

UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

UNITED STATES OF AMERICA	:	Hon.
	:	
v.	:	Crim. No. 14-
	:	
KE DAO JIANG,	:	18 U.S.C. § 2320
a/k/a "Ah Dao"	:	

INFORMATION

The defendant having waived in open court prosecution by Indictment, the United States Attorney for the District of New Jersey charges:

Overview

1. Beginning in or around September 2009 and continuing through in or around February 2012, defendant KE DAO JIANG participated in a massive international conspiracy to smuggle and distribute counterfeit goods into the United States using stolen corporate identities and false and fraudulent customs paperwork. The conspiracy was one of the largest of its kind ever uncovered by the United States government. Through the conspiracy, defendant KE DAO JIANG and his co-conspirators (collectively, the "Co-Conspirators") imported and attempted to import hundreds of containers of counterfeit goods (the "Counterfeit Goods") with a retail value in excess of \$300 million. The Counterfeit Goods included counterfeit Nike sneakers and UGG boots; Burberry, Louis Vuitton, Coach, and Gucci handbags; various name brands of clothing; and luxury brands of perfume, among other items. Certain

Co-Conspirators then provided proceeds from the scheme to other Co-Conspirators, who sent these proceeds back to China by structuring payments to evade currency reporting requirements.

Background

2. At all times relevant to this Information:

a. The Port Newark-Elizabeth Marine Terminal (the “Port”) was operated by the Port Authority of New York and New Jersey. It was the largest container port in the eastern United States, and handled more than 3,700 vessels and more than 2.5 million containers annually, with a total value of more than \$100 billion in goods passing through the Port per year.

b. The standard units of international trade, including the shipment of goods from China to the United States, were corrugated steel containers, also known as “boxes.”

c. Over 90 percent of all international non-bulk cargo worldwide moved by containers stacked on transport ships. Of these, more than one quarter originated in China.

d. Each container of goods imported into the United States through the Port was accompanied by, and tracked using, several kinds of documents (collectively, the “Customs Paperwork”). The Customs Paperwork included “Bills of Lading,” which declared a container’s contents and provided the terms of the contract between the shipper and the transportation company hired by the shipper to send a container to

its destination, and “Powers of Attorney,” which authorized an agent of the shipper to conduct certain activities for the shipper.

e. Each container of goods was tracked using a unique set of letters and numbers (the “Container Number”).

f. Each container of goods imported into the United States through the Port had to undergo entry procedures administered by United States Customs and Border Protection (“CBP”), the United States government agency responsible for inspecting imported goods.

g. After performing the entry procedures, including inspection of Customs Paperwork, containers were ordinarily released from Customs and permitted to exit the Port.

h. CBP and other agencies, however, could place a container on “hold,” which meant that the container would not be allowed to leave the Port until the authorities had conducted further examinations or review of the container or its contents. Holds could be placed on containers either when the containers were still en route to the United States or after the containers had arrived at the Port. Shippers of goods were highly cognizant of the process of holds because holds cost time and money.

i. Law enforcement officers working in an undercover capacity (collectively, the “UCs”) were introduced to certain of the Co-Conspirators. The UCs purported to have unspecified “connections” at the Port, which allowed the UCs to release containers that were on hold,

and pass them through to the Co-Conspirators. The Co-Conspirators paid the UCs for these services. In total, during the course of the investigation, the Co-Conspirators paid the UCs more than \$2 million.

j. The Co-Conspirators included the following individuals who have not been named in this Information: H.D.J., H.Y.J., F.R.H., D.Y.H., W.L., W.K.H., S.Y.M., P.S., N.G., J.Z.M., W.Q.Z., C.D.X., X.Z., and J.C.Q.

The Conspiracy

3. From at least as early as in or about September 2009 to in or about February 2012, in Essex and Union Counties, in the District of New Jersey, and elsewhere, defendant

KE DAO JIANG,
a/k/a "Ah Dao,"

did knowingly and intentionally conspire and agree with others, namely H.D.J., H.Y.J., F.R.H., D.Y.H., W.L., W.K.H., S.Y.M., P.S., N.G., J.Z.M., W.Q.Z., C.D.X., X.Z., and J.C.Q. to traffic and attempt to traffic in goods and services and knowingly used counterfeit marks on and in connection with such goods and services, contrary to Title 18, United States Code, Section 2320(a)(1), and to traffic and attempt to traffic in labels, patches, stickers, wrappers, badges, emblems, medallions, charms, boxes, containers, cans, cases, hangtags, documentation, and packaging of any type and nature, knowing that counterfeit marks had been applied thereto, the use of which was likely to cause confusion, to cause mistake, and to deceive, contrary to Title 18, United States Code, Section 2320(a)(2).

