Department of Justice

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FRIDAY, SEPTEMBER 9, 2011
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VIRGINIA WOMAN SENTENCED TO 60 MONTHS IN PRISON FOR IMPORTING AND SELLING COUNTERFEIT CISCO COMPUTER NETWORKING EQUIPMENT

WASHINGTON – A Virginia woman was sentenced today to 60 months in prison for leading a sophisticated conspiracy to import and to sell counterfeit Cisco-branded computer networking equipment, laundering criminal proceeds and obtaining her citizenship through fraud, announced U.S. Attorney Neil H. MacBride for the Eastern District of Virginia and Assistant Attorney General Lanny A. Breuer of the Justice Department's Criminal Division.

At sentencing, U.S. District Court Judge Gerald Bruce Lee also ordered Chun-Yu Zhao, 43, of Chantilly, Va., to pay $2,709,238 in restitution and to pay a $17,500 fine. Zhao was also ordered to serve three years of supervised release following her prison term. In addition, Judge Lee stripped Zhao of her U.S. citizenship and ordered that the following assets be forfeited to the United States: four homes in Maryland and northern Virginia and three condominiums in Chantilly with a total value of more than $2.6 million; a Porsche Boxster, Porsche Cayenne and Mercedes sedan; and seven bank accounts containing more than $1.6 million. Zhao has been in federal custody since her July 22, 2010, arrest by agents of U.S. Immigration and Customs Enforcement (ICE).

In May 2011, following a three-week trial, a federal jury convicted Zhao of 16 felony counts, including conspiracy to commit importation fraud and to deal in counterfeit goods, importation fraud, dealing in counterfeit goods, obtaining citizenship by fraud, making false statements to law enforcement and money laundering. According to court documents, Zhao and her family members and other co-conspirators in China agreed to lie on declaration forms and to sell shipments of counterfeit Cisco-branded computer networking equipment. Zhao and her co-conspirators used counterfeit labels and packaging to mislead consumers into believing that they were purchasing genuine Cisco products. To evade detection, Zhao and her co-conspirators used various names and addresses in importation documents and hid millions of dollars of counterfeiting proceeds through a web of bank accounts and real estate held in the names of Zhao's family members. Zhao also fraudulently obtained United States citizenship based on lies on her citizenship application.

The case was investigated by ICE's Homeland Security Investigations' Washington, D.C., office, as well as the Office of the Inspector General from the General Services Administration. U.S. Customs and Border Protection made a criminal referral to ICE after intercepting counterfeit products from China destined for addresses associated with Zhao, her business and her family.

The case was prosecuted by Assistant U.S. Attorneys Jay V. Prabhu and Lindsay A. Kelly from the Eastern District of Virginia, and Senior Counsel Michael J. Stawasz from the Computer Crime and Intellectual Property Section in the Justice Department's Criminal Division.

The sentencing announced today is an example of the type of efforts being undertaken by the Department of Justice Task Force on Intellectual Property (IP Task Force). Attorney General Eric Holder created the IP Task Force to combat the growing number of domestic and international intellectual property crimes, protect the health and safety of American consumers, and safeguard the nation's economic security against those who seek to profit illegally from American creativity, innovation and hard work. The IP Task Force seeks to strengthen intellectual property rights protection through heightened criminal and civil enforcement, greater coordination among federal, state and local law enforcement partners, and increased focus on international enforcement efforts, including reinforcing relationships with key foreign partners and U.S. industry leaders. To learn more about the IP Task Force, go to www.justice.gov/dag/iptaskforce/.

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