

Approved:   
TIMOTHY T. HOWARD/ANDREW C. ADAMS  
Assistant United States Attorneys

Before: HONORABLE DEBRA FREEMAN  
United States Magistrate Judge  
Southern District of New York

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UNITED STATES OF AMERICA	:	<b>SEALED</b>
	:	<b><u>COMPLAINT</u></b>
- v. -	:	Violations of 18 U.S.C.
	:	§§ 1029(b)(2), 1028A
YICHAO CHEN,	:	
a/k/a "Wendy,"	:	COUNTY OF OFFENSE:
ZHEN PENG XIE,	:	NEW YORK
a/k/a "Big Brother," and	:	
FU YU,	:	
	:	
Defendants.	:	

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SOUTHERN DISTRICT OF NEW YORK, ss.:

RYAN MARINZEL, being duly sworn, deposes and says that he is a Special Agent with the United States Secret Service ("USSS"), and charges as follows:

COUNT ONE

(Conspiracy to Commit Access Device Fraud)

1. From at least in or about October 2013 through at least in or about December 2013, in the Southern District of New York and elsewhere, YICHAO CHEN, a/k/a "Wendy," ZHEN PENG XIE, a/k/a "Big Brother," and FU YU, the defendants, and others known and unknown, willfully and knowingly did combine, conspire, confederate, and agree together and with each other to commit an offense against the United States, to wit, to violate Title 18, United States Code, Sections 1029(a)(2), 1029(a)(3), 1029(a)(4) and 1029(a)(5).

2. It was a part and an object of the conspiracy that YICHAO CHEN, a/k/a "Wendy," ZHEN PENG XIE, a/k/a "Big

Brother," and FU YU, the defendants, and others known and unknown, knowingly and with intent to defraud, in an offense affecting interstate and foreign commerce, would and did traffic in and use one and more unauthorized access devices during a one-year period, and by such conduct obtained items of value aggregating more than \$1,000 during that period, in violation of Title 18, United States Code, Section 1029(a)(2).

3. It was further a part and an object of the conspiracy that YICHAO CHEN, a/k/a "Wendy," ZHEN PENG XIE, a/k/a "Big Brother," and FU YU, the defendants, and others known and unknown, knowingly and with intent to defraud, in an offense affecting interstate and foreign commerce, would and did possess fifteen and more devices which were counterfeit and unauthorized access devices, in violation of Title 18, United States Code, Section 1029(a)(3).

4. It was further a part and an object of the conspiracy that YICHAO CHEN, a/k/a "Wendy," ZHEN PENG XIE, a/k/a "Big Brother," and FU YU, the defendants, and others known and unknown, knowingly and with intent to defraud, in an offense affecting interstate and foreign commerce, would and did produce, traffic in, control, and possess device-making equipment, in violation of Title 18, United States Code, Section 1029(a)(4).

5. It was further a part and an object of the conspiracy that YICHAO CHEN, a/k/a "Wendy," ZHEN PENG XIE, a/k/a "Big Brother," and FU YU, the defendants, and others known and unknown, knowingly and with intent to defraud, in an offense affecting interstate and foreign commerce, would and did effect transactions, with one and more access devices issued to another person or persons, to receive payment and any other thing of value during a one-year period the aggregate value of which was equal to and greater than \$1,000, in violation of Title 18, United States Code, Section 1029(a)(5).

#### OVERT ACTS

6. In furtherance of the conspiracy and to effect the illegal objects thereof, the following overt acts, among others, were committed in the Southern District of New York and elsewhere:

a. On or about October 3, 2013, in Flushing, New York, YICHAO CHEN, a/k/a "Wendy," the defendant, and other

co-conspirators, known and unknown, manufactured counterfeit credit cards.

b. On or about October 17, 2013, in Flushing, New York, CHEN, and other co-conspirators, known and unknown, manufactured counterfeit credit cards.

c. On or about December 6, 2013, ZHEN PENG XIE, a/k/a "Big Brother," the defendant, possessed approximately eight stolen credit card numbers belonging to other individuals.

d. On or about December 7, 2013, in New York, New York, ZHEN PENG XIE, a/k/a "Big Brother," and FU YU, the defendants, received approximately \$48,000 in commercial merchandise that had been purchased with counterfeit credit cards encoded with stolen account information belonging to other individuals.

e. On or about December 8, 2013, in Flushing, New York, YU possessed approximately eight stolen credit card numbers belonging to other individuals.

(Title 18, United States Code, Section 1029(b)(2).)