Object of the Conspiracy

4. The object of the conspiracy was for defendant KE DAO JIANG and others to import counterfeit goods from China into the United States and profit from the subsequent sale of these counterfeit goods.

Manner and Means of the Conspiracy

Importing Counterfeit Goods

5. It was part of the conspiracy that the Co-Conspirators arranged to have the Counterfeit Goods manufactured in China with counterfeit labels that appeared authentic. Certain Co-Conspirators, including H.D.J., H.Y.J., F.R.H., D.Y.H., and others, managed the relationships with Chinese manufacturers of counterfeit goods, deciding which types of counterfeit goods to order, how many of each type to import, and when the importation would occur.

6. It was further part of the conspiracy that the Co-Conspirators arranged for the importation of the Counterfeit Goods through the Port using false and fraudulent Customs Paperwork. The Co-Conspirators stole the identities of legitimate companies, and then used these companies' information on Customs Paperwork associated with containers of counterfeit goods. For example, the Co-Conspirators created false and fraudulent bills of lading which listed, as the consignee, a legitimate company which was neither the actual recipient of the goods nor was aware that its corporate identity was being used in this manner. Further, the Co-Conspirators frequently tailored the descriptions of the containers' contents to correspond with the legitimate company whose information was being stolen. These descriptions, of course,

did not accurately represent the containers' contents – which were counterfeit goods. The Co-Conspirators were usually careful to list, on the falsified Customs Paperwork, goods subject to low tariffs, so as to increase their profits. Certain Co-Conspirators, including P.S., H.D.J., and D.Y.H., created and obtained fraudulent bills of lading, and other varieties of Customs Paperwork, and used this false documentation to import the Counterfeit Goods for sale in the United States.

Handling Counterfeit Goods in the United States

7. It was further part of the conspiracy that certain Co-Conspirators arranged with one another to pay individuals who, the Co-Conspirators believed, had unspecified “connections” at the Port and so could remove containers of counterfeit goods which had been placed on hold from the Port. Unbeknownst to the Co-Conspirators, these individuals were UCs, and the Co-Conspirators' efforts were being recorded by law enforcement. Certain Co-Conspirators, including P.S., H.D.J., H.Y.J., F.R.H., N.G., J.Z.M., and Y.F.L., discussed the logistics of obtaining money to provide to the UCs, and how the payoffs were to be handled.

8. It was further part of the conspiracy that certain Co-Conspirators managed the storage, modification, and distribution of the Counterfeit Goods once those goods arrived in the United States. Certain Co-Conspirators, including N.G. and J.Z.M., operated warehouses which received large shipments of the Counterfeit Goods. Other Co-Conspirators, including W.K.H. and W.Q.Z., operated or worked for trucking companies which transported

counterfeit goods from the Port to warehouses, and then from warehouses to wholesalers. Once the Co-Conspirators took possession of the counterfeit goods at warehouses they controlled, they often set up operations to alter the goods and make them suitable for sale. These operations sometimes included cutting false, generic labels off the goods, to reveal fraudulent designer labels underneath, or adding fraudulent designer labels or tags to the counterfeit merchandise, so that the goods appeared to be legitimate, brand-name items. Certain Co-Conspirators, including defendant KE DAO JIANG, H.D.J., N.G., and F.R.H., participated in this aspect of the conspiracy.

9. It was further part of the conspiracy that certain Co-Conspirators acted as wholesalers for the Counterfeit Goods, supplying the retailers who sold the Counterfeit Goods to the ultimate customers in the United States. Certain Co-Conspirators, including defendant KE DAO JIANG, W.L., and C.D.X., acted as wholesalers, and obtained large volumes of counterfeit goods to supply their customers.

Structuring the Proceeds of the Conspiracy

10. It was further part of the conspiracy that several of the Co-Conspirators engaged in an international money structuring scheme to hide the proceeds of the conspiracy. The Co-Conspirators generally received cash in exchange for the counterfeit goods that they sold. The cash was then transferred to certain Co-Conspirators, including X.Z. and J.C.Q., who transferred it to China in violation of currency reporting requirements, by listing fake senders and recipients on the relevant paperwork. These Co-

Conspirators provided these “services” in exchange for a portion of the funds that were structured.

