

UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

| | | |
|--------------------------|------------------------|---------------------|
| UNITED STATES OF AMERICA | : | CRIMINAL NO. 05- |
| v. | : | HON. |
| D-1 | CHENG MING HSU, | : |
| | a/k/a "Bruce," | : |
| D-2 | CHANG SHAN LIU, | : |
| | a/k/a "Charles Liu," | 18 U.S.C. § 1962(d) |
| D-3 | MAY LIU, | 18 U.S.C. § 371 |
| | a/k/a "May Chin," | 18 U.S.C. § 545 |
| D-4 | CO KHANH TANG, | 18 U.S.C. § 1956 |
| | a/k/a "Keith," | 18 U.S.C. § 1957 |
| D-5 | XIAO FENG WEI, | 18 U.S.C. § 2320 |
| | a/k/a "Chen Wen Juan," | 18 U.S.C. § 2342 |
| | a/k/a "Mr. Chen," | 18 U.S.C. § 2 |
| D-6 | WEI LI GU, | 18 U.S.C. § 982 |
| D-7 | SHEN WEN CHEN, | 18 U.S.C. § 1963 |
| D-8 | CHANG HUO JUNG, | : |
| D-9 | SHUANG YING HUANG, | : |
| | a/k/a "Tina," | : |
| D-10 | HUA YOU, | : |
| | a/k/a "Lee Fan Ming," | : |
| | a/k/a "Richard," | : |
| | a/k/a "Ah Keung," | : |
| D-11 | TIE HUA CHEN, | : |
| D-12 | TAT CHUI WONG, | : |
| | a/k/a "Sunny" | : |
| D-13 | KA HO STANLEY AU, | : |
| D-14 | NHI LAM WIGET, | : |
| | a/k/a "Kwai Ping Tse," | : |
| | a/k/a "Nicky Wong" | : |
| D-15 | YANG GUANG LU, | : |
| | a/k/a "Eddie Lu," | : |
| | a/k/a "Lu Guang Yang," | : |
| | a/k/a "Eric Ho," | : |
| | a/k/a "Yang Lu," | : |
| | a/k/a "Mike" | : |
| and | | : |
| D-16 | CHING YU GUO, | : |
| | a/k/a "Michael Guo" | : |
| | | : |
| | Defendants | : |

INDICTMENT

THE GRAND JURY IN AND FOR THE DISTRICT OF NEW JERSEY,
SITTING AT CAMDEN, CHARGES:

INTRODUCTION

1. At all relevant times, a “Trademark,” as defined in Title 15, United States Code, Section 1127, is any word, name, symbol or device or any combination thereof, used by a person to distinguish his or her goods, including a unique product, from that manufactured or sold by others and to indicate the source of the goods. The term “Mark” includes any trademark.

2. At all relevant times, a “Registered Trademark,” as defined in Title 15, United States Code, Section 1127, is a trademark registered in the United States Patent and Trademark Office according to law.

3. At all relevant times, and for purposes of this indictment, a “Counterfeit Mark,” as defined in Title 18, United States Code, Section 2320 (e)(1)(A), is a spurious mark that is used in connection with trafficking in goods and services which is identical to, or substantially indistinguishable from, a mark registered for those goods on the principal register for the United States Patent and Trademark Office, and the use of which is likely to cause confusion, to cause mistake, or to deceive the potential purchasers of the counterfeit goods.

4. At all relevant times, and for purposes of this indictment, the term “Counterfeit Cigarettes” refers to cigarettes bearing counterfeit marks and trademarks.

5. Contraband Cigarettes is a statutorily defined term which means a quantity in excess of 60,000 cigarettes (generally seven cases of cigarettes) which bear no evidence of the

payment of applicable state cigarette taxes in the state where such cigarettes are found, if such state requires a stamp, impression or other indication to be placed on packages or other containers of cigarettes to evidence payment of cigarette taxes. 18 U.S.C. § 2341(2).

6. States have the concurrent authority and jurisdiction to enact and enforce cigarette tax laws, to provide for the confiscation of cigarettes and other property seized for violations of such laws, and for the administration of such laws, including the imposition of cigarette tax rates. For example, from July 2003 through September 2004, the state cigarette tax on cigarettes sold in New Jersey was \$2.05 per package or \$20.50 per carton.

7. Most states, in order to evidence the payment of applicable state cigarette taxes in the state where such cigarettes are found, require a stamp, impression, or other indication to be placed on packages or other containers of cigarettes.

8. At all relevant times, the states discussed in this Indictment whose cigarette taxes were not paid, namely, New Jersey, New York, Illinois and California, imposed a state tax on cigarettes and required a state cigarette tax stamp on the cigarette packages.

9. The brand name cigarettes “Marlboro,” “Marlboro 100's,” “Marlboro Lights” and “Marlboro Lights 100's” are cigarettes manufactured in the United States by Phillip Morris USA. At all relevant times, the brand names “Marlboro,” “Marlboro 100's,” “Marlboro Lights” and “Marlboro Lights100's” were registered trademarks of Phillip Morris USA.

10. The brand name cigarettes “Newport,” and “Newport 100's” are cigarettes manufactured in Greensboro, North Carolina by the Lorillard Tobacco Company. At all relevant times, the brand names “Newport” and “Newport 100's” were Registered Trademarks of the Lorillard Licensing Company, LLC and the trademarks and the right to enforce the trademarks were assigned to the Lorillard Tobacco Company.

11. The brand name cigarettes “State Express 555” are cigarettes manufactured by the Ardath Tobacco Company, LTD, in England. At all relevant times, the brand name “State Express 555” was a Registered Trademark of the Ardath Tobacco Company, LTD, and the trademark for “State Express 555” was registered in the United States.

12. The brand name cigarettes “duMaurier Lights” and “Player’s Lights” are cigarettes manufactured in Canada by Imperial Tobacco Canada, Ltd. At all relevant times, the brand names “duMaurier Lights” and “Player’s Lights” were Registered Trademarks in Canada and the United States. In the United States, the trademark for “duMaurier Lights” was owned by Peter Jackson (overseas) Ltd. and the trademark for “Player’s Lights” was owned by Phillip Morris USA.

13. A “Duty” refers to, among other things, a tax on merchandise imported into the United States. For the years 2001 through 2004, the duty on imported merchandise, including cigarettes, was \$29.09 per kilogram. For example, a container bearing 42,300 cartons (846 cases) weighed approximately 14,362 kg and owed duties of approximately \$331,618 to the United States.

14. “Bill of Lading” refers to a document that a transportation company possesses, acknowledging that it has received goods, which temporarily serves as the title to the goods during the transport of the merchandise.

15. “Customs Broker” refers to the importer’s agent, licensed by the Bureau of Customs and Border Protection (“Customs”), to enter and clear goods through the United States border.

16. As used in this indictment, the term “container” is a reference to a large metal box approximately 40 feet in length used to transport bulk cargo on board ships as well as on tractor-

trailer trucks. It is capable of transporting a maximum of approximately 1,100 cases of cigarettes.

17. As used in this indictment, the term “Case” or “Master case” of cigarettes generally describes a case of Contraband Cigarettes which contains fifty (50) cartons of cigarettes; the term “Carton” of cigarettes describes a carton which contains ten (10) packages; the term “Package” of cigarettes describes a package which contains twenty (20) individual cigarettes. Therefore, one case of cigarettes typically contains 10,000 individual cigarettes. In some instances, a case of cigarettes may contain sixty (60) cartons of cigarettes or 12,000 individual cigarettes. Legitimate cases of cigarettes always contain sixty (60) cartons.

18. During all times material to this indictment, Pfizer, Inc. was an internationally known producer of prescription drugs and the manufacturer and distributor of the prescription drug Viagra. Pfizer, Inc. holds the patents on Sildenafil Citrate (the active ingredient in Viagra), the process and preparation of Viagra, the tablet design shape of Viagra, and the tablet design shape plus color of Viagra. In short, at all material times, Pfizer, Inc. was the only legal producer of Viagra, which Pfizer, Inc. makes at plants in France and Puerto Rico, among others. Pfizer, Inc. has never produced Viagra in China. The brand name “Viagra” is a Registered Trademark of Pfizer, Inc.

COUNT ONE

**(Conspiracy to Violate the Racketeer Influenced and
Corrupt Organizations Act (RICO))**

**D-1 CHENG MING HSU,
a/k/a "Bruce,"**
**D-2 CHANG SHAN LIU,
a/k/a "Charles Liu,"**
**D-3 MAY LIU,
a/k/a "May Chin"**
and
**D-4 CO KHANH TANG,
a/k/a "Keith"**

THE ENTERPRISE

1. The general allegations in the Introduction are hereby repeated and incorporated herein by reference.

2. At various times relevant to this Indictment, CHENG MING HSU, a/k/a "Bruce," CHANG SHAN LIU, a/k/a "Charles Liu" and MAY LIU, a/k/a "May Chin," CO KHANH TANG, a/k/a "Keith," defendants herein, Counterfeit Cigarette manufacturers in China, not named as defendants herein, and others both known and unknown to the Grand Jury, were members and associates of the "Hsu Enterprise," a criminal organization whose members and associates engaged in diverse criminal activities including, but not limited to, trafficking in goods bearing counterfeit marks, trafficking in counterfeit and contraband cigarettes and money laundering, and which operated in the District of New Jersey and the States of New York, Illinois, California and points in between, and the country of Canada and elsewhere.

3. The Hsu Enterprise, including its leadership, membership and associates, constituted an "enterprise," as defined by Title 18, United States Code, Section 1961(4) (hereinafter "the enterprise"), that is, a group of individuals associated in fact. The enterprise constituted an ongoing

organization whose members functioned as a continuing unit for a common purpose of achieving the objectives of the enterprise. The enterprise was bound together by a common heritage (Chinese), common languages (various dialects of Chinese) and a common purpose of generating large sums of cash through the conduct of the above listed criminal activities. This enterprise was engaged in, and its activities affected, interstate and foreign commerce.

Purposes of the Enterprise

4. The purposes of the enterprise included the following:

A. Enriching the members and associates of the Hsu Enterprise through, among other things, trafficking in goods bearing counterfeit marks, trafficking in counterfeit and contraband cigarettes and money laundering.

B. Promoting and enhancing the enterprise and its members' and associates' activities.

Roles of the Defendants

5. The defendants participated in the operation and management of the enterprise. The enterprise was structured in the following manner, and the defendants and other persons employed by and associated with the enterprise functioned in the following roles:

A. CHENG MING HSU was a high level organizer and leader of a multimillion dollar a year counterfeit and contraband cigarette trafficking organization that operated from at least as early as in or about November 1999 through and including the date of this Indictment. The counterfeit cigarettes, including counterfeit Marlboro and Newport brand cigarettes, were produced at factories in China by unknown cigarette manufacturers, not named as defendants herein, affiliated with CHENG MING HSU. CHENG MING HSU made

arrangements with the cigarette manufacturers to produce quantities of counterfeit cigarettes, insured that bribes were paid to customs officials in China and arranged for the shipment of the counterfeit cigarettes to the United States. The counterfeit cigarettes were imported into the United States through Port Newark, New Jersey in containers utilizing bills of lading, invoices and packing lists which falsely listed the contents of the containers as either crafts, wicker, bamboo or rattan products, plastic toys or other similar items. The enterprise also imported containers of counterfeit cigarettes through other ports, including the Port of Long Beach in California. Each shipment contained approximately 800-1100 cases of counterfeit cigarettes, which equates to approximately 8-11 million cigarettes per load. The enterprise also utilized undercover federal law enforcement special agents believed to be members of a separate criminal organization to assist in smuggling the containers into Port Newark, storing the counterfeit cigarettes and delivering the cigarettes to buyers at the direction of CHENG MING HSU and other members of the enterprise. CHENG MING HSU also negotiated with the buyers of the counterfeit and contraband cigarettes in the United States and Canada and directed the actions of lower level members of the conspiracy, including CHANG SHAN LIU, a/k/a "Charles Liu," his wife MAY LIU, a/k/a "May Chin," CO KHANH TANG, a/k/a "Keith," and others involved in the transportation, storage and delivery of counterfeit and contraband cigarettes, including Xiao Feng Wei, a/k/a "Chen Wen Juan," a/k/a "Mr. Chen," Shen Wen Chen, Chang Huo Jung, Hua You, a/k/a "Lee Fan Ming," a/k/a "Richard," a/k/a "Ah Keung," Tie Hua Chen, Tat Chui Wong, a/k/a "Sunny," Ka Ho Stanley Au, Nhi Lam Wiget, a/k/a "Kwai Ping Tse," a/k/a "Nicky Wong," Yang Guang Lu,

a/k/a “Eddie Lu,” a/k/a “Lu Guang Yang,” a/k/a “Eric Ho,” a/k/a “Yang Lu,” a/k/a “Mike” and Ching Yu Guo, a/k/a “Michael Guo,” co-defendants not charged in Count One.

B. CHANG SHAN LIU and his wife MAY LIU were intermediaries or “brokers” for CHENG MING HSU who made arrangements with undercover law enforcement agents believed to be members of a separate criminal organization to import, store, transport and deliver counterfeit and contraband cigarettes to other members of the enterprise. CHANG SHAN LIU and MAY LIU forwarded