COUNT TWO

(Aggravated Identity Theft)

7. From at least in or about October 2013, through in or about December 2013, in the Southern District of New York and elsewhere, YICHAO CHEN, a/k/a "Wendy," ZHEN PENG XIE, a/k/a "Big Brother," and FU YU, the defendants, and others known and unknown, willfully and knowingly did transfer, possess, and use, without lawful authority, a means of identification of another person, during and in relation to the felony violation charged in Count One of this Complaint, to wit, the defendants used, and aided and abetted the use of, stolen credit card and debit card information belonging to other individuals in order to make unauthorized purchases of merchandise.

(Title 18, United States Code, Sections 1028A(a)(1), 1028A(b) and 2.)

The bases for my knowledge and the foregoing charges are, in part, as follows:

8. I am a Special Agent with the United States Secret Service ("USSS") and I have been personally involved in the investigation of this matter. This affidavit is based upon my own observations, conversations with other law enforcement agents and others, and my examination of reports and records prepared by others. Because this affidavit is being submitted for the limited purpose of establishing probable cause, it does not include all the facts that I have learned during the course of my investigation. Where the contents of documents and the actions, statements, and conversations of others are reported herein, they are reported in substance and in part, except where otherwise indicated.

#### BACKGROUND TO THE INVESTIGATION

9. From at least in or about June 2013, through in or about December 2013, in the Southern District of New York and elsewhere, the defendants and their co-conspirators carried out an elaborate, large-scale counterfeit credit and debit card fraud ring. As part of the scheme, the defendants and their co-conspirators stole the account numbers for credit/debit cards belonging to at least 1,000 different individuals and used those stolen account numbers to make or attempt to make at least \$2 million in unauthorized purchases of merchandise at retail stores throughout the United States.<sup>1</sup>

10. The scheme generally worked as follows. The conspirators obtained stolen credit/debit card information from computer hackers who remotely compromised databases containing credit/debit card numbers and/or from "carding" websites, which are Internet-based forums in which users sell and exchange stolen credit card/debit card numbers. The conspirators then produced counterfeit credit/debit cards that were encoded with the stolen account information and used those counterfeit cards to make unauthorized purchases of merchandise, including but not limited to gift cards, electronics, cosmetics, clothing at retail stores throughout the United States, including, among other places, Texas, North Carolina, Virginia, Pennsylvania and

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<sup>1</sup> Twenty defendants named in this Complaint were charged as defendants in a sealed Indictment, United States v. Ze Xi Qiu, et al., 13 Cr. 949, which was returned by a grand jury sitting in this district on December 5, 2013 (the "Indictment"). A copy of the Indictment is attached hereto as Exhibit A.

New Jersey. In order to convert the fraudulently-obtained merchandise into cash, the conspirators sold the merchandise to other members of the conspiracy who, in turn, sold the merchandise to others or arranged for others to return the merchandise to the stores for a cash refund.

#### THE DEFENDANTS

11. Based on, among other things, video surveillance, physical surveillance, consensually recorded calls, and information provided by a cooperating witness ("CW-1"),<sup>2</sup> I submit that there is probable cause to believe that YICHAO CHEN, a/k/a "Wendy," ZHEN PENG XIE, a/k/a "Big Brother," and FU YU, the defendants, were members of this fraud ring. Specifically, and as set forth in greater detail below, there is probable cause to believe that the defendants were involved in the following capacities:

a. YICHAO CHEN, a/k/a "Wendy," the defendant, manufactured counterfeit credit/debit cards that were (i) encoded with the stolen credit/debit card account information using a device known as a magnetic stripe reader ("MSR") and (ii) embossed to bear the names of other conspirators, referred to as "shoppers," who would use the fraudulent cards to make unauthorized purchases.

b. ZHEN PENG XIE, a/k/a "Big Brother," the defendant, procured counterfeit credit cards from, among others, CHEN, after providing CHEN with stolen credit/debit account numbers. Once in possession of counterfeit cards, XIE and FU YU, the defendant, would assemble and coordinate teams of "shoppers" to make fraudulent purchases with those counterfeit cards at retail stores throughout the United States, including in Manhattan, New York.

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<sup>2</sup>CW-1 has pleaded guilty to federal fraud charges pursuant to a cooperation agreement with the Government. CW-1 is cooperating in the hopes of receiving leniency at sentencing. CW-1 has also been charged with state fraud offenses, which the Government expects will be dismissed in light of CW-1's plea to the relevant conduct as part of CW-1's federal guilty plea. Information provided by CW-1 has proven to be reliable, in that information provided by CW-1 has been corroborated by, among other things, consensually monitored telephone calls, wire intercepts, seizures, arrests, bank records, receipts, video surveillance, physical surveillance, toll records, and shipping records.

