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Cyberfakes

The latest in knock-offs: computer-made counterfeits.

By CLIFFORD J. LEVY

WHEN detectives from the Queens District Attorney's office burst through the doors of Korman Sportswear in late December, they expected to arrest a handful of illegal immigrants for gluing fake designer labels onto a few bins of designer clothing a day.

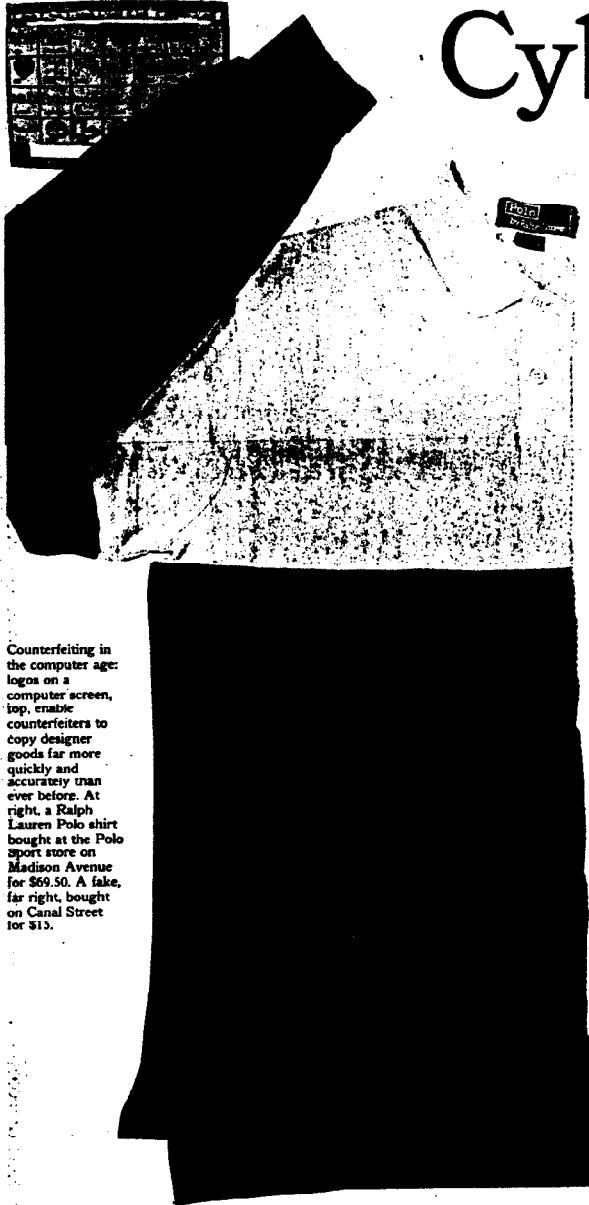
Instead, they found what they called an increasingly potent threat to the fashion industry: a counterfeiters' factory with an elaborate network of computerized machinery that quickly turned run-of-the-mill shirts, jeans and sweatshirts into tens of thousands of brand-name fakes.

Huge embroidering and silk-screening machines spat out dozens of designs a minute. The counterfeiters controlled production from a central computer that could instantly switch among hundreds of patterns: Polo, Guess, Timberland, Champion, Fila, Calvin Klein, Nautica, Tommy Hilffger, Hugo Boss, Gap, Gucci, Hard Rock Cafe, Banana Republic, DKNY, Versace, Harley Davidson, Disney and Warner Brothers characters, professional and college sports teams and a mall's array of others.

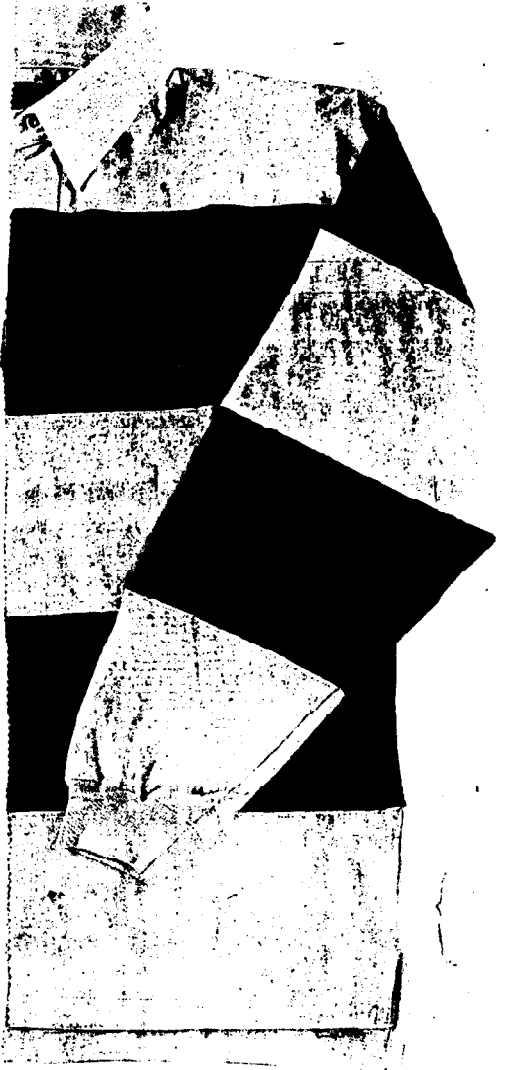
"If I had seen this stuff before I had been trained, it never would have occurred to me that it was counterfeit," said Barry S. Weinrib, an assistant Queens district attorney, who examined the five truckloads of goods confiscated at Korman's cinder-block warehouse. "I would have thought it was the same type of stuff sold at Bloomingdale's."

