

The urban streets of Shanghai are crisscrossed only by an address scribbled onto a cocktail napkin that a tipsy friend handed me the night before. I anxiously walk up the steps to a concrete building and open the glass door. Standing inside a three-story plaza referred to by locals as "the fake mall," my mission is an easy one. I'm on a search for counterfeit handbags.

I stroll through the narrow aisles, crammed with vendors selling everything from Samsonite suitcases to The North Face jackets. Immediately, I spot a little shop packed with purses. I step in to get a better look. The collection seems decent: a few Louis Vuitton and Coach logo-print bags placed between plain leather ones.

"You like?" a man in a crisp collared shirt asks, pointing to one of the totes behind him on the brightly lit display shelf.

I politely smile and shake my head no.

"What you like?" he asks. "Come look." Then, like a scene from a classic James Bond flick, he pushes the wall

open, directing a few shoppers into a tiny hidden room. Nervously, I follow them.

There, from floor to ceiling, are hundreds of luxury brand handbags — the "good stuff," a counterfeit connoisseur might say.

"Oh my gosh," I mutter, panning the rows of Chanel, Chloé, Miu Miu and Gucci. A couple girls unleash a melody of *oohs*, grabbing a few to try on. My heart starts beating faster. These are the same bags spotted on trend-setting celebrities in the pages of *Us Weekly*, the same ones that cost more than a month's rent for an L.A. apartment. And here they are — for a tiny fraction of the retail sticker price. But experts warn that these fake goods are cheap for a reason.

"People who buy knockoffs don't see the victim," says attorney Edward Kelly of Tilleke & Gibbins International, a law firm in Asia that cracks down on counterfeiting. "But I see them. I see them working in atrocious conditions — in urine, in vomit, in feces. I see them chained to machines, forced to work 20-hour days. I've seen the atrocious conditions." Kelly and others are hoping to

educate the public on the harsh effects of counterfeiting, one handbag at a time.

For foreigners such as myself, purchasing a fake in Shanghai might seem like a mere checkmark on the Things To Do list, the cultural equivalent of riding the high-speed magnet train or tasting *xiaolong bao*, the city's little steamed dumplings. Asia has long been the world's largest producer of counterfeit goods. According to 2006 statistics, 75 percent of the counterfeit items seized at the U.S. borders came from China, with Hong Kong, Korea and Singapore accounting for hefty numbers as well. At street markets scattered across major cities, eager shoppers can check out scores of designer look-alikes and experience the quick thrill of haggling over prices.

Sure, fake Kate Spade and Louis Vuitton bags can be snagged throughout New York's Canal Street and Los Angeles' Santee Alley, but the variety is often limited and the quality is often questionable.

Asia reigns as the world's hotspot for cheap knockoffs. But buyers beware: Those fake handbags and other goods can come at a high price.

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More Than You Bargained For

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In Korea, some knockoffs are so well made that even the design houses have been fooled. Experts call these bags of precision "superfakes." "The best quality is Grade A and it's the most expensive," says Vivian Lee, 26, of Los Angeles, who has seen these skillfully-constructed bags during her visits to Korea. "The LVs look totally real. It's seriously hard to tell that they're fake."

But supporting the counterfeit market can lead to a ripple of consequences. Kelly says, in Asia and throughout the world. According to the U.S. Chamber of Commerce, counterfeit merchandise drains the nation's economy of up to \$250 billion and 750,000 jobs a year. Interpol warns of an ever-strengthening link between the sale of counterfeit goods and organized crime. And the counterfeit trade has become a popular option for drug smugglers looking to diversify their portfolio.

"If you're caught handling narcotics, you're sent to jail," Kelly says. "If you're caught with counterfeit, the punishment is a small fine. The risk is so much lower."

For Kelly, one of the most critical problems tied to counterfeiting is slave labor. Once, during a factory raid in Thailand, he came across 10 Chinese slaves chained to machines, being fed gruel and cabbage from dog bowls. He's seen 8-year-old kids working into the night. Their quick and nimble fingers are used for stitching on the tiny details.

While consumers can now find everything from counterfeit extension cords to toys to prescription drugs, handbags continue to be an attractive choice for factory owners. They can be made cheaply and can reap high profits, especially when label-craving ladies will shell out major cash for the real thing.

Altagamma, the trade association for the Italian luxury industry, reported that Chinese manufacturers are making 25,000 counterfeit handbags a week. In a raid last year, Italian police confiscated more than 650,000 counterfeit Gucci, Louis Vuitton and Carolina Herrera bags in a Chinese-owned illegal factory.