DEFENDANT YICHAO CHEN  
MANUFACTURING COUNTERFEIT CREDIT CARDS

12. On or about October 3, 2013, CW-1 informed me, in sum and substance, that CW-1 had been present earlier that day while YICHAO CHEN, the defendant, and another co-conspirators, known and unknown, were manufacturing counterfeit credit cards at a location in Flushing, Queens, rented by co-conspirator Ke ("Queens Location-1"). I have reviewed a video recording provided to me by CW-1, which depicts CHEN using an embossing machine, which I know, based upon training and experience, and my experience in this investigation, to be a device used to emboss blank credit cards with raised text displaying the cardholder's name and card number. In addition, the video depicts co-conspirator Duofu Ke observing CHEN's operation of the embossing machine.

13. On or about October 17, 2013, CW-1 informed me, in sum and substance, that CW-1 had been present while YICHAO CHEN, the defendant, and co-conspirators Ziyi Zhang, a/k/a "Beijing" ("Zhang"), Zi He Zheng ("Zheng"), and Ke (each of whom are named as defendants in Exhibit A) were manufacturing counterfeit credit cards at Queens Location-1. I have reviewed a video recording provided to me by CW-1, which depicts the following:

a. CHEN operating an embossing machine and handling counterfeit credit cards;

b. Zhang using a laptop computer connected to a magnetic strip reader ("MSR"), which I know, based on my training and experience, to be a device used to encode account information onto cards with magnetic stripes;

c. Ke using another embossing machine to emboss the back portion of counterfeit credit cards; and

d. Zheng inspecting counterfeit credit cards.

ZHEN PENG XIE AND FU YU COORDINATE A SHOPPING TRIP TO MANHATTAN  
USING CARDS CREATED BY YICHAO CHEN

14. I have reviewed draft translations of a conversation that took place on or about December 6, 2013, between CW-1 and ZHEN PENG XIE, a/k/a "Big Brother," the defendant, via text message using the smartphone application

known as "WeChat," which is a mobile text and voice messaging communication service. CW-1 consensually provided photographs of these messages. At approximately 9:34 p.m., XIE sent CW-1 a message asking if CW-1 was "going to [be] free tomorrow." XIE then wrote, approximately one hour later, "the stuff has arrived. 4 units of China. 4 units of Number Three Head/Cut." Based on my training and experience, from my experience in this investigation, and based on my debriefing of CW-1 and subsequent events described below, I believe that during this conversation, XIE was inquiring as to whether CW-1 would be available for a shopping trip planned for December 7, 2013, and informed CW-1 that he possessed a total of approximately eight counterfeit credit cards with stolen account information, including four encoded with credit card information stolen from individuals residing in China ("4 units of China").

15. According to CW-1, on or about December 7, 2013, ZHEN PENG XIE, a/k/a "Big Brother," the defendant, instructed CW-1 to provide a thumb drive containing approximately eight stolen credit card numbers to YICHAO CHEN, a/k/a "Wendy," the defendant, to manufacture counterfeit credit cards. According to CW-1, CW-1 provided the thumb drive to CHEN, and CHEN later provided CW-1 with approximately eight counterfeit credit cards.

16. On or about December 7, 2013, CW-1 informed me, in sum and substance, that ZHEN PENG XIE, a/k/a "Big Brother," and FU YU, the defendants, planned on coordinating a shopping trip to a retail store in Manhattan ("Store-1"), during which CW-1 was expected to make purchases of commercial goods using eight counterfeit credit cards encoded with stolen account information obtained by XIE and YU.