Once confined to the cut-and-paste labor of back-room shops, fashion counterfeiting is being transformed by computers that copy designer goods far more quickly and accurately than ever

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Counterfeiting in the computer age: logos on a computer screen, top, enable counterfeiters to copy designer goods far more quickly and accurately than ever before. At right, a Ralph Lauren Polo shirt bought at the Polo Sport store on Madison Avenue for \$69.50. A fake, far right, bought on Canal Street for \$13.



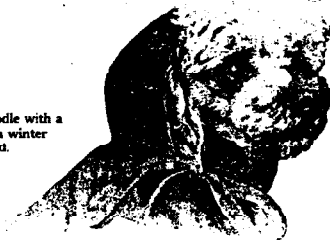
Ted Meyers for The New York Times; computer photo from Associated Investigative Services

THE DRESSING ROOM

Emily Prager

Fashion Unleashed

Brandy, a poodle with a wardrobe, in a winter coat with hood.



IT began with a Lab in a Santa suit, complete with beard. Then there were two poodles, one in black satin and rhinestones, the other in black leather and zippers. There was a smart little dachshund in a camel-hair coat, and a retired racing greyhound in a trench coat with houndstooth check lining. All over my neighborhood suddenly dogs were wearing outfits.

at 440 Amsterdam Avenue, at 81st Street, explained it thus: "Dogs' undercoats are not growing in properly because of the warm temperatures in apartments. In such consistently freezing weather, dogs are not sufficiently insulated. They need coats and sweaters. People are more educated about this than in the past. This year we've sold a lot more coats and sweaters than ever."

Debbie Boan, a Pet Bowl sales consultant, added: "And it's a fashion

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before. Some of the illegal wares are so well made that the police have to ask fashion companies to confirm that they are fake.

The technology is expensive but readily available. With computerized mass production, counterfeiters feeding off the nation's obsession with status symbols can turn a profit almost as quickly as a drug lord selling cocaine: buy 1,000 sweatshirts at \$4 each, embroider a Guess emblem on them and people will pay \$20 each for them. Richard A. Brown, the Queens District Attorney, said Korman Sportswear, at 43-32 55th Street, in a residential area of Woodside, was selling more than \$3 million in fake clothing a year.

The International Anti-Counterfeiting Coalition, a trade group, estimates that fashion companies lose billions of dollars a year worldwide from counterfeiting, though Lee S. Sporn, the chairman, could not estimate how many of the fakes are computer-generated. But Mr. Sporn, who is also associate general counsel at Polo/Ralph Lauren, added: "It's clear the technology makes it possible to produce better-quality merchandise in greater volume at less cost than five years ago. That's got to be a cause of concern."

The counterfeiters are increasingly trying to pass off their work as the real thing, rather than an obvious knockoff, by using computers to copy not only the clothing but also the labels, tags, buttons, buckles, rivets, packaging and other accouterments — even the cardboard tag that says, "This Polo by Ralph Lauren shirt has been crafted for quality, comfort and easy styling."

And some private investigators say the fakes are showing up on the street or at cluttered shops in Chinatown and even, in some instances, at large retailers.

"A lot of this merchandise used to be sold in flea markets, and it was obviously counterfeit, but what is happening now is that the merchandise is showing up much more in established stores, many times unbeknownst to the retailers," said Stuart Drabny, president of Stumar Investigations, which works for Polo/Ralph Lauren, Champion, Dooney & Bourke and many other fashion companies.

"We started noticing this in the last two years," he said, "and it has become much more prevalent in the last six months, to a big degree. It makes our fieldwork more difficult. Some of this stuff has become so good that I am not able to tell the difference."

As good as the fakes may be, executives at big retailers like Macy's and Saks Fifth Avenue said there was no chance of finding such counterfeiters at their stores. They said they bought merchandise only from fashion companies, adding that they would be foolish to jeopardize relationships with those companies by carrying counterfeiters.

And they suggested that the problem of fake designer clothing was limited to flea markets and small and medium-size retailers who might be dealing with unscrupulous wholesalers or want to increase profits by selling counterfeit goods.

"We do not purchase imitations," said Gloria Kreisman, a spokeswoman for Macy's. "We deal exclusively with reliable merchants and vendors."

TO be sure, there is no shortage of flimsy counterfeit Chanel bags that have as much in common with Paris couture as a Beavis and Butt-head T-shirt. Many fakes are as blatant as ever, stitched together so poorly and priced so cheaply that there is little doubt about their origin. But the new breed of counterfeiter is becoming more of a drain on big fashion companies.

