

UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

UNITED STATES OF AMERICA	:	Hon.
	:	
v.	:	Crim. No. 13-
	:	
YUAN FENG LAI	:	
a/k/a "Leo"	:	18 U.S.C. § 2320
a/k/a "Yuan Kang Lai"	:	

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 August 2008 and continuing through in or around February 2012, defendant YUAN FENG LAI participated in an international conspiracy to smuggle and distribute counterfeit goods. Through the conspiracy, defendant YUAN FENG LAI and his co-conspirators (collectively, the "Co-Conspirators") imported a total of more than 35 containers accounting for more than 100 tons of counterfeit goods (the "Counterfeit Goods") with a retail value in excess of \$25 million. The Counterfeit Goods included counterfeit Nike sneakers and UGG boots; Burberry, Louis Vuitton, Coach, and Gucci handbags; and cigarettes, among other items.

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.

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.

e. 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.

f. Law enforcement maintained a “front company” to act as an importer of goods at the Port. Through this front company, undercover law enforcement agents (collectively, the “UCs”) posed as individuals with unspecified “connections” at the Port,

which connections could make the importation of counterfeit goods easier, and undetectable by law enforcement officers, in exchange for cash payments.

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

The Conspiracy

3. From at least as early as in or about August 2008 to in or about February 2012, in Essex and Union Counties, in the District of New Jersey, and elsewhere, defendant

YUAN FENG LAI,
a/k/a "Leo,"
a/k/a "Yuan Kang Lai,"

did knowingly and intentionally conspire and agree with others, namely N.G., G.H.Z, W.P.R., Y.J.C., J.Z.M., H.H., Y.B.L., K.B.Q., M.Z., G.Q.Z., and B.I., 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 YUAN FENG LAI 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.

6. It was further part of the conspiracy that the Co-Conspirators arranged for the importation of the Counterfeit Goods through the Port using fraudulent Customs Paperwork. Among other things, the fraudulent Customs Paperwork falsely declared the types of goods housed within the containers. Certain Co-Conspirators, including defendant YUAN FENG LAI, N.G., G.H.Z., W.P.R., J.Z.M., H.H., Y.J.C., and K.B.W., 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, worked for an importing/exporting company and could provide “assistance” in removing counterfeit goods from the Port. Unbeknownst to the Co-Conspirators, these individuals were UCs, and the company was a front company created by law enforcement. Certain Co-Conspirators, including defendant YUAN FENG LAI, N.G., and J.Z.M., 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 defendant YUAN FENG LAI, N.G., J.Z.M., W.P.R., and G.H.Z., operated warehouses which received large shipments of the Counterfeit

Goods. These Co-Conspirators and others then managed the logistics for distribution of the Counterfeit Goods throughout the United States, including by managing warehouses filled with counterfeit goods, controlling trucking operations to transport counterfeit goods to wholesalers, and collecting proceeds of the conspiracy from clients.

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 H.H., W.P.R., G.H.Z., Y.J.C., and K.B.W., acted as wholesalers, and obtained large volumes of counterfeit goods to supply their customers.

Laundering the Proceeds of the Scheme

10. It was further part of the conspiracy that several of the Co-Conspirators engaged in an international money laundering scheme to hide the proceeds of the conspiracy. Certain Co-Conspirators, including defendant YUAN FENG LAI, N.G., J.Z.M., M.Z., and G.Q.Z., took money that they believed was the proceeds of illegal activities and directed this money through a network of financial institutions in Hong Kong, the People's Republic of China, and elsewhere, to disguise the source of the funds. These Co-Conspirators provided these "services" in exchange for a portion of the funds that were laundered.

Overt Acts of Defendant YUAN FENG LAI

11. On or about September 27, 2011, defendant YUAN FENG LAI provided a UC with approximately \$25,000 and fraudulent Customs Paperwork for a container of counterfeit goods.

12. On or about October 13, 2011, defendant YUAN FENG LAI provided a UC with approximately \$49,000 and fraudulent Customs Paperwork for another container of counterfeit goods.

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, Section 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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v.

YUAN FENG LAI,
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INFORMATION FOR

18 U.S.C. § 2320

PAUL J. FISHMAN
UNITED STATES ATTORNEY
NEWARK, NEW JERSEY

Andrew S. Pak
ASSISTANT U.S. ATTORNEY
973-645-3976