

The Apple Refund Scam - From Target Stores In Middle America To Hong Kong



In a sprawling operation that stretched from the bustling streets of Los Angeles to the shores of the Gulf Coast and all the way to the streets of Hong Kong DHS officials uncovered what they describe as a sophisticated international fraud scheme involving counterfeit Apple products.

The case, which came to light following a routine traffic stop in Baldwin County, Alabama, has shed light on an intricate web of deception that allegedly bilked major retailers out of millions of dollars.

A Newly Released Affidavit Reveals The Scheme

According to an affidavit filed by Joshua Woodruff, a special agent with Homeland Security Investigations, the scheme involved the purchase of genuine Apple products from retailers such as Target, which were then replaced with meticulously crafted counterfeits. The fake items were reportedly altered using laser engraving technology to mimic the authentic products' markings before being returned to stores for refunds.

At the center of the investigation is Chalvin Tan, also known as Chalvin Tan Jia Hao, who was arrested on July 16, 2024, in Baldwin County, Alabama. Mr. Tan, a Malaysian national, allegedly played a key role in the operation, which authorities say involved multiple co-conspirators across several states.

The scheme, as outlined in court documents, operated with clockwork precision:

- Genuine Apple products were purchased from Target stores across multiple states.
- The authentic items were photographed and the images sent to a co-conspirator in Los Angeles, identified only as "ALLEN" in the affidavit.
- Counterfeit products were then laser-engraved to match the genuine items' markings.
- The fake products were returned to different Target locations for refunds.
- The genuine products were allegedly shipped to an address in Hong Kong.

The fraud ring's operations were not limited to a single region. Investigators found evidence of transactions in Louisiana, Alabama, Florida, and Texas, suggesting a highly mobile operation designed to avoid detection.

Mr. Tan faces charges including wire fraud and conspiracy to commit wire fraud. His legal representation could not be reached for comment at the time of publication.

Read The Whole Complaint on Following Pages

24-mj-210-N

AFFIDAVIT IN SUPPORT OF CRIMINAL COMPLAINT

I, Joshua Woodruff (hereafter Affiant), being duly sworn, hereby depose and say:

1. Affiant makes this affidavit in support of criminal complaint.

Affiant has been employed as a Special Agent (SA) with the United States Department of Homeland Security, Homeland Security Investigations (HSI) in the office of the Resident Agent in Charge, Mobile, Alabama. Affiant has been a Special Agent with HSI since May of 2024. Prior to HSI I served as a Federal Law Enforcement Officer with Customs and Border Protection since 2020. I served in both land and seaports, conducting arrest, customs and immigration law enforcement. Affiant is a federal law enforcement officer who is engaged in enforcing the criminal laws, including 18 U.S.C. § 1343 and 18 U.S.C. § 1349, and is authorized by the Attorney General of the United States to request this arrest warrant.

The facts in this affidavit come from my personal observations, training, and experience, as well as information obtained from other agents, law enforcement officers, and witnesses. I submit my affidavit for the limited purpose of securing a criminal complaint. Thus, I have not included each fact obtained during the investigation or my knowledge of all matters in my investigation, which is ongoing. My affidavit is only intended to establish probable cause that **CHALVIN TAN a/k/a Chalvin Tan Jia Hao (“TAN”)** and other individuals, known and unknown, have violated federal statutes, including but not limited to 18 U.S.C. §§ 1343 (Fraud by wire, radio or television) and 1349 (conspiracy to commit wire fraud) in the Southern District of Alabama and elsewhere. All dates, times, locations, and amounts listed in my affidavit are approximations.

TAN and others have been identified in a fraud involving the theft of genuine electronic products and the replacement of those genuine products with counterfeit products in a large-scale

retail theft scheme being conducted throughout the United States. The scheme involves the purchase of genuine Apple products from retailers such as Target. Counterfeit products are then placed into a mold (Jig) where the laser engravers alter the counterfeit products to appear to have the same markings as the genuine products. After the alteration process is complete the altered products are returned to the store and money is returned, where then the scheme continues. The latest occurrence involving TAN happened within the Southern District of Alabama.

On July 16, 2024, the Baldwin County Sheriff's Office (BCSO) performed a traffic stop of Vincent Tang ("VINCENT") in Baldwin County for distracted driving. During the stop, deputies noticed several cardboard boxes and electronic devices in the rear cargo area with a white towel partially covering the items. Deputies noticed a device with a laser logo, which deputies suspected was for use in counterfeiting. Deputy Kolbe asked for consent to search the vehicle. VINCENT gave consent. During the search, deputies discovered multiple boxes containing 180 pieces of Apple electronic devices, appearing to be counterfeit. Deputies also found several "jigs" shaped and molded to hold the devices. Deputies also found laser devices that they had observed earlier, which were confirmed to be engraving/etching devices. Deputies discovered several Target receipts from Louisiana, Alabama, and Florida store locations. Deputies found several authentic Apple devices that had been repackaged in plastic bags and prepared for shipping. Deputy Kolbe determined that the items were being legitimately purchased from Target stores, replaced with counterfeit items, and returned to another Target location where the funds were returned. The authentic devices were packaged for resale or shipping. VINCENT was detained and relocated to the sheriff's office for further investigation.

BCSO contacted HSI Mobile for assistance in the investigation. Special Agents Mark Phillips and I met with Baldwin County Sheriff Deputy Jason Kolbe, to conduct an interview of

VINCENT at Sheriff's Office. VINCENT was a Malaysian nonimmigrant who entered the United States for the purpose of a wedding. However, VINCENT had been travelling the U.S. for tourism since then. When asked about the engravers and counterfeit products within the vehicle VINCENT stated that they did not belong to him, and he had not used them and denied knowing what they were for. All the items from the vehicle were seized, and VINCENT was released.

