as an "unscrupulous hard-edged businesswoman looking for bootleg tapes at the cheapest possible price."

Vidov put out the word among Russian actors he knows and soon found an actress who was perfect for the part: "She has a really good range. She can play a peasant woman or a princess." And this "was the best role in Hollywood."

Embracing the role, "Natalya" chatted up store owners and soon came up with a cellphone number of the supplier of illicit cartoons. His name was Dmitry. Store owners said he was importing pirated movies direct from Moscow's notorious counterfeit market, the Gorbushka.

Next, Natalya called Dmitry. She said she and her husband, "Andre," were opening a Russian video store in Palo Alto and wanted to buy some cheap DVDs. Dmitry agreed to meet with Andre (in actuality another friend of Borsten's) in the parking lot of a Carl's Jr. restaurant on Sunset Boulevard in Hollywood.

Dmitry popped the rear hatch of his black BMW, revealing six cartons containing CDs and DVDs. He also handed Andre a catalog of about 5,000 movies, including not only many Films by Jove titles, but also such mainstream Hollywood fare as "Shrek" and "Basic Instinct 2," according to a declaration filed in court.

The merchandise looked suspect to Andre. There were no liner notes or labels identifying the name or address of the distributors. When Andre complained that they weren't wrapped, Dmitry suggested that he buy a machine and wrap them himself. Andre bought 80 of the DVDs for \$400.

Borsten was close, but not close enough. She still lacked the suspected pirate's last name and business address.

So she turned to Jake "Spy4hire" Schmidt, a veteran Hollywood private investigator and owner of Clandestine Investigation Agency. She had hired the stocky former U.S. Army intelligence analyst before in connection with another piracy case.

Film piracy isn't his specialty; he's more used to tracking down cheating Hollywood spouses.

But Schmidt liked Borsten: "She's an honest, hard-working lady who pays her bills on time." And besides, "She gets caught up in the intrigue of it all."

When Borsten got a tip from a client that Dmitry was operating out of an office on North La Brea Avenue near Sunset Boulevard, she notified Schmidt. He drove by the office and saw a sign on the door: Europe Plus Russia.

Schmidt also ran a check on Dmitry's license plate and got a last name: Fayerman.

Borsten wanted to make sure it all added up. She checked city records and found that a Dmitry Fayerman, 36, had a business license for Europe Plus Russia at the same La Brea Avenue address.

The man posing as Natalya's husband (whose real name is Andre Violentyev) set up another buy, this one at Fayerman's office. Schmidt and Borsten parked the minivan and waited.

Violentyev later stated in a sworn declaration that in the midst of the transaction, Fayerman explained that "legal" DVDs would have cost him a lot more.

For the right people,

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Fayerman left in his BMW, and Schmidt and Borsten tailed him. But after a few minutes, they lost him in traffic. Schmidt was ready to give up, but Borsten would have none of it: "Just go for it, Jake."

And five minutes later they caught up with Fayerman on Fairfax Avenue and followed him onto the westbound Interstate 10.

Borsten and Schmidt tailed Fayerman to the Four Points by Sheraton hotel in Culver City, where Schmidt photographed him entering and then leaving half an hour later with a heavy briefcase. A clerk at the front desk told Schmidt that a flight crew from the Russian airline Aeroflot had recently checked in.

Two weeks later, court records state, Schmidt again spotted Fayerman at the Four Points, this time talking with someone who appeared to be a member of an Aeroflot flight crew that was staying at the hotel. The man handed over two heavy-looking bags.

"Inside the bags I could clearly make out long cylinder-type shapes, with three to four of these cylinder shapes in each bag," Schmidt said in a declaration. "The diameter of the cylinder shapes appeared to be consistent with the size of a DVD or compact disc."

For Borsten, things were starting to add up. A few of her clients had told her that they believed Fayerman was using smugglers to import pirated versions of DVDs manufactured in Russia.

Despite pledges by Russian President Vladimir Putin to crack down on the problem, the number of factories in his country that produce counterfeit DVDs and CDs and export them has ballooned from two in 1996 to 47 as of January, according to a recent report by the International Intellectual Property Alliance, a private coalition that represents U.S. copyright-based industries.

Many experts blame lax policing by the Russian government.

"They have to start enforcing their laws and busting up these optical disc manufacturers," said Rep. Howard L. Berman (D-Valley Village), who thinks Russia should be required to crack down on piracy before it is allowed to join the World Trade Organization.

Berman, ranking member of the House Judiciary subcommittee on courts, the Internet and intellectual property, has previously asked Borsten to testify before Congress about piracy.

"This is a bread-and-butter issue for her and other small companies like hers," Berman said.

Armed with the fruits of her sleuthing, Borsten in May filed an \$11-million federal copyright infringement suit against Fayerman and eight owners of stores she alleged had carried his goods.

Then she persuaded a judge to authorize a temporary restraining order against Fayerman and those stores and to approve the seizure of any counterfeit DVDs of her titles from his office.

On a sweltering June afternoon, with rush-hour traffic clogging La Brea Avenue, five federal marshals pulled up outside Europe Plus Russia. Schmidt, Borsten attorney Jeffrey Miles and two court-appointed Russian interpreters — who had been waiting across the street in a Russian cafe — joined the marshals as they confronted Fayerman. Borsten later joined them.

Served with the court order, a flustered Fayerman led the whole group into two stuffy rooms crammed floor to ceiling with DVDs and CDs and a plastic shrink-wrap machine.

Fayerman paced back and forth as the interpreters went through his merchandise, checking titles against a list of Films by Jove catalog. In addition to such Hollywood fare as "The Incredibles" and "Polar Express," they found 250 counterfeit DVDs of animated films only Borsten has the rights to sell in the U.S.

"I don't know what to say," she said as she helped her lawyer pack up evidence. "We're finding stuff here that we didn't expect to find. I'm kind of overwhelmed."

Fayerman denied that he had done anything wrong, and no criminal charges have been filed.

"I don't know about all this because I'm a legal company," he told a reporter who witnessed the raid.

But a few days later, Fayerman failed to appear at a U.S. District Court hearing to contest the restraining order. Then, last week, in a confidential settlement of Borsten's

lawsuit, he agreed to pay her an undisclosed amount to cover her losses.

Fayerman acknowledged last week that he was wrong to sell copies of Borsten's titles, though he said he was unaware that she had the U.S. distribution rights. Speaking in broken English, he said, "I make settlement. I've gone out of business."

The offices of Europe Plus Russia have been emptied.

Borsten doesn't kid herself that her problems are over. In her experience, even when you triumph over one pirate, another one eventually comes to take his place. But when that happens, she'll be ready.

"I think we won a major skirmish," she said, "but there's still a bigger battle to be won."

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