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THREE INDICTED AND ARRESTED IN ONE OF THE LARGEST COUNTERFEIT GOODS PROSECUTIONS IN U.S. HISTORY

Infringed Goods Valued at More Than \$100 Million

WASHINGTON - Assistant Attorney General Alice S. Fisher of the Criminal Division and United States Attorney for the Eastern District of Virginia Chuck Rosenberg announced today that a federal court in Richmond unsealed an indictment of three defendants involved in one of the largest ever counterfeit luxury goods operations in the United States. All three defendants were arrested by U.S. Immigration and Customs Enforcement (ICE) agents. Arraignments will be held in Richmond on a date to be scheduled.

On Oct. 2, 2007, a federal grand jury in Richmond, Virginia, returned a seven-count indictment charging Chong Lam, 49, Siu Yung Chan, a.k.a. Joyce Chan, 39, and Eric Yuen, 39, all of New York with one count of conspiracy to traffic in counterfeit goods imported from the People's Republic of China (PRC), four counts of trafficking in counterfeit handbags, wallets, purses, and carry-on bags, and two counts of illegally smuggling counterfeit goods into the United States. The defendants each face 55 years in federal prison and \$8.75 million in fines if convicted on all charges.

On Jan. 16, 2008, the indictment was unsealed and ICE agents arrested defendants Lam and Chan and searched their clothing store on West 30th Street in New York City. On that date, ICE agents also executed a court order restraining defendants' numerous assets, including 29 bank accounts and three properties in New York. ICE agents arrested defendant Yuen today in Las Vegas.

"This was a sophisticated criminal conspiracy that trafficked millions of dollars of counterfeit goods from China, profiting off the backs of legitimate companies and their hard-working employees," said Assistant Attorney General Alice Fisher. "The Department of Justice is committed to continuing to aggressively prosecute intellectual property crimes that transcend our borders, harm our economy and victimize American companies and workers."

"These criminal organizations cost legitimate businesses billions in lost revenue and they compromise the economic well-being of the United States," said Julie L. Myers, Assistant Secretary of Homeland Security for ICE. "ICE is committed to working with our partners at the federal, state and local level to shut them down."

According to the indictment, Lam, Chan, Yuen, and their fellow conspirators operated a massive international import and wholesale counterfeit goods business. 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, Chan, and Yuen engaged in a corporate shell game whereby they conspired to, and in fact 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. The value of the corresponding authentic luxury goods manufactured by Burberry, Louis Vuitton, Gucci, Coach, and others, whose legitimate sales were displaced, is estimated to be over \$100 million.

The indictment alleges that the defendants sold or attempted to sell these counterfeit goods in the United States and elsewhere at prices significantly lower than those charged by the holders of the trademarks in question. Using very conservative sales prices for the infringing counterfeit items, investigators estimate that the defendants received \$16 million in illicit proceeds, which the defendants then transferred to bank accounts in the United States and overseas in the names of companies under their control, as well as using the proceeds to purchase at least three properties in New York. The United States has restrained, and seeks to forfeit, the contents of these bank accounts and the three properties.

The investigation of the cases and the arrests were conducted by U.S. Immigration and Customs Enforcement. Assistant U.S. Attorney Brian R. Hood of the Eastern District of Virginia and Trial Attorney John H. Zacharia of the Criminal Division's Computer Crime and Intellectual Property Section are prosecuting the cases on behalf of the United States.

All defendants are presumed innocent until proven guilty.

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