



## News Releases

June 26, 2007

### **29 defendants in New York, New Jersey and California charged with conspiracy to smuggle over 950 shipments of merchandise into the U.S.**

***Federal agents seize counterfeit goods valued at approximately \$700 million had they been authentic; defendants include merchandise distributors, freight forwarders, customs brokers, owners and managers of CBP-bonded warehouses, and managers of a CBP exam site***

BROOKLYN, N.Y. - Twenty-nine defendants were charged in three separate complaints with conspiracy to smuggle over 950 shipments of merchandise into the United States, principally from China - through ports of entry at Newark, N.J., Houston, Texas, Long Beach, Calif., New York Container Terminal in Staten Island, N.Y., and John F. Kennedy International Airport - and/or conspiracy to traffic in counterfeit goods. Four of the defendants were also charged with money laundering.

The charges are the result of a 19-month coordinated initiative by agents of U.S. Immigration and Customs Enforcement (ICE) and Customs and Border Protection (CBP). The investigative techniques employed by ICE and CBP included the use of cooperating witnesses, undercover agents and video and audio surveillance. During the course of their investigation, officers seized counterfeit merchandise which, had it been authentic, ICE and CBP estimate would have been valued at approximately \$700 million.

Those defendants who were arrested earlier today in New York and New Jersey are scheduled to have their initial appearances this afternoon before United States Magistrate Judge Marilyn D. Go, at the U.S. Courthouse, 225 Cadman Plaza East, Brooklyn, N.Y. "Today's arrests represent our intolerance for criminals who seek to circumvent the legal customs process to smuggle contraband onto our streets," said Julie L. Myers, Assistant Secretary of Homeland Security for Immigration and Customs Enforcement. "Counterfeiting has risen to the level of an economic pandemic costing the legitimate U.S. economy more than \$200 billion annually. Targeting these illicit networks will remain one of the most important crimes we pursue."

"The investigation and prosecution of criminal activity at our ports of entry is essential to the commerce of the United States," said United States Attorney Roslynn R. Mauskopf. "Those who violate our borders for illegitimate financial gain will be met with all available resources of law enforcement." Mauskopf thanked the New York City Police Department and the United States Attorney's Office for the Central District of California for their assistance and added that the investigation is continuing.

Department of Homeland Security, Customs and Border Protection Commissioner W. Ralph Bashams said, "Customs and Border Protection and Immigration and Customs Enforcement are a powerful team when it comes to protecting the economic interests of our country. Let there be no mistake that fraud against legitimate business is fraud against every one of us."

Queens County, N.Y., District Attorney Richard A. Brown said, "Trademark counterfeiting is a multi-billion dollar a year industry that literally floods our streets with counterfeit merchandise - items of inferior quality that mimic but fail to match the actual trademarked product. The resulting economic impact on our society is lost royalties to the legitimate owners of trademark products, the non-collection by government of substantial and much-needed tax revenues, increased cost of governments to effectively combat this illegal trade, and the ripping off of honest consumers who think they are getting brand name merchandise at bargain prices. My office will continue to work with law enforcement officials on all levels of government - including the New York City Police Department, the U.S. Attorney's Office and the U.S. Immigration and Customs Enforcement - to close down these illegal operations and prosecute those involved to the full extent of the law."

## **Importation of Merchandise into the United States**

Shipments of merchandise arriving at United States ports must be cleared, or granted entry, by CBP prior to entering the commerce of the United States. The importer obtains clearance through the use of a customs broker, an individual or company licensed by CBP to file entry documents for commercial shipments. The importer presents the customs broker with documents describing the shipment, including bills of lading, invoices and packing lists. Based on this information, CBP may clear a particular shipment, after assessing a duty, without inspecting it. After a shipment is cleared, it may be removed from the port and delivered to the importer or its customer. Counterfeit merchandise will be denied clearance and is subject to seizure.

Shipments of merchandise may also enter the United States temporarily, and without payment of duty, if they are to be delivered to another country. Such shipments require that only CBP-bonded trucks pick up the merchandise at the port and that the shipment be temporarily stored only at a CBP-bonded warehouse.

## **The first complaint**

The first complaint, *United States v. Kwok Keung Wong, et al.*, charges 18 defendants in two schemes to smuggle over 900 shipments of merchandise, both counterfeit and authentic, including counterfeit Coach, Chanel, Louis Vuitton, Marc Jacobs, and Balenciaga handbags, Rolex watches, and Nike footwear, through John F. Kennedy Airport and ports of entry at Newark, N.J., New York Container Terminal in Staten Island, N.Y., and Long Beach, Calif. As part of the investigation, officers seized counterfeit merchandise worth, if authentic, in excess of \$650 million.

In one scheme, between June 2005 and February 2007, freight forwarders Keung Wong, Chi Wong, and Schlomo Greenberg, and trucking company operators Ronald Depaola and Joseph Depaola and others, provided fraudulent shipping documents to customs brokers, including John Sciara, to obtain entry of merchandise. The documents falsely represented the nature and value of the merchandise in order to conceal the fact that the goods were counterfeit or to avoid paying full duty for the authentic items. The documents also contained false information about the identity of the importers, frequently listing the name and identity of legitimate importers known

to CBP. The Wongs, the DePaolas and Greenberg also filed false information in order to obtain Permits to Transfer (PTTs). PTTs permit shipments to be moved from the port of entry to a CBP-bonded facility, where they must be held until CBP grants entry of the merchandise.

With respect to the fraudulently obtained PTTs, the complaint alleges that the defendants failed to deliver the merchandise to the bonded facilities and actually transported it to their own warehouses or the customers' warehouses. On occasion, when CBP required an inspection, the defendants, including Robert Rossomango, a manager of a CBP-bonded warehouse, allegedly provided the inspectors with substitute merchandise in order to conceal the counterfeit nature or value of the merchandise and/or the fact that the goods had been delivered prior to clearance by CBP.

In the second scheme, between March 2006 and June 2007, in an effort to conceal that the imported merchandise was counterfeit or to avoid paying full duty for authentic merchandise, (1) Keung Wong, importer Yakoub Saadia and others, allegedly provided fraudulent shipping documents to customs brokers, including Henry Mandil, to obtain entry of counterfeit and authentic merchandise; (2) Wong Saadia, CBP-bonded warehouse owners Phillip McEntee and Joseph Venetucci and CBP-bonded warehouse manager John Hsu allegedly fraudulently obtained PTTs to smuggle counterfeit and authentic merchandise into the United States; (3) Judy Frisco and James Ball, managers of a CBP exam site - a CBP-bonded facility where CBP conducts commercial and enforcement examinations of containers - allegedly moved shipments of merchandise from ports of entry prior to examination by CBP to warehouses identified by Saadia and substituted it with non-counterfeit goods or authentic goods with a lower duty; and (4) trucking company operator Monique Rolon and others filed applications with CBP falsely indicating that shipments of merchandise were destined for Canada, not the United States. The complaint also charges Keung Wong, Chi Wong and Saadia with money laundering by wiring over \$6 million from the United States to Hong Kong and China to promote the smuggling schemes.

## **The second complaint**

The second complaint, *United States v. Longyi Wong, et al.*, charges nine defendants with two schemes to smuggle counterfeit merchandise into the United States, including Nike sneakers, North Face jackets, Burberry, Louis Vuitton, Gucci, Chanel and Fendi handbags and True Religion jeans, through ports of entry at Newark, N.J., Houston, Texas, and Long Beach, Calif.

In the first scheme, the "Diversion Scheme", between November 2005 and March 2006, merchandise distributors Longyi Wang, Amine Mohsen, Ayman Mohsen and Min Hua Yao Chen allegedly smuggled seven 40-foot containers with counterfeit goods valued, if authentic, at more than \$9 million through the Port of Los Angeles/Long Beach without paying customs duties. They accomplished this by paying ICE agents, who were acting in undercover capacities, to file paperwork falsely indicating that the containers were merely passing through the United States and destined for Mexico. The containers were actually delivered to several warehouses in the United States controlled by Wang and the Mohsens and others. As part of the investigation, agents seized containers of counterfeit merchandise the defendants attempted to smuggle worth, if authentic, more than \$11 million.

In the second scheme, the "Pass-Through Scheme", between April 2006 and November 2006, Wang and the Mohsens and others allegedly smuggled approximately 22 containers with more than \$25 million of counterfeit merchandise into the United States by providing false information

to CBP regarding the contents, value and consignees of the containers and paying ICE undercover agents to arrange the release of the merchandise by CBP. As part of the investigation, agents seized counterfeit merchandise the defendants attempted to smuggle worth, had it been authentic, more than \$38 million. The complaint also charges Wang with money laundering by wiring funds from the United States to Hong Kong and Spain to promote the smuggling schemes. Chen is charged with money laundering by conducting a financial transaction with the proceeds of trafficking in counterfeit goods.

### **The third complaint**

A third complaint, United States v. Danny Chan and Meng Zhang, charges the defendants with conspiring to import counterfeit goods, including Coach handbags, into the United States and to traffic in those goods.

In April 2007, Chan, an employee of the Wen-Parker corporation, and Zhang, the president of CTS Logistics, allegedly arranged to ship cargo, including counterfeit handbags, into the United States from abroad via air freight to John F. Kennedy Airport. When the cargo arrived, it was transported to a Wen-Parker CBP-bonded warehouse where Chan removed the counterfeit goods to prevent their inspection and clearance by CBP.

### **Maximum sentences**

The charges in the complaints are merely allegations, and the defendants are presumed innocent unless and until proven guilty. If convicted, the defendants face maximum sentences of 5 years' imprisonment for the conspiracy charges and 20 years' imprisonment for the money laundering charges.

Assistant United States Attorneys Elizabeth Latif and Daniel Silver are prosecuting the government's cases.

-- ICE --

U.S. Immigration and Customs Enforcement (ICE) was established in March 2003 as the largest investigative arm of the Department of Homeland Security. ICE is comprised of five integrated divisions that form a 21st century law enforcement agency with broad responsibilities for a number of key homeland security priorities.

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