17. On or about December 7, 2013, I, along with other USSS agents, established surveillance at Store-1. At approximately 1:30 p.m., another USSS agent ("Agent-1"), observed ZHEN PENG XIE, a/k/a "Big Brother," and FU YU, the defendants, and CW-1 arrive in a vehicle ("Vehicle-1") and park in the garage for Store-1 ("Garage-1"). I observed the activities of XIE, YU and CW-1 on video surveillance at Store-1, and observed CW-1 make multiple purchases at Store-1 over approximately two hours. On video surveillance, I observed XIE and YU consistently watching CW-1 as CW-1 made purchases using counterfeit credit cards, and receive purchased merchandise from CW-1. I have spoken with another USSS agent ("Agent-2"), who observed XIE standing next to CW-1 as CW-1 made one purchase, and retrieve the receipt for the purchase from CW-1. At approximately 2:15 p.m., Agent-1 observed YU exit Store-1 and

enter Garage-1 in possession of two shopping bags, and then, approximately ten minutes later, observed YU return to Store-1 without the bags. Similarly, at approximately 3:04 p.m., Agent-1 observed XIE exit Store-1 and enter Garage-1 in possession of three shopping bags, and then, approximately six minutes later, observed YU return to Store-1 without the bags. At approximately 3:30 p.m., Agent-1 observed XIE, YU, and CW-1 exit Store-1, observed XIE, YU and CW-1 place bags in Vehicle-1, and depart from the location.

18. According to CW-1, during the time that ZHEN PENG XIE, a/k/a "Big Brother," and FU YU, the defendants, and CW-1 were present at Store-1, CW-1 made approximately \$50,000 in purchases using counterfeit credit cards, which I have independently corroborated by reviewing receipts provided to me by Store-1, which indicated that CW-1 made approximately \$48,000 in purchases.

19. According to CW-1, after ZHEN PENG XIE, a/k/a "Big Brother," and FU YU, the defendants, and CW-1, departed Store-1, they delivered the commercial products to the Flushing, Queens residence of XIE and YU ("Queens Location-2"), and YU provided CW-1 with \$10,000 in United States currency for the purchases that CW-1 made at Store-1. Later that evening, CW-1 provided me with the \$10,000 in United States currency that YU had previously provided to CW-1.

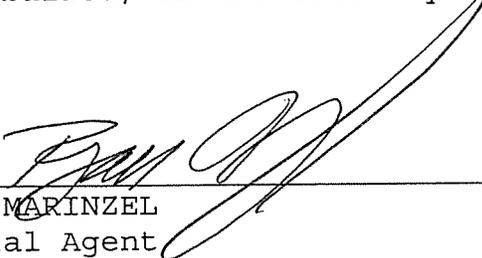
20. On or about December 8, 2013, CW-1 informed me that ZHEN PENG XIE, a/k/a "Big Brother," and FU YU, the defendants, were in possession of additional stolen credit card data at Queens Location-2 and preparing for another shipping trip later that day at Store-1. CW-1 has provided me with two video recordings and photographs depicting YU sitting at a laptop computer accessing a file containing approximately seven American Express credit card numbers, and one Diners Club credit card, including one American Express card number ending in digits "31009" ("AMEX CARD-1").

21. On or about December 8, 2013, Agent-2 established surveillance at Store-1, and observed FU YU, the defendant, and CW-1 arrive at approximately 8:30 p.m. On video surveillance, Agent-2 observed CW-1 purchase approximately \$3,000 in commercial products and approximately \$1,600 in Store-1 gift cards. According to records maintained by Store-1, CW-1 purchased the commercial products and gift cards using AMEX CARD-1. Agent-2 then observed CW-1 on video surveillance provide the commercial products and gift cards to YU. Within

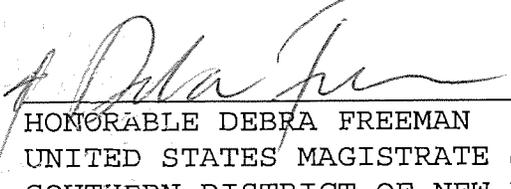
approximately five minutes, Agent-2 observed YU make purchases of cosmetic products. According to records maintained by Store-1, YU purchased approximately \$890 in cosmetics, using gift cards that CW-1 had purchased with AMEX CARD-1.

22. On or about December 8, 2013, CW-1 provided me with a video recording, which depicted FU YU, the defendant, using an MSR connected to a computer to encode counterfeit credit cards, while ZHEN PENG XIE, a/k/a "Big Brother," the defendant, stood behind YU.

23. WHEREFORE, I respectfully request that arrest warrants be issued for YICHAO CHEN, a/k/a "Wendy," ZHEN PENG XIE, a/k/a "Big Brother," and FU YU, the defendants, and that they be arrested and imprisoned or bailed, as the case may be.

  
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RYAN MARINZEL  
Special Agent  
United States Secret Service

Sworn to before me this  
9<sup>th</sup> day of December, 2013

  
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HONORABLE DEBRA FREEMAN  
UNITED STATES MAGISTRATE JUDGE  
SOUTHERN DISTRICT OF NEW YORK