



News Release

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Tax Recovery and Criminal Enforcement (TRaCE) Task Force

For Immediate Release

September 20, 2016

Contact: Office of Public Affairs

(916) 327-8988

TRaCE Team Powers Down Counterfeit Battery, Adapter Dealer; Suspect Pleads Guilty, On Hook For More Than \$100,000

Los Angeles – An investigation by the state’s Tax Recovery and Criminal Enforcement (TRaCE) Task Force led to the arrest of Xiaochun Gao on three counts of counterfeiting under California Penal Code Section 350(a)(2). Gao imported counterfeit laptop batteries and power adapters from China and sold them on Amazon.com and eBay.com to unsuspecting customers who believed the merchandise was indeed genuine and authentic.

Acting on a search warrant, TRaCE seized 6,500 counterfeit laptop batteries and power adapters from one of Gao’s warehouse operations in Irwindale. Gao operated several corporations in Los Angeles County.

On September 16, 2016, Gao pled guilty to one count of counterfeiting registered trademarks and was sentenced to three years of summary probation. The counterfeit items were forfeited to the State and Gao paid a \$74,628 tax assessment to the Board of Equalization (BOE) for the use tax associated with the purchase of the seized counterfeit merchandise. In addition, Gao also paid \$19,145 in restitution to Hewlett-Packard, and \$8,800 in other related costs associated with the investigation.

“The TRaCE team members are worthy of recognition, not only for their role in this successful prosecution, but for the work they perform, day in and day out: protecting California consumers, leveling the playing field for California businesses, and delivering sorely needed tax revenue to our General Fund,” said Board of Equalization Member Jerome E. Horton.

“The trafficking of counterfeit goods poses a triple threat,” said Joseph Macias, special agent in charge for Homeland Security Investigations (HSI) in Los Angeles. “Such activities deliver shoddy and often dangerous goods into the economy, rob Americans of good-paying jobs, and generate proceeds that are often funneled back into other criminal enterprises. HSI will continue to work with its enforcement partners to combat the distribution of counterfeit products, like those seized in Irwindale, that could put unwitting consumers at risk.”

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[The TRaCE Task Force](#) is made up of investigators from the Board of Equalization, California Attorney General’s Office, Franchise Tax Board, Employment Development Department, California Department of Motor Vehicles, Santa Ana Police Department, Federal Bureau of Investigation, Internal Revenue Service and U.S. Immigration and Customs Enforcement’s Homeland Security Investigations. The partnership was formed in 2014 to investigate criminal elements of the underground economy engaged in the manufacturing, importation, distribution, and sale of pirated intellectual property, as well as other economic crimes resulting in the evasion of business, payroll and/or income taxes.

[TRaCE’s central intake system](#) for reporting a crime related to tax evasion, labor fraud, piracy, counterfeiting, and human trafficking is instantly accessible via the Web or any mobile device. Help TRaCE take down the underground economy – Report it, don’t ignore it!

For more information on other taxes and fees in California, visit www.boe.ca.gov.

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