



Department of Justice

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San Francisco merchants charged with trafficking counterfeit apparel and accessories worth millions of dollars

Enforcement action against retailers of designer fakes is largest ever on West Coast

SAN FRANCISCO – The owners/operators of eight shops in San Francisco’s Fisherman’s Wharf district and several of the stores’ employees are charged in a 25-count indictment as part of the largest federal enforcement action ever taken against West Coast retailers suspected of selling counterfeit designer apparel and accessories.

The indictment, a culmination of a long-term investigation by U.S. Immigration and Customs Enforcement (ICE) Homeland Security Investigations (HSI), has already led to the seizure of approximately \$100 million worth of counterfeit merchandise, based upon the manufacturer’s suggested retail price (MSRP) had the products been legitimate. The designer fakes, which were illegally imported from China, included clothing, handbags and wallets, jewelry and watches, scarves, sunglasses and shoes bearing the labels of more than 70 well-known designer brands. Among the brands were a number of U.S.-based companies, Oakley, Dooney and Bourke, Nike, Coach and Kate Spade, and foreign designers such as Armani, Burberry, Prada and Louis Vuitton. Affidavits filed in connection with the case describe multiple instances where clerks at the targeted stores acknowledged to ICE undercover agents posing as customers that the merchandise they were buying was counterfeit.

“To consumers who think designer knockoffs are a harmless way to beat the system and get a great deal, ‘buyer beware,’” said ICE Director John Morton. “Trademark infringement and intellectual property crime not only cost this country much needed jobs and business revenues, but the illegal importation of substandard products can also pose a serious threat to consumers’ health and safety.”

“Interdicting and destroying counterfeit and trademark infringing goods has long been a priority of the federal government,” U.S. Attorney Joseph P. Russoniello said. “The significant impact of trafficking in such merchandise on the American economy should be obvious. Wherever evidence leads to the identification of persons engaged in that enterprise, the Department of Justice will vigorously pursue the case and prosecute the offenders.”

The indictment was filed in federal court on July 22 and unsealed Monday morning. It charges the defendants with conspiracy, smuggling goods into the United States, and trafficking in counterfeit goods. Except as noted, the 11 merchants and sales clerks who were indicted reside in San Francisco. They include:

- Hui Jin Jen, aka Jenny, 41, owner of L & J Fashions and JC Trading Co.;
- Jia Cun Liu, co-owner of L & J Fashions and JC Trading Co.;
- De Li Chen, aka Simon, 40, worked at New CWK Gift Store;
- Hui Juan Chen, aka Coco, 37, Jenny's sister and De Li Chen's wife, owner of New CWK Gift Store;
- Shelley Xue Hua Lin, 39, owner of New Life Gift Store;
- Ying Hei Lau, aka Sam, 57, controlled two storage units in San Leandro, Calif.;
- Huamin Wu Mei, aka Pam, 54, of San Leandro, Calif., controlled access to and made rental payments on San Leandro storage units;
- Kan Wen Chong, aka Kenny, 44, owner of two branches of C & K Gifts;
- Xiu Jing Ye, aka Crystal, 41, Chong's wife, co-owner of two branches of C & K Gifts;
- Fernando Viseu, 54; owner of two stores, including La Bella Boutique; and
- Sok Wa Chong Viseu, aka Olga, 50, Viseu's wife, worked at two stores, including La Bella Boutique.

The initial investigation leading to the charges began after U.S. Customs and Border Protection (CBP) officers intercepted a container at the Port of Oakland in December 2007 that contained more than 50,000 counterfeit designer accessories with a total value of more than \$22 million, based upon the MSRP. The consignee on the shipment was C & K Gifts.

“Stopping imported counterfeit and pirated goods remains a high priority for CBP,” said CBP’s Director of Field Operations for San Francisco Richard Vigna. “No one should think of piracy and counterfeiting as minor crimes. In today’s world, intellectual property rights violations pose a serious threat to the economy.”

Following the interception of the shipping container, ICE Homeland Security Investigations agents executed federal search warrants targeting four shops in the 400 block of San Francisco’s Beach Street and the residences of four of the defendants. The searches resulted in the seizure of nearly 50,000 additional counterfeit items valued at more than \$24 million. In February of this year, investigators conducted additional warranted searches of four shops in the Fisherman’s Wharf area along with five residences and three storage locations in San Leandro and San Francisco. As a result of those searches, investigators seized more than 130,000 additional counterfeit items valued at up to \$52 million.

ICE’s intellectual property theft enforcement efforts have continued to escalate in the past 18 months under this Administration. In fiscal year 2008, ICE initiated 643 intellectual property theft cases during the entire year. Last fiscal year, the agency opened 806 such cases. In the first two quarters of this fiscal year, ICE has initiated 560 intellectual property theft cases. At that pace, ICE expects to increase its intellectual property theft enforcement by 40 percent compared to two years ago.

The defendants began making their initial appearances in federal court Monday morning. If convicted, they face up to 20 years in prison and a \$250,000 fine for smuggling goods into the United States; 10 years in prison and a \$2 million fine for each count of trafficking in counterfeit goods; and five years in prison and a \$250,000 fine for conspiring to traffic in counterfeit goods.

Assistant U.S. Attorney Deborah Douglas is prosecuting the case aided by legal assistant Rawaty Yim, paralegal Suzanne Pouteau, and Asset Forfeiture Assistant U.S. Attorney Patricia Kenney.

The charges are part of a larger department-wide effort led by the Department of Justice's Intellectual Property Task Force (IP Task Force). Attorney General Eric Holder created the IP Task Force to combat the growing number of domestic and international intellectual property crimes, protect the health and safety of American consumers, and safeguard the nation's economic security against those who seek to profit illegally from American creativity, innovation and hard work. The IP Task Force seeks to strengthen intellectual property rights protection through heightened criminal and civil enforcement, greater coordination among federal, state and local law enforcement partners, and increased focus on international enforcement efforts, including reinforcing relationships with key foreign partners and U.S. industry leaders.

Please note that an indictment contains only allegations against an individual and, as with all defendants, the defendants listed above must be presumed innocent unless and until proven guilty.

ICE

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