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District of New Jersey*

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**TWENTY-NINE CHARGED IN NEW JERSEY FOR RELATED, INTERNATIONAL
SCHEMES TO IMPORT COUNTERFEIT GOODS AND DRUGS, LAUNDER PROFITS**

*Arrests in New Jersey, Florida, Texas, New York and the Philippines Capture
Targets from the U.S., Taiwan, Hong Kong and China*

NEWARK, N.J. – Federal agencies coordinating parallel international investigations have disrupted massive conspiracies to import hundreds of millions of dollars in counterfeit goods from China and illegal drugs from Taiwan to the United States, New Jersey U.S. Attorney Paul J. Fishman and Immigration and Customs Enforcement, Homeland Security Investigations (HSI) Associate Director James A. Dinkins announced.

Law enforcement used undercover agents and court-authorized wiretaps to uncover two elaborate schemes to defeat federal border and port security measures at Port Newark-Elizabeth Marine Terminal in Elizabeth, N.J. Of the 29 charged in New Jersey in an Indictment and three criminal Complaints as a result of those investigations, 23 are currently in federal custody.

Federal agents arrested Hui Sheng Shen, a/k/a “Charlie,” and Huan Ling Chang, a/k/a “Alice,” on Saturday, Feb. 25, 2012, in New York Soon Ah Kow, indicted in January 2012, was also arrested Saturday in Manila, the Philippines. Twenty defendants were arrested this morning in a coordinated, multi-agency takedown. Six of the charged defendants remain at large.

The federal investigations into the smuggling of counterfeit goods also uncovered an alleged scheme to import 50 kilograms of crystal methamphetamine. Approximately 1 kilogram of nearly pure crystal meth was purchased from the defendants as part of the operation, which stopped the importation of dozens of additional kilograms of the drug.

In addition to the arrests, federal authorities are seeking to seize and forfeit all proceeds of the counterfeiting scheme and property used to commit the counterfeiting scheme, including automobiles, U.S. currency and other valuables and the home of one of the leaders of the counterfeiting ring.

The 19 defendants arrested locally are scheduled to appear before U.S. Magistrate Judges Cathy L. Waldor and Michael A. Shipp beginning this afternoon in Newark federal court. Other defendants are expected to appear in the districts where they were arrested.

“The cost of counterfeit goods is not limited to massive financial harm to American businesses and consumers,” said U.S. Attorney Fishman. “Criminals can exploit the same

channels to import other material that threatens our health and safety. We remain dedicated, through global, inter-agency cooperation and long-term investigations like this one, to ensuring that criminals who see the ports as a gateway to America's black market instead face American justice."

"Thanks to the efforts of HSI and our law enforcement partners, we were able to take down a massive counterfeit smuggling enterprise – a scheme involving individuals who were stealing corporate identities and smuggling counterfeit merchandise out of China," said HSI Executive Associate Director James Dinkins. "Had they not been caught, approximately \$300 million worth of illicit goods would have been smuggled into our country. The enormity of this case – and the fact that we followed the investigative leads directly to the source in China, where so many counterfeit goods originate – is a stern warning to counterfeiters and smugglers everywhere. We are vigilantly watching our ports of entry for criminal activity that undermines legitimate commerce and potentially threatens the security of the United States."

"CBP is on the front line of intellectual property rights enforcement, partnering with other federal agencies, industry and foreign governments to fight cross-border trade in counterfeit and pirated goods. We are proud to have been part of this important effort to safeguard our nation," said Robert E. Perez, CBP Director, New York Field Operations.

According to the criminal Complaints and Indictment unsealed today:

Patrick Siu et al. scheme

An investigation led by HSI uncovered a massive scheme to smuggle counterfeit goods manufactured in China into the United States through containers falsely associated with legitimate importers. The investigation was supported by officers from CBP, who helped target, identify and process the suspect containers. Many of the containers of goods were worth millions of dollars each and together had an estimated retail value of more than \$300 million were they legitimate.

The conspirators used stolen corporate identities and false personal identification documents to compromise security at Port Newark-Elizabeth Marine Terminal to help import and attempt to import more than 135 containers of counterfeit goods – primarily Coach, Louis Vuitton and other handbags, footwear such as UGG boots and Nike sneakers, and clothing – into the United States.