Overt Acts of Defendant KE DAO JIANG

11. From in or around 2009 through in or around 2012, defendant KE DAO JIANG served as a wholesaler of counterfeit goods. During this period, he purchased counterfeit goods that were imported through the Port from other Co-Conspirators, and sold them to his own customers, usually smaller-scale retailers of counterfeit goods, located in or around New Jersey and New York.

12. Defendant KE DAO JIANG engaged in numerous recorded calls with other Co-Conspirators to discuss furthering the scheme charged in this Information. As just one example, on or about January 22, 2011, defendant KE DAO JIANG spoke with another Co-Conspirator (“CC-1”), and discussed how various kinds of counterfeit goods were selling slowly. CC-1 stated, referring to a type of counterfeit Nike sneaker, that “Jordan is not being sold,” and defendant KE DAO JIANG replied, “Can’t do anything. Prada and LV are not good either.” CC-1 then said, “The white shoes are alright, but not profitable.” Defendant KE DAO JIANG stated, “It’s too early for white shoes. . . . You can have processed here [in the United States].” CC-1 replied, “It’s useless, the UGG were processed here; the label falls off right away.” Defendant KE DAO JIANG then said, “Everyone else does it this way.”

All in violation of Title 18, United States Code, Section 2320(a).

Forfeiture Allegation

The allegations contained in this Information are hereby realleged and incorporated by reference for the purpose of noticing forfeiture pursuant to Title 18, United States Code, Sections 981(a)(1)(C) and Title 28, United States Code, Section 2461(c).

The United States hereby gives notice to the defendant that, upon his conviction of the offense alleged in the Information, the government will seek forfeiture in accordance with Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c), which require any person convicted of such offenses to forfeit any property constituting or derived from proceeds obtained directly or indirectly as a result of such offenses, including but not limited to:

- a. 2008 Honda Accord, Vehicle Identification Number 1HGCP26458A09513, seized from Jian Zhi Mo on March 2, 2012;
- b. \$1,019.00 USD seized from Jian Zhi Mo on March 2, 2012;
- c. 2007 Honda Accord, Vehicle Identification Number 1HGCM56837A146457, seized from Yuan Bo Lai on March 2, 2012;
- d. \$1,161.25 USD seized from Ning Guo on March 2, 2012;
- e. \$351 in Caesar's gaming chips seized from Ning Guo on March 2, 2012;
- f. \$1,040.00 USD seized from Hui Huang on March 2, 2012;
- g. \$10,100 in Caesar's gaming chips seized from Hui Huang on March 2, 2012;

- h. The real property located at 184 Westwood Avenue, Staten Island, New York;
- i. \$79,418 USD seized from Da Yi Huang on March 2, 2012 (seized from 184 Westwood Ave., Staten Island, New York);
- j. \$15,567 USD seized from Fei Ruo Huang on March 2, 2012 (seized from 57 Tillman Street, Floor 1, Staten Island, New York);
- k. \$2,541 USD seized from Dao Feng Shi on March 2, 2012 (seized from 236 Columbus Ave., Unit B, Palisades Park, New Jersey);
- l. \$2,061 USD seized from Jian Chun Qu on March 2, 2012 (seized from 207-08 42nd Ave, Bayside, New York);
- m. \$1,864 USD seized from Wu Lin on March 2, 2012 (seized from 52-11 69th Place, Maspeth, New York);
- n. \$160,413 USD seized from Xiance Zhou on March 2, 2012 (seized from 207-08 42nd Ave, Bayside, New York);
- o. \$57,453 USD seized from TD Bank (155 Canal Street) safety deposit box # 851 on March 2, 2012;
- p. \$189,900 USD seized from HSBC Bank (11 East Broadway, New York)safety deposit box # 709503859 on March 2, 2012; and
- q. 56 items of jewelry (bracelets, rings, necklaces, earrings, and charms) seized from JP Morgan Chase (Ridgefield NJ) safety deposit box # 34 on March 6, 2012.

If any of the above-described forfeitable property, as a result of any act or omission of the defendant:

- a. cannot be located upon the exercise of due diligence;
- b. has been transferred or sold to, or deposited with, a third party;
- c. has been placed beyond the jurisdiction of the court;
- d. has been substantially diminished in value; or
- e. has been commingled with other property which cannot be divided

without difficulty;

it is the intent of the United States, pursuant to Title 21, United States Code, Section 853(p), as incorporated by Title 28, United States Code, Section 2461(c), to seek forfeiture of any other property of such defendants up to the value of the forfeitable property described above.



PAUL J. FISHMAN
United States Attorney

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INFORMATION FOR

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