

**UNITED STATES ATTORNEY'S OFFICE
Western District of Washington**



May 6, 2009

**BELLEVUE MAN AND CHINESE NATIONAL CHARGED
WITH CONSPIRACY TO DEFRAUD UNITED STATES
OVER HONEY IMPORTS
Allegedly Submitted False Paperwork to Hide
Chinese Origin of Honey**

CHUNG PO LIU, 68, of Bellevue, Washington, and BOA ZHONG ZHANG, a citizen of China, were arrested this morning and charged by criminal complaint with a conspiracy to defraud the United States by submitting false paperwork regarding shipments of honey to the U.S. The men conspired to avoid import fees on Chinese honey by claiming the honey was manufactured in Thailand or the Philippines. BOA ZHONG ZHANG is a 30 year employee of a bee products company in China. LIU is the president of two companies involved in honey imports and sales. LIU will make his initial appearance in federal court today at 2:30 in the Magistrate Judge Courtroom on the 12th floor at 7th and Stewart. ZHANG was arrested in Los Angeles, and will make his first appearance in federal court there.

In addition to the two arrested on charges from the Western District of Washington, Yong Xiang Yan, the president of the Chinese honey manufacturing company was arrested on a criminal complaint filed in Chicago, Illinois. That complaint alleges that Yan conspired to import falsely labeled honey into the U.S. for a Chicago based honey distributor. According to the complaint, the honey's country of origin was falsified, and some Chinese honey has been found to be contaminated with three different antibiotics.

According to the complaint filed in the case, LIU, through his companies Rainier Cascade and Evergreen Produce, is alleged to have purchased honey in China, and then had it shipped to other countries where it was re-labeled to make it appear it was a product from these other countries. By re-labeling the honey, LIU avoided significant tariffs on Chinese honey. Since May 2002, Rainier Cascade has imported 32 shipments of honey into the U.S. and 20 of those shipments appear to be Chinese honey that was re-labeled to hide the country of origin. The value of the unlawfully imported honey is more than \$1.4 million and the anti-dumping tariffs owed on the honey are more than \$3.3 million.

Since 2001, anti-dumping duties have been applied to all honey imports from China. Anti-dumping duties are additional duties used to offset the effects of unfair trade practices that give imports an unfair advantage over competing U.S. goods. The duty on Chinese honey was 183% from 2001 to 2007, and has been 221% since 2007.

Over the last two years, U.S. Immigration and Customs Enforcement (ICE) has been investigating the origin of the honey shipped to the U.S. for Rainier Cascade and Evergreen Produce. Investigators determined that at the locations claiming to be the manufacturer of the honey in both Thailand and the Philippines, there were no manufacturing facilities. One of the locations is a warehouse in a port area that is used for storage and repackaging of goods. When investigators executed search warrants at the offices of Rainier Cascade and Evergreen Produce, they recovered multiple

e-mails between LIU and ZHANG and invoices indicating the honey was manufactured in China and shipped into the U.S. using falsified documents. Customs and Border Protection agents confiscated a shipment of honey in Long Beach, California in January 2007. LIU allegedly presented falsified documents to try to prove the honey was from the Philippines. After the honey was released, agents found additional documentation that the Chinese honey had simply been shipped to the U.S. via the Philippines. In January 2008, a shipment was seized at the Port of Seattle, and testing indicated a 91% probability the honey originated in China. The honey was seized when Rainier Cascade refused to mark the barrels with the country of origin. A second shipment was seized in February 2008, when again it was not marked with the country of origin.

"Those who misrepresent the origin of goods imported into the United States are motivated by greed and unfairly seek a financial advantage over those who play by the rules," said Leigh Winchell, Special Agent in Charge of U.S. Immigration and Customs Enforcement's (ICE) Office of Investigations in Seattle. ICE aggressively investigates these cases to deter this type of illegal activity and protect those who abide by our nation's customs laws and regulations."

This morning, BAO ZHONG ZHANG, and Yong Xiang Yan were arrested at LAX International Airport in Los Angeles, California, when boarding a flight to Denver, Colorado. On May 3, 2009, they arrived in Los Angeles, from Zhengzhou, China.

LIU surrendered this morning, in advance of the court hearing. He has dual U.S. and Republic of China citizenship.

Conspiracy is punishable by up to 5 years in prison and a \$250,000 fine.

The charges contained in the complaint are only allegations. A person is presumed innocent unless and until he or she is proven guilty beyond a reasonable doubt in a court of law.

The case is being investigated by U.S. Immigration and Customs Enforcement (ICE). The case is being prosecuted by Assistant United States Attorneys Mary K. Dimke and Darwin Roberts, and Special Assistant United States Attorney John Odell.

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