The conspirators concealed the counterfeit goods, among other ways, by using generic outer lids on boxes and generic labels on products to hide the counterfeit brand name labels beneath. Once the products cleared the ports, the conspirators would remove the outer lids and cut off the generic labels.

Some conspirators obtained the information of legitimate companies and used it on false

shipping paperwork. They then managed the flow of false paperwork between China and the United States and supervised the importation of counterfeit goods. Others created and used false and fraudulent personal identification documents, such as Social Security cards, to continue the scheme.

Other conspirators managed the distribution of the goods after they arrived in the United States, delivering them to warehouses and distributing them throughout New Jersey, New York and elsewhere.

Conspirators acting as wholesalers obtained counterfeit goods from the directors of the scheme and supplied the retailers who sold them to the ultimate customers in the United States. Some members of the scheme then laundered the profits by wiring millions of dollars to China without reporting the funds as required by federal law.

Many used the profits of their crimes to maintain lavish lifestyles – buying luxury automobiles and tens of thousands of dollars in jewelry.

During the course of the investigation, the conspirators sought out undercover federal agents (the “ICE UCs”), who purported to have connections at the port allowing them to release containers that were on hold and pass them through to the conspirators.

The conspirators discussed expanding into other lines of counterfeit products, without regard to whether the counterfeit products harmed the health and safety of consumers in the United States. For example, on Dec. 7, 2010, Hai Yan Jiang spoke with Lin Wu, considering the importation of counterfeit cosmetics. Yan stated that the cosmetics were “counterfeit, but of good quality.” When Wu asked Yan whether these products would be harmful to the users, Yan said, “All I care about is to make money, other things do not matter.” When Wu stated that “business needs to be done with a clear conscience,” Yan replied, “Then go be a monk.”

The defendants and offenses charged in the Complaint are outlined in an appended chart.

Ning Guo et al. scheme

Simultaneously, the FBI was conducting a parallel investigation into targets operating a smuggling scheme at the port. As the investigations developed, law enforcement discovered targets that connected the conspiracies. The FBI then joined together with ICE, CBP and the U.S. Attorney’s Office for the District of New Jersey to coordinate operations.

This scheme also involved a large-scale international counterfeit goods smuggling and distribution conspiracy and falsified shipping paperwork. As part of the investigation, law enforcement set up a front company as a purported importer of goods. Through the smuggling scheme, the conspirators imported over 35 containers of counterfeit goods with a retail value of over \$25 million, including counterfeit Nike sneakers and UGG boots; Burberry, Louis Vuitton,

Coach, and Gucci handbags; and cigarettes, among other items.

Some of the conspirators engaged in a conspiracy to launder what they believed to be the proceeds of narcotics and illegal gambling activity through banks in China, the United States and elsewhere.

The defendants and offenses charged in the Complaint are outlined in an appended chart.

Kow, Shen and Chang scheme

Soon Ah Kow – charged by Indictment with drug importation, smuggling, and counterfeit goods trafficking offenses by a Newark federal grand jury Jan. 6, 2012 – was arrested over the weekend following an operation by law enforcement which lured Kow from his residence in Hong Kong.

In February 2012, undercover law enforcement agents lured Kow, who was unaware he was indicted, to the Philippines under the guise of paying him for past transactions and discussing future illegal activities. The Department of Justice, working closely with the Philippine authorities, obtained a provisional arrest warrant for Kow, who was arrested by Philippine law enforcement agents as he stepped off his plane in Manila.

Kow is in the business of brokering international transactions of illegal goods. Operating out of Southeast Asia, he has met with and introduced his co-conspirators to undercover federal agents (the “FBI UCs”) on numerous occasions for the purpose of importing counterfeit goods and narcotics from Asia to the United States.

The FBI learned in August 2008 that Kow was looking for assistance in importing several containers of counterfeit cigarettes and clearing them through customs. Depending on the size, each such container is worth approximately \$2.5 million to \$5 million.

