



# OPERATION CHAIN REACTION (OCR) COUNTERFEIT GOODS & WIRE FRAUD



ON OCTOBER 20, 2022, Terry ROE, the third and final coconspirator in a large counterfeit military uniforms scheme, was sentenced in the District of Rhode Island to 24-months confinement and 3-years supervised release after pleading guilty to one count of conspiracy to traffic in counterfeit goods and to commit wire fraud. The second coconspirator, Bernard KLEIN, was sentenced on April 09, 2021 to 18-months confinement and 3-years supervised release and ordered to pay an \$18,000 USD fine after pleading guilty to one count of conspiracy to commit mail fraud. The third coconspirator, Raymond KOHANBASH was sentenced on October 12, 2022, to 40-months confinement and 3-years supervised release after pleading guilty to one count of conspiracy to commit mail fraud and agreeing to a \$20 million USD forfeiture order.

This investigation was part of Operation Chain Reaction (OCR), an HSI-led task force that proactively targets counterfeit goods entering the U.S. government supply chain. By leveraging public-private partnerships, innovative data analytics, and the combined expertise of 17 federal agencies, OCR ensures the practical execution of supply chain risk management principles. The Defense Criminal Investigative Service (DCIS) was the lead agency with significant contributions from Homeland Security Investigations (HSI). Additionally, the Air Force Office of Special Investigations (AFOSI), Army Criminal Investigation Service (CID), and the General Services Administration Office of the Inspector General (GSA-OIG) all made notable contributions to the investigation.

HSI's investigation overlapped with a DCIS Rhode Island investigation and became a joint wide-ranging conspiracy investigation into the development, manufacturing, and importation of \$20 million USD worth of Chinese-made counterfeit U.S. military uniforms and sold to the U.S. military. Dakota Outerwear was a registered GSA Advantage retailer owned by Doyle ROE and Terry ROE. Dakota Outerwear purchased counterfeit items from KOHANBASH. KOHANBASH directed the effort to develop, manufacture, import, and distribute the counterfeit products. Bernard KLEIN, a broker who took orders from KOHANBASH, had the counterfeit items made in China.

A federal search warrant was issued and executed in New Jersey, resulting in the discovery of over \$2.5 million in counterfeited items to include parkas, trousers, and uniform pieces marked with Near-Infrared (NIR) technology. The counterfeit items failed to hide the service member's radiation level making them visible to an enemy. Other items were marked as fire-resistant clothing, but failed fire resistance testing.

Counterfeit textiles pose a significant health and safety threat, potentially having catastrophic outcomes. These outcomes imperil the safety of the warfighter by lacking crucial safety features such as flame-retardant material, exposing the service members to serious injury, and signature reducing technology, exposing the service members to enemy night vision technology.

