

March 30, 2004

Counterfeit Printer Cartridges Seized at a Warehouse in New Jersey

By RONALD SMOTHERS

NEWARK, March 29 - For years the smuggling of Chinese-manufactured goods into this country has brought in cheap fakes of products with brand names like Rolex and Louis Vuitton. But that trade took a decidedly more mundane turn on Monday when investigators said they had uncovered a pipeline that led to a warehouse in Edison, N.J., that held counterfeit computer printer cartridges.

A sting operation run by the Waterfront Commission of New York Harbor resulted in an arrest and netted \$500,000 in bogus cartridges and other boxed office supplies. Law enforcement officials were poring over these supplies on Monday to determine if they, too, were counterfeit.

Stuart Whitehead, 51, of Wall, N.J., was arrested, and in a 2 p.m. raid, authorities seized a 100- by 200-foot Edison warehouse full of pallets of electronic office equipment and supplies piled 20 feet high. Mr. Whitehead, whose company, Colony Trading, is also based in Edison, faces state charges of theft by deception and counterfeit trademarking, said J. Kevin McGowan, assistant chief of the Waterfront Commission's police force.

In a yearlong investigation, Chief McGowan said, the agency was increasingly coming up with shipments of things like counterfeit office equipment, batteries, pharmaceuticals and even Evian water.

As recently as last week, he said, one of the commission's undercover officers, posing as a port official, was offered a \$250,000 bribe to ease the movement of such a shipment of everyday items that were counterfeit.

"We don't know how long they have been in business," said Chief McGowan, referring to the operation that he said sold the bogus Canon printer cartridges. "Most of the stuff comes from Guangdong Province, in China, and we are getting about 6,000 containers a day coming in from the region."

Guangdong, a sprawling province of 67 million people between coastal Macao and Hong Kong and the rest of mainland China, is home to three of the first four special economic regions where China allowed and encouraged capitalist reforms. As a result, in the 90's the province accounted for two-thirds of China's exports.

Chief McGowan said that the agency's investigation into the sale of the counterfeit office products was continuing.

The focus on the Canon printer cartridges, he said, began with a tip from Canon, the Japanese manufacturer, whose officials approached law enforcement officials with information that fake copies of their products were floating around.

An undercover agent from the commission went in search of the items, he said, and, affecting a British accent, contacted Mr. Whitehead. In the sting, Chief McGowan said, the buyer had just arranged to wire the equivalent of \$220,000 in pounds sterling for cartridges that would have sold for \$500,000 wholesale had they been genuine Canon cartridges.

"They look authentic," Chief McGowan said. "But the product is inferior, it won't last as long and it could damage the equipment."

He said there were few ways for consumers to detect such items from the packaging, since the bar coding and other aspects look authentic. However, he said, there is occasionally a misspelling, even of the product name, in the small print.

The commission, a federally chartered agency, was created 51 years ago to fight organized crime on the New York and New Jersey waterfront.

In the last two years, Chief McGowan said, the agency has uncovered counterfeiting distribution networks involving Russians, Chinese and Middle Easterners. But all, he said, have a supply pipeline that originates in China.

"What we have seen is that this is organized crime, but not your traditional organized crime," he said.