For retailers, it's not so much that counterfeit goods cut into their sales (some say that those who buy \$30 fake Louis Vuitton bags would never pay \$900 for the real thing, anyway), but that they tarnish their image. For example, Dooney & Bourke receives an average of 60 counterfeit purses each week from people requesting warranty repairs, according to Michigan-based Loss Prevention Concepts Ltd., an investigation service. And some now avoid buying the most popular designs, worrying that critical observers will question the authenticity.

Many Asian governments have taken efforts to crack down on the crime. Officials in Beijing have posted notices at street markets, warning that the sale of counterfeit goods is illegal and that violators could face fines or even criminal prosecution. Last year, Chinese police arrested more than 5,000 people in relation to cases involving counterfeit goods, according to the Ministry of Public Security. In Thailand, convicted counterfeiters can expect fines of up to \$20,000 for repeat offenses.

Some who travel to Asia frequently say they've noticed there are now fewer fake goods showcased in the open. "It's cleared up a lot," says Yiheng Wang, 21, of San Mateo, Calif., who has visited Shanghai every year for the past 15 years. "They've closed down some street markets. But there are people who will show you booklets with pictures of fake bags. They tell you to follow them if you want fake stuff."

Lee says storeowners in Korea have become more cautious as well. "This one time, while my friend and I were in a back room, there were rumors that the stores were going to be raided by undercover police," Lee says. "So they locked us in there for more than an hour."

But with their income dependent on the counterfeit trade, many vendors remain undeterred. Some will hide their bags with fake labels behind their plain,

no-name bags if they hear that officials are roaming nearby. Others will simply pay up the fines, rationalizing that such costs are just part of doing business. And there are those who will simply fudge the trademark by changing the "Gucci" to "Gocci," hoping that the "unauthorized reproduction" will be overlooked.

Back at the mall in Shanghai, I come across a woman standing next to the trendy Balenciaga city bag, the same one touted by stars such as Nicole Richie and Christina Aguilera.

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— Yiheng Wang, a frequent traveler to Shanghai

Clockwise from top right: Baghaus silver patchwork python tote and quilted Stam handbag, both inspired by Marc Jacobs, and Paddington clutch inspired by Chloé.



Still Itching for a Bag?

Just because you do the right thing and stop buying fakes, doesn't mean you can't carry a cute handbag. Check out www.BagHaus.com — owners David and Jason Chung say they sell completely legal bags "inspired" by the designers, not counterfeits.

"You like?" she asks.

As I stare at it for a few seconds, the woman lifts the bag, whips out a lighter and waves a flame onto the bottom seam.

"Smell," she says, fanning the fumes upward with her hand. "See? Real leather."

Kelly says that some vendors are unaware that what they're doing is illegal. They're simply looking for a paycheck. Therefore, his main motive is to get to the supplier. But this can prove difficult. At factory raids, police will often try to arrest the workers. "I tell them, 'No. Those are the victims,'" Kelly says. "It's easy to arrest a 20-year-old kid. But it's harder to find the Malaysian or Filipino leader who has financed the job. Still, month by month, we're finding more law enforcement complying with us. We're raising an awareness."

Fake handbags aren't just cropping up in Asia's malls and street markets. They're also hitting the web. The Internet accounts for 13 percent of all sales of counterfeit and pirated goods. A quick Google

search brings up Replica4girls, a splashy pink online store featuring "the best quality replica handbags directly from China." Recent blog entries boast Chanel wallets, Hermés totes and the same Balenciaga city bag sighted at the Shanghai mall.

On the right side of the site is a live customer service chat box. Wanting to find out more information, I decide to type in some questions.

"Hello. Are you the owner of this site?" I ask.

A response pops up on the screen: "Yes. I am Sado. Can I help you?"

"I'm interested in one of your bags — the Balenciaga," I type.

"Yes, that's one of our bestsellers. I think you will be satisfied with it," Sado replies.

Sado tells me that he is from Guangzhou, China and that he has been running this website for about six months. He says the Balenciaga bag is \$140, which is about three times what you can get it for in Shanghai. He tells me he sells about 30 units of this particular style each month. I ask him whether this is illegal and he responds without hesitation. "It's not illegal to buy, but it's illegal to sell in some countries," he writes. "If it is for your personal use, there is no problem. Ninety percent of the brand name bags are replicas — I mean, on eBay."

It's true. In the U.S., there are no laws against personal possession of counterfeit goods and Kelly says he doesn't expect this to change any time soon. "Jails are already so crowded that they're not going to throw in some ladies who have a couple Coach handbags," he says.

But Kelly also says consumers are the ones who have the power to stop the problem. "If people knew what went into those knockoffs, they probably wouldn't buy them," Kelly says. "When you knock out the demand, the supply gets knocked out, too."

Standing near the gleaming storefronts, suddenly more than pleased with the \$29 Target purse I'm carrying, I know that the most socially conscious thing I can do is walk away. It's about time to set a new trend. ☺