



Department of Justice

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Western District of Michigan

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THREE MEN CONVICTED BY JURY OF PERPETRATING CREDIT CARD FRAUD AT AREA MEIJER STORES SENTENCED TO 102 MONTHS IN PRISON

GRAND RAPIDS, Michigan – ZHOU CHEN, of Pennsylvania, and KANG HE and SHIFU LIN, both of New York, each were sentenced to serve 102 months in federal prison following their convictions earlier this year for conspiracy to commit fraud, access device fraud, and aggravated identity theft, U.S. Attorney Donald A. Davis announced today. Additionally, CHEN and HE were ordered to pay \$285,189.38 in restitution, and LIN was ordered to pay \$205,945.11 in restitution, to 67 different financial institutions across the United States who suffered the financial loss as a result of defendants' crimes. The government obtained more than \$18,000 in forfeited funds consisting of U.S. currency and fraudulently acquired gift cards. Chief Judge Paul L. Maloney imposed the sentences in U.S. District Court in Kalamazoo, Michigan.

CHEN, HE, and LIN were arrested by Kent County Sheriff's Detectives at a Meijer store in Grand Rapids, Michigan on January 11, 2011, after the defendants were observed engaging in fraudulent purchases of \$100 American Express gift cards using credit card numbers that had been stolen and re-encoded onto the magnetic strips of used gift cards. The true account holders, who resided in Florida, Georgia, North Carolina, Texas, and Alabama, were unaware their credit card numbers were being used by the defendants without authorization to make purchases at Meijer stores in the Grand Rapids, Michigan area. A subsequent investigation by the U.S. Secret Service determined that the defendants possessed approximately 1,500 valid credit card account numbers

and a magnetic strip reader/writer device, which would allow the defendants to transfer credit card account numbers onto used plastic gift cards. The defendants were convicted of the charges by a federal jury in May, 2010, after a trial.

In sentencing the defendants, Chief Judge Maloney heard evidence that the defendants were responsible for perpetrating the fraudulent credit card scheme at various Meijer stores in Michigan, Indiana, and Illinois since no later than October 2010 until their arrest in January 2011. The government proved at sentencing that defendants CHEN and HE were jointly and severally responsible for \$285,189.38 in fraudulent credit card charges at various Meijer stores and that defendant LIN also was jointly and severally responsible for \$205,945 of those fraudulent charges. In seeking a lower sentence, the defendants asserted that they face possible removal from the United States to the Peoples Republic of China, their country of citizenship, following completion of their prison sentences in the United States.

U.S. Attorney Davis stated: "These very serious criminal offenses strike at the heart of our nation's financial system. The crimes committed by the defendants are the financial equivalent of repeated bank robberies using the internet, a laptop computer, and the swipe of a plastic card at retail stores. The defendants' actions affect far more people and institutions than the 67 banks and credit unions that were the direct victims of their fraudulent conduct. These crimes indirectly affect everyone who participates in the banking system in the form of higher interest rates and fees, which often are passed along to retailers and consumers to account for the fraudulent use of credit cards and it undermines the confidence that we as a people should be able to have in our financial system."

The case was prosecuted by Assistant U.S. Attorneys Chris O'Connor and Joel Fauson, and investigated by the U.S. Secret Service, Grand Rapids Field Office.

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