Kow contacted FBI UCs posing as individuals who, with associates, could clear counterfeit goods through customs and have them removed from ports on both the east and west coasts of the United States. Kow and several of the conspirators charged in the Guo et al. Complaint then used UCs to import several containers of counterfeit goods and counterfeit cigarettes worth millions of dollars.

In late 2010, Kow began discussions with FBI UCs about narcotics importation, meeting in February 2011 with FBI UCs in Manila where he introduced them to his associates, Hui Sheng Shen and Huan Ling Chang. In Manila, Kow told the FBI UCs that Shen and Chang represented the interests of Kow’s associates, wealthy narcotics dealers who had been trafficking drugs for over 25 years. Kow and Shen arranged for the delivery of a sample of crystal methamphetamine to the FBI UCs’ hotel lobby, which arrived within hours of a call Ah Kow placed to an associate in Hong Kong.

Following negotiations over recorded telephone calls and intercepted emails, the FBI UCs wired approximately \$70,000 to a bank account in Taiwan to cover the price of 1 kilogram of crystal meth, shipping costs, and a broker's fee for Kow. In July 2011, the UCs received a bill of lading for the container that included the meth, which arrived at the port on August 9, 2011. The drugs were discovered secreted within the container by CBP officers in the exact location described by Shen and Chang. The meth was hidden inside closed bags of Chinese tea placed within a metal tower-type computer, which was then placed within the packaging for such a computer.

During negotiations for the 1 kilogram meth deal, Shen and Chang made clear they usually did larger transactions, but agreed to do a smaller transaction to establish trust among the parties. During recorded meetings with FBI UCs in February 2012, Shen and Chang finalized the negotiations for a series of large-scale international narcotics transactions, which would result in more than 50 kilograms of methamphetamine to be imported into the United States, and hundreds more sent to Japan and elsewhere. The defendants provided the FBI UCs with information for a bank account they had opened for these transactions.

The Indictment and Complaint charge the following offenses:

U.S. v. Kow (Crim. No. 12-10)

| Defendant | Counts | Maximum Potential Penalty/ Count |
|-------------------------------|--|--|
| Soon Ah Kow, 72, of Hong Kong | Count 1: conspiracy to import methamphetamine | Mandatory minimum 10 years in prison; maximum life in prison; \$4 million fine |
| | Count 2: aiding & abetting importation of methamphetamine | |
| | Count 3: distribution of contraband cigarettes | Five years in prison; \$250,000 fine |
| | Counts 4-8: smuggling | 20 years in prison; \$250,000 fine |
| | Count 9: conspiracy to traffic in counterfeit goods and services | 10 years in prison; \$250,000 fine |
| | Counts 10-14: trafficking in counterfeit goods and services | |

U.S. v. Shen et al. (Mag No. 12-7062 (CAW))

| Defendant | Counts | Maximum Potential Penalty/ Count |
|-----------------------------------|--|--|
| Hui Sheng Shen, 45, of Taiwan | Count 1: conspiracy to import methamphetamine | Mandatory minimum 10 years in prison; maximum life in prison; \$4 million fine |
| Huan Ling Chang, 41, of Taiwan | Count 2: importation of methamphetamine | |

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U.S. Attorney Fishman praised special agents of HSI, under the leadership of Associate Director Dinkins and Special Agent in Charge Andrew M. McLees; and the FBI, under the direction of Special Agent in Charge Michael B. Ward in Newark, for leading the investigations. He also thanked officers U.S. Customs and Border Protection, under the direction of Robert E. Perez, Director, Field Operations, for their vital investigative role. The U.S. Attorney also credited FBI special agents in Manila, Beijing, Hong Kong and Taiwan; the Phillipine authorities; and the Department of Justice's Organized Crime and Gangs Section, Office of Enforcement Operation and Office of International Affairs for their contributions.

The government is represented by Assistant U.S. Attorneys Zach Intrater and Andrew Pak, and Deputy Chief Erez Liebermann of the U.S. Attorney's Office Economic Crimes Unit in Newark.

The charges and allegations contained in the Complaints and Indictment are merely accusations, and the defendants are considered innocent unless and until proven guilty.

