

US moves to stop China parcel shipments with counterfeit postal labels

Department of Justice seeks restitution from 2 logistics companies

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U.S. agencies and prosecutors are collaborating to stop an alleged conspiracy in which parcel shipments from China are moved through the U.S. Postal Service with fake postage labels. (Photo: Shutterstock/canghai76)

U.S. law enforcement authorities have obtained a temporary restraining order barring two logistics companies, one in New York City and the other in Los Angeles, and their owner from using the U.S. Postal Service to ship packages containing counterfeit postage.

Federal prosecutors last week filed a civil complaint in U.S. District Court for Eastern New York alleging that YDH Express Inc. and YDH Int'l Inc., and owner-operator Yizhao Hou committed mail fraud for years by shipping thousands of parcels for Chinese customers through the U.S. Postal Service using counterfeit Postal Service postage labels, according to a Justice Department news release.

The complaint seeks to immediately stop Hou's companies from continuing to ship mail parcels and to collect money for financial losses incurred by the Postal Service.

Judge Natasha Merle on Friday issued a temporary restraining order against the defendants.

"The Postal Service provides essential services to Americans, and we will not tolerate attempts by unscrupulous overseas businesses using fake postage to unlawfully deprive USPS of revenue it is entitled to," stated Joseph Nocella Jr., the U.S. attorney for the Eastern District of New York. His office

worked with the U.S. Postal Inspection Service and U.S. Customs and Border Protection on the investigation.

According to the complaint, Hou and his companies conspired to ship thousands of parcels bearing fake Postal Service labels, which they received in bulk from merchants in China, in violation of the False Claims Act.

The FCA allows the government to seek treble damages and penalties against those who defraud the United States, including by knowingly failing to pay obligations to the government. The complaint seeks injunctive relief, damages and penalties.