At Korman, the counterfeiters used an electronic scanner to read the design of an emblem, label or tag on an authentic piece of clothing and to turn it into a digital image transmitted to a computer, said Mr. Brown, the District Attorney. A worker could then use the computer to change the color or size of the image, or to make other alterations.

The images were added to a computer program that ran two 18-foot-long embroidery machines, worth \$100,000 each, that stitched intricate emblems on 24 shirts every three minutes, Mr. Brown said. Or they were sent to three silk-screening machines, gangly monsters that can cost \$25,000 apiece, that



Ruby Washington/The New York Times

"To the untrained eye, this may look good," said David Woods, right, on Canal Street.

imprinted designs in 10 colors. Color photocopiers duplicated tags and labels.

Three people, including Korman's owner, Tok H. Kang, 33, of Woodside, were arrested and charged with first- and second-degree trademark counterfeiting, both felonies, and could go to prison for 15 years if convicted. The factory had at least eight low-level workers, who were not charged. Melvin Berford, a lawyer for Mr. Kang, declined to comment.

The hardest-hit fashion companies, which lose millions of dollars a year in sales and licensing fees, are often reluctant to say how they fight back, for fear that the information may help counterfeiters. They also worry that even acknowledging the existence of fakes would sully their products' prestige and scare off customers.

But they do say that they are hiring more private investigators and lawyers; designing anti-counterfeiting devices like invisible markings, holograms and fabric weaves that are difficult to copy; lobbying for stricter laws, and seeking more help from the police,

the F.B.I. and customs officials.

The Sara Lee Corporation, whose subsidiaries make Champion clothing, Coach leather goods and Aris Isotoner gloves, has had a sharp increase in complaints about high-quality fakes in the last year, from retailers and customers, said Arthur J. DeBaugh, a lawyer for the company. He said Sara Lee, which has private investigators in New York, Boston and Philadelphia, recently added others in Miami, Chicago and Los Angeles.

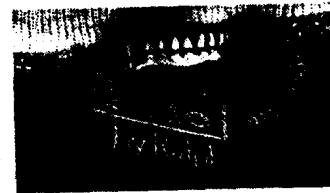
Dooney & Bourke, whose dyed leather bags and wallets have grown in popularity in recent years, is also contending with a surge in counterfeiting. Cheap copies of its \$125 bags are often sold by street vendors in big cities all over the country for \$25 to \$40, but lately the company has found better fakes in small independent shops, priced around \$185, said Caroline P. Donowue, who oversees the company's anti-counterfeiting efforts.

A stroll along Canal Street in Chinatown, which the police and many private investigators say is a worldwide center for sales of

counterfeits, revealed how easily the new fakes can fool customers.

Dressed in jeans and browsing like a casual shopper, David S. Woods, president of Associated Investigative Services, was examining hundreds of counterfeit designer pieces at several stores, gathering evidence that he would use to seek a seizure order from a Federal judge. Mr. Woods advised the Queens District Attorney on the Korman case. "See this stuff?" he whispered in one store, pointing to stacks of what appeared to be Polo and Tommy Hilfiger shirts selling for \$15 each. "This is the same stuff that we busted at Korman."

At first glance, the multicolored woven labels and the tags on the shirts seemed authentic. The fabric felt right. The embroidered emblems on the shirt fronts seemed real. Mr. Woods picked up a light blue Polo



Photographs by Naomi Kashiwan/The New York Times

TOP: The remains of a former label are visible behind the fake label.

ABOVE: Polo sews its labels on two sides, while this label is sewn on all four.

shirt and swept his fingers over the neck label, sewn to the shirt on all four sides.

"To the untrained eye, this may look good," said Mr. Woods, whose company works for Polo/Ralph Lauren, Guess, Chanel and other companies. "This was all embroidered with computers. But Polo doesn't sew its labels all the way around on all four sides. It only sews two sides. If they hadn't made that mistake, you wouldn't have known."

LETTERS

A Message For Young and Old

To the Editor:
When I read the month printed

Those who know me and my work know that I have been relentless in working to expand the definition of "beauty" and to move beyond cultural stereotypes and the generally superficial, negative and trendy coverage that almost always defines so-

an interview with Naomi Wolf to a story by a young Korean woman about the epidemic of cosmetic surgery being performed in Korea on teenage girls who are trying to conform to Western standards of beauty. As for the use of the model Patti

all women's magazines (and all cosmetics companies, too) should be delivering to all women — young and old alike.

DOROTHY SCHEFFER
Deputy Editor, Beauty
Mirabella
New York

be the fun it was to scan without the engagement announcements. Are weddings the next to be deleted?

Ah! But the obits are here to stay, unfortunately. VIRGINIA G. MCCALL
New Windsor, N.Y.

who removed her mink coat to use as a cover for an accident victim (Jan. 23).

She and the three other helpful people are inspiring examples of what the world needs more of. Benefits for worthwhile causes are