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NINE DEFENDANTS INDICTED FOR SMUGGLING MILLIONS OF DOLLARS IN COUNTERFEIT GOODS MANUFACTURED IN ASIA THROUGH THE PORT OF BALTIMORE

Allegedly Smuggled Counterfeit Coach, Nike, Gucci and Cartier Merchandise Six Other Suspects Arrested by British Authorities in Related Case

Baltimore, Maryland - A federal grand jury has indicted nine individuals, including two Malaysian citizens, four Chinese citizens and three naturalized citizens of the United States, on charges arising from a conspiracy to smuggle into the United States counterfeit shoes, handbags and wrist watches manufactured in Malaysia and China.

Charged in the indictment are: Wai Hong Yong, a/ka/ Raymond Yong, age 43, and Eng Cheng Kee, age 40, both of Malaysia; Hexing Yang, a/k/a Marco Yang, age 38, Chan Hong Xu, age 40, Lidan Zhang, a/k/a Mrs. Li, age 39 and Kai T. Jaing, a/k/a Kent, age 25, all of the People's Republic of China; Josephine O. Zhou, age 32, of Brooklyn, New York; Kin Yip Ng, a/k/a James Lee, age 43, of Whitestone, New York; and Yenn-Kun Hsieh, a/k/a Jimmy Lee, age 45, of Queens, New York.

The indictment was announced by United States Attorney for the District of Maryland Rod J. Rosenstein and Assistant Secretary John Morton of the U.S. Immigration and Customs Enforcement (ICE).

“Intellectual property crimes are among the Justice Department’s top white collar enforcement priorities,” said U.S. Attorney Rod J. Rosenstein. “This case demonstrates the impact that we can make with coordinated law enforcement operations that involve our domestic and international partners.”

“Criminal organizations that smuggle and sell counterfeit goods in the United States endanger our economy and rob legitimate industries of their business,” said U.S. Immigration and Customs Enforcement (ICE) Assistant Secretary John Morton. “Yesterday’s arrests are proof that ICE,

along with our partners, are committed to identifying, infiltrating and disrupting these criminal enterprises.”

According to the 72 count indictment, the defendants contacted individuals, who unbeknownst to them were ICE undercover agents, to import and clear shipments of counterfeit products into the United States without payment of the required federal taxes and customs duties. The defendants acted as manufacturers, brokers, middlemen and distributors of counterfeit Nike, Coach and Gucci shoes, Cartier wrist watches and Coach handbags, typically manufactured in Malaysia and China. These goods were shipped to the Port of Baltimore to be “cleared” through U.S. Customs for sale in the United States.

The indictment alleges that on 33 occasions from May 2008 to December 2009, defendants Yong, Yang, Kee, Zhou, Xu, Zhang and Ng directed the shipment of containers of counterfeit goods to the Port of Baltimore. The defendants allegedly directed that the goods be transferred to locations in New York and New Jersey, or had the goods picked up in Maryland. For example, Hsieh, Jaing, Zhou, Ng, Xu and Zhang received some of the containers at locations in Brooklyn, Ridgewood, College Point, Hicksville, Maspeth and New Hyde Park in New York, or Linden and Newark, New Jersey. The indictment alleges that the co-conspirators, including Yong, Jiang, Xu, Ng and Zhou, paid a smuggling fee, either directly to undercover officers or through electronic transfer. The indictment charges that the co-conspirators often paid an additional amount of money, either in cash or electronically, which was to be “laundered” through the undercover agents. Yong directed that the “laundered” money be wired to accounts in Malaysia or to a company in Asia.

The indictment alleges that at one point, on September 29, 2009, Yong sent a sample of counterfeit “Viagra” pills to the undercover agents hoping to facilitate future sales of the drug. Yong also is alleged to have wired money to the agents on October 27, and December 9 and 17, 2009 for three containers to be shipped to England. Yong allegedly met with ICE undercover agents in London, England on November 4, 2009 to discuss expanding the smuggling of counterfeit goods to England.

As a result of this scheme, the indictment alleges that the defendants illegally smuggled into the United States a total of 120,000 pairs of counterfeit Nike shoes, 500,000 counterfeit Coach handbags, 10,000 pairs of counterfeit Coach and Gucci shoes and 500 counterfeit Cartier wrist watches.

The indictment seeks forfeiture of: all counterfeit merchandise smuggled into the United States or its monetary value, including at least \$1 million for each count of conviction for smuggling; any property used to traffic in counterfeit goods, including at least \$1 million for each count of conviction for trafficking; and \$122,943.50, the amount alleged to have been illegally laundered through the undercover business.

The defendants face a maximum sentence of five years in prison for the conspiracy; a maximum of 20 years in prison on each of the 33 counts of smuggling goods into the U.S.; a maximum of 10 years in prison on each of the 33 counts of trafficking in counterfeit goods; and a maximum of 20 years in prison on each of the five counts of money laundering.

Zhang and Ng were arrested in Maryland on March 17, 2010 and had their initial appearances in federal court in Baltimore yesterday. Six other defendants were arrested yesterday as follows: Hsieh in New Jersey; Jaing in New York; Zhou in North Carolina; and Yong, Kee and Yang in the Territory of Guam. All of the defendants will be transferred to Maryland following their initial appearances in the jurisdictions in which they were arrested. Chan Hong Xu has not been arrested and is still being sought.

As part of the investigation, City of London Police arrested six suspects yesterday and seized 50,000 items of counterfeit clothing, footwear, handbags and hair straighteners including Nike, Uggs, Gucci, Adidas, Versace, Ralph Lauren and other brand names, and £350,000 in cash during searches at more than 30 locations in the London, England area. London law enforcement believes that the searches resulted in one of the largest seizures of counterfeit goods in England. The arrests resulted from an international collaboration between City of London Police, the UK Border Agency and ICE. The London investigation continues.

City of London Police Commissioner Mike Bowron said, “We have listened to the concerns of the business community which has resulted in a determined international effort to combat an aspect of financial crime which has far reaching implications for UK, the rest of Europe and the USA. By working in close collaboration with the U.S. Immigration and Customs Enforcement and the UK Border Agency we have made a significant break through in this joint investigation”

U.S. Attorney Rod J. Rosenstein expressed appreciation to Baltimore Police Commissioner Frederick H. Bealefeld III, Acting Deputy Commissioner David V. Aguilar of the U.S. Customs and Border Protection and City of London Police Commissioner Mike Bowron and their officers and agents, for their assistance in this investigation and prosecution.

An indictment is not a finding of guilt. An individual charged by indictment is presumed innocent unless and until proven guilty at some later criminal proceedings.

United States Attorney Rod J. Rosenstein thanked Assistant United States Attorney James G. Warwick, who is prosecuting the case.