



Department of Justice

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JURY CONVICTS TWO NEW YORK IMPORTERS IN ONE OF THE LARGEST COUNTERFEIT GOODS PROSECUTIONS IN U.S. HISTORY

Infringed Goods Valued at More Than \$100 Million

WASHINGTON – Chong Lam, 52, and Siu Yung Chan, aka Joyce Chan, 42, both of New York, were convicted yesterday for their participation in one of the largest counterfeit luxury goods operations in the United States, announced Assistant Attorney General Lanny A. Breuer of the Criminal Division, U.S. Attorney Neil H. MacBride for the Eastern District of Virginia and Assistant Secretary John Morton of the U.S. Immigration and Customs Enforcement (ICE).

After a week-long trial and seven hours of deliberation, a federal jury in Richmond, Va., found Lam and Chan each guilty on one count of conspiracy to traffic in counterfeit goods imported from the People's Republic of China (PRC); two counts of trafficking in counterfeit handbags, wallets, purses and carry-on bags; and two counts of illegally smuggling counterfeit goods into the United States.

According to evidence presented at trial, Lam and Chan and their co-conspirators operated a massive international manufacturing, import and wholesale counterfeit goods business. Evidence introduced at trial proved that Lam and Chan were controlling officers of at least 13 different companies in the United States and overseas, and operated at least eight separate factories dedicated to producing handbags, including enormous quantities of counterfeit bags. According to evidence presented at trial, from 2002 until Oct. 31, 2005, U.S. Customs and Border Protection (CBP) seized numerous containers of counterfeit luxury handbags and wallets imported from China. A subsequent ICE investigation, including a review of documents filed with CBP, disclosed that Lam and Chan imported over 300,000 counterfeit luxury handbags and wallets into the United States from the PRC in the names of different companies, all under their control.

In January 2008, investigators with ICE executed search warrants on the defendants' business address, Coco USA, located in Manhattan. According to evidence presented at trial, during the execution of the search warrant, investigators seized approximately 1,500 cartons of alleged infringing items. The total value of the corresponding authentic luxury goods manufactured by Burberry, Louis Vuitton, Gucci, Coach, Fendi, Chanel and others is estimated to be over \$100 million.

“The defendants convicted yesterday led a massive counterfeit goods operation that stretched from China to New York,” said Assistant Attorney General Breuer. “The Department of Justice will continue aggressively to prosecute intellectual property crimes and to protect business and consumers alike from those looking to cheat their way to a quick profit.”

“This case is about economic identity theft and blatant disregard of the law,” said U.S. Attorney MacBride. “These convictions reinforce the integrity of our nation’s intellectual property laws that the Eastern District of Virginia is committed to enforcing.”

“This landmark conviction represents the latest success of ICE in targeting intellectual property thieves,” said John Morton, Assistant Secretary for ICE. “Through the National Intellectual Property Rights Coordination Center, ICE will continue working to stem the flow of counterfeit goods into the commerce of the United States.”

The government is seeking forfeiture of the illicit proceeds of the enterprise, including funds that the defendants had transferred to bank accounts in the United States and overseas in the names of companies under their control, as well as three properties in New York. All of these assets had previously been frozen by court order.

At sentencing, scheduled for Sept. 15, 2010, Lam and Chan each face a maximum of five years in prison and a \$250,000 fine for the conspiracy count, 10 years in prison and a \$2 million fine for each trafficking count, and 5 years in prison and a \$250,000 fine for each smuggling count.

A third defendant, Eric Yuen, 41, who was originally charged with Lam and Chan in January 2008, was found not guilty on all counts yesterday.

The case was prosecuted by Assistant U.S. Attorneys Brian R. Hood and Jessica A. Brumberg in the Eastern District of Virginia and Trial Attorney John H. Zacharia of the Criminal Division’s Computer Crime and Intellectual Property Section (CCIPS). The case was investigated by ICE.

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