Subsequent to the interview, VINCENT contacted TAN for a ride from the BCSO where Sheriff Deputy Kolbe had a consensual encounter with TAN. TAN arrived in a vehicle with a California plate. TAN told deputies that he and VINCENT were traveling together prior to the traffic stop. During the conversation, Deputy Kolbe noticed a black duffel bag on the floorboard with Apple boxes wrapped in Target bags in plain view. When asked about the bag, TAN stated they belonged to VINCENT. A search of TAN's car was conducted because it contained known counterfeit items or items linked to VINCENT'S criminal activities involving counterfeit items. During the search, deputies found counterfeit devices that had been repacked into legitimate Apple packaging, inside the Target bags with receipts, and were ready for return to another store. TAN also had several debit cards on his person and his wallet, which were used to purchase the items found in his car. VINCENT was arrested for trafficking stolen identities, theft of trade secrets, and possession of a forgery device, and TAN was arrested for trafficking in stolen identities and theft of trade secrets.

During my investigation, I contacted Target Investigator Andrew Dubiel regarding the scheme of genuine purchase to return of counterfeit products at target locations. Investigator Dubiel stated that he had been tracking a scheme linked to TAN and would provide a spreadsheet of locations hit. Target Investigator provided an excel spreadsheet of stores that had been the

victim of fraudulent returns. I requested video footage of the transactions involving suspected individuals.

I received an email containing video footage of one of the suspected transactions as well as copies of transaction receipt. I reviewed the video surveillance of the Gulf Shores, Alabama Target purchase/exchange and identified TAN as the individual conducting the transaction. TAN can be seen at the target counter conducting a return to the Target store. This return was flagged as “Known theft – Return Fraud -Empty Package / Incorrect Item” Incident number x8023 by the Target Store. TAN can be seen in a dark grey pants and a short sleeve tan t-shirt departing the store with a Target bag appearing to contain a replacement Apple product. His forearm tattoos easily identify him as the individual conducting the transaction. During this investigation and in my experience, I know that a purchase and/or return transaction at a retail store such as Target causes an interstate wire communication outside the state of Alabama.

On July 25, 2024, HSI Special Agent Kent Blacklidge and I conducted an interview at the HSI Mobile office with TAN. TAN was advised of his *Miranda* rights and agreed to waive them and speak with investigators. Subsequent to the *Miranda*, I interviewed TAN, and he confessed that he had participated in the scheme with other co-conspirators to defraud Target locations genuine Apple products.

TAN stated that before he arrived to the United States, he spoke with a friend in Malaysia who knew an individual as known as “ALLEN,” who could help him make money. Upon arriving to the United States, TAN had contacted ALLEN and coordinated to be picked up from the airport. At the airport, a man named “CHENG” arrived and showed him around Los Angeles. After being here for approximately one month, TAN stated he received a phone call from ALLEN, who stated

CHENG had been arrested and asked if he would come work in his place. TAN stated he agreed to work with ALLEN and met with ALLEN who purchased a rental car for him.

TAN stated that his role in the scheme was to go purchase genuine products from Target and photograph it and send the photographs to ALLEN, who resided in Los Angeles, California. Subsequently, ALLEN would laser engrave the counterfeit products, and then provide TAN with the altered product. TAN would return/exchange counterfeit products at a Target location and receive monetary instruments from Target in exchange. Additionally, TAN stated that ALLEN would give him the address of a location overseas in Hong Kong China where he would mail the genuine products back. When asked where the counterfeit products came from, he replied he did not know the physical location. TAN stated that ALLEN would get counterfeit products from Los Angeles, California and bring them to him for the exchange.

TAN was asked how he received payment for the products he stated that he would go to money exchange restaurants, one which was in Dallas, Texas and the other in Los Angeles, California. TAN stated that someone in China would send the money to the restaurant and that he would go there and tell them how much he needed, and the restaurants would provide US currency to TAN.

Additionally, TAN admitted to knowing and utilizing another product exchange service in Los Angeles, California in addition to the previous locations. TAN admitted to selling genuine Apple products to an individual he knows who resides in a house in California using the cell phone application WECHAT. TAN stated he received counterfeits and money in exchange. TAN explained that throughout the scheme, he would often communicate with co-conspirators through cell phone messaging to others involved in the scheme to discuss plans and obtain directions. These phone communications caused multiple interstate wire communications.

TAN stated that he worked with ALLEN until his arrest in Oklahoma, Texas. After ALLEN's arrest, he continued this scheme with VINCENT. TAN admitted to working with VINCENT for the last few weeks to continue the purchase of genuine Apple products and the return of counterfeit products.

In conclusion, I believe probable cause exists that **Chalvin TAN**, and other individuals, known and unknown, have violated 18 U.S.C. §§ 1343 (Fraud by wire, radio or television), 18 U.S.C. §§ 1349 (Conspiracy to commit wire fraud), and other federal statutes in the Southern District of Alabama and elsewhere.

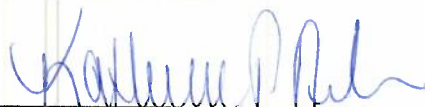
Dated July 25, 2024.

JOSHUA D
WOODRUFF

Digitally signed by JOSHUA D
WOODRUFF
Date: 2024.07.25 17:39:07 -05'00'

Joshua David Woodruff
Special Agent
Homeland Security Investigations

THE ABOVE AGENT HAS ATTESTED
TO THIS AFFIDAVIT PURSUANT TO
FED. R. CRIM. P. 4.1(b)(2)(B) THIS 26th
DAY OF JULY 2024.



KATHERINE P. NELSON
UNITED STATES MAGISTRATE JUDGE