12-073

U.S. v. Siu, et al. (Mag. No. 12-7061)

| Defendant | Counts | Maximum Potential Penalty/ Count |
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| Patrick Siu, 39, Richardson, Texas | Count 1: counterfeit goods conspiracy | 10 years in prison; \$250,000 fine, or twice the gross gain or loss from the offense |
| | Counts 2-6: counterfeit goods trafficking | 10 years in prison; \$250,000 fine, or twice the gross gain or loss from the offense |
| Hai Dong Jiang, 35, of Staten Island, N.Y. | Count 1: counterfeit goods conspiracy | 10 years in prison; \$250,000 fine, or twice the gross gain or loss from the offense |
| | Counts 3-6: counterfeit goods trafficking | 10 years in prison; \$250,000 fine, or twice the gross gain or loss from the offense |
| | Count 7: conspiracy to evade financial reporting requirements | Five years in prison; \$250,000 fine, or twice the gross gain or loss from the offense |
| Hai Yan Jiang, 32, of Richardson, Texas | Count 1: counterfeit goods conspiracy | 10 years in prison; \$250,000 fine, or twice the gross gain or loss from the offense |
| | Count 7: conspiracy to evade financial reporting requirements | Five years in prison; \$250,000 fine, or twice the gross gain or loss from the offense |
| Fei Ruo Huang, 32 or 35, of Staten Island, N.Y. | Count 1: counterfeit goods conspiracy | 10 years in prison; \$250,000 fine, or twice the gross gain or loss from the offense |
| | Counts 2-6: counterfeit goods trafficking | 10 years in prison; \$250,000 fine, or twice the |

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| | | gross gain or loss from the offense |
| | Count 7: conspiracy to evade financial reporting requirements | Five years in prison; \$250,000 fine, or twice the gross gain or loss from the offense |
| Da Yi Huang, 42, of Staten Island, NY | Count 1: counterfeit goods conspiracy | 10 years in prison; \$250,000 fine, or twice the gross gain or loss from the offense |
| Wu Lin, 43, of Maspeth, N.Y. | Count 1: counterfeit goods conspiracy | 10 years in prison; \$250,000 fine, or twice the gross gain or loss from the offense |
| Wai Kwok Ho, 42, of Flushing, N.Y. | Count 1: counterfeit goods conspiracy | 10 years in prison; \$250,000 fine, or twice the gross gain or loss from the offense |
| | Count 4: counterfeit goods trafficking | 10 years in prison; \$250,000 fine, or twice the gross gain or loss from the offense |
| Sze Yeung Ma, 34, of Flushing, N.Y. | Count 1: counterfeit goods conspiracy | 10 years in prison; \$250,000 fine, or twice the gross gain or loss from the offense |
| Wei Qiang Zhou, 36, of Brooklyn, N.Y. | Count 1: counterfeit goods conspiracy | 10 years in prison; \$250,000 fine, or twice the gross gain or loss from the offense |
| Ning Guo*, 38, of Peoples Republic of China | Count 1: counterfeit goods conspiracy | 10 years in prison; \$250,000 fine, or twice the gross gain or loss from the offense |
| | Counts 2-3: counterfeit goods trafficking | 10 years in prison; \$250,000 fine, or twice the gross gain or loss from the |

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| | | offense |
| Jian Zhi Mo*, 44, of Flushing, N.Y. | Count 1: counterfeit goods conspiracy | 10 years in prison; \$250,000 fine, or twice the gross gain or loss from the offense |
| | Count 5: counterfeit goods trafficking | 10 years in prison; \$250,000 fine, or twice the gross gain or loss from the offense |
| Dao Feng Shi, 35, of Palisades Park, N.J. | Count 1: counterfeit goods conspiracy | 10 years in prison; \$250,000 fine, or twice the gross gain or loss from the offense |
| Cheng Dong Xia, 49, of Brooklyn, N.Y. | Count 1: counterfeit goods conspiracy | 10 years in prison; \$250,000 fine, or twice the gross gain or loss from the offense |
| Miao Tracy Zhou, 30, of Woodside, N.Y. | Count 1: counterfeit goods conspiracy | 10 years in prison; \$250,000 fine, or twice the gross gain or loss from the offense |
| Xiance Zhou, 37, of Queens, N.Y. | Count 7: conspiracy to evade financial reporting requirements | Five years in prison; \$250,000 fine, or twice the gross gain or loss from the offense |
| Jian Chun Qu, 31, of Queens, N.Y. | Count 7: conspiracy to evade financial reporting requirements | Five years in prison; \$250,000 fine, or twice the gross gain or loss from the offense |

* Defendant is also charged in U.S. v. Guo, et al. (Mag. No. 12-7060)

U.S. v. Guo, et al. (Mag No. 12-7060)

| Defendant | Counts | Maximum Potential Penalty/ Count |
|---|---|--|
| Guo Hua Zhang*, 49, of New Berlin, N.Y. | Count 1: counterfeit goods conspiracy | 10 years in prison; \$250,000 fine, or twice the gross gain or loss from the offense |
| | Count 2: counterfeit goods trafficking | 10 years in prison; \$250,000 fine, or twice the gross gain or loss from the offense |
| Wan Ping Ren*, age unknown, of New Berlin, N.Y. | Count 1: counterfeit goods conspiracy | 10 years in prison; \$250,000 fine, or twice the gross gain or loss from the offense |
| | Count 2: counterfeit goods trafficking | 10 years in prison; \$250,000 fine, or twice the gross gain or loss from the offense |
| Yi Jian Chen, 52, of Brooklyn, N.Y. | Count 1: counterfeit goods conspiracy | 10 years in prison; \$250,000 fine, or twice the gross gain or loss from the offense |
| | Count 3: counterfeit goods trafficking | 10 years in prison; \$250,000 fine, or twice the gross gain or loss from the offense |
| Kong Biao Wang, 31, of Brooklyn, N.Y. | Count 1: counterfeit goods conspiracy | 10 years in prison; \$250,000 fine, or twice the gross gain or loss from the offense |
| Hui Huang, 32, of Brooklyn, N.Y. | Count 1: counterfeit goods conspiracy | 10 years in prison; \$250,000 fine, or twice the gross gain or loss from the offense |
| Bassirou Issoufou, 27, of New York, N.Y. | Count 1: counterfeit goods conspiracy | 10 years in prison; \$250,000 fine, or twice the gross gain or loss from the offense |
| Jian Zhi Mo*, 44, of Flushing, N.Y. | Count 1: counterfeit goods conspiracy | 10 years in prison; \$250,000 fine, or twice the gross gain or loss from the offense |
| | Counts 4-6: counterfeit goods trafficking | 10 years in prison; \$250,000 fine, or twice the gross gain or |

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| | | loss from the offense |
| | Count 7: money laundering conspiracy | 20 years in prison; \$500,000 fine |
| Yuan Feng Lai, 27, of New York, N.Y. | Count 1: counterfeit goods conspiracy | 10 years in prison; \$250,000 fine, or twice the gross gain or loss from the offense |
| | Counts 5-6: counterfeit goods trafficking | 10 years in prison; \$250,000 fine, or twice the gross gain or loss from the offense |
| | Count 7: money laundering conspiracy | 20 years in prison; \$500,000 fine |
| Yuan Bo Lai, 24, of Brooklyn, N.Y. | Count 1: counterfeit goods conspiracy | 10 years in prison; \$250,000 fine, or twice the gross gain or loss from the offense |
| | Count 6: counterfeit goods trafficking | 10 years in prison; \$250,000 fine, or twice the gross gain or loss from the offense |
| Ming Zheng, 46, of New York, N.Y. | Count 7: money laundering conspiracy | 20 years in prison; \$500,000 fine |
| Gou Qiang Zhao, 24, of Flushing, N.Y. | Count 7: money laundering conspiracy | 20 years in prison; \$500,000 fine |
| Ning Guo*, 38, of People's Republic of China | Count 1: counterfeit goods conspiracy | 10 years in prison; \$250,000 fine, or twice the gross gain or loss from the offense |
| | Counts 3-6: counterfeit goods trafficking | 10 years in prison; \$250,000 fine, or twice the gross gain or loss from the offense |
| | Count 7: money laundering conspiracy | 20 years in prison; \$500,000 fine |

* Defendant is also charged in U.S. v. Siu, et al. (Mag. No. 12-7061)

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