NJ Officials Charge 29 In Counterfeit Goods Ring

David Porter, Associated Press

NEWARK, N.J. (AP) — Two groups operating primarily out of China smuggled counterfeit UGG boots, fake designer handbags, cigarettes and other items worth more than $300 million to the U.S. in a ring that's one of the largest such scams ever uncovered, federal officials said Friday.

Twenty-nine people were charged in the operation, which involved sneaking goods through the busy Port Newark-Elizabeth Marine Terminal as federal agents secretly watched, authorities said.

"The cost of counterfeit goods is not limited to the massive financial harm it causes to American businesses and consumers," U.S. Attorney Paul Fishman said at a news conference. "The same channels and criminal networks that allow the entry of these goods provides the opportunity for the importation of other materials that threaten our health and safety."

Aside from UGG boots and cigarettes, the groups are accused of smuggling counterfeit Nike sneakers; fake Burberry, Gucci, Louis Vuitton and Coach handbags; and other clothing items. Three defendants are also charged with conspiring to import 50 kilograms of crystal methamphetamine.

Twenty-five people, mostly in the New York-New Jersey region, were arrested by Friday night and the others were being sought, Fishman said. Some of the defendants were scheduled to make initial court appearances in Newark on Friday afternoon.

The defendants face a smorgasbord of charges including conspiracy, trafficking in counterfeit goods, evading financial reporting requirements, money laundering and importing methamphetamine. The drug charges carry maximum penalties of life in prison.

According to indictments unsealed Friday, the counterfeit items were manufactured in China, then shipped to the U.S. in boxes that were deliberately mislabeled to keep shipping costs down. The goods came through the Port Newark-Elizabeth Marine Terminal, the busiest port on the East Coast.

From there, the goods were taken to warehouses in the area where co-conspirators would remove generic outer labels to expose the counterfeit brand name labels, according to the indictment. The goods were then sold to wholesale and retail outlets.

A tip received by Immigration and Customs Enforcement in northern Virginia led to an undercover effort that ultimately led to the arrests.

According to the U.S. attorney's office, federal agents set up a shipping company that presented itself as having connections at the New Jersey port to help the smuggling scheme. The conspirators allegedly paid more than $900,000 to the fictional company between August 2008 and February 2012.

Authorities say a key player was Ning Guo, who allegedly served as a nexus between the two smuggling groups. Nicknamed "The Beijing Kid," Guo is portrayed in the indictments as having his hand in smuggling, warehousing and distributing the counterfeit goods. The Chinese citizen, who resides in Canada, faces conspiracy, counterfeit goods trafficking and money laundering charges. Guo was arrested and made an initial appearance in federal court in Newark on Friday. He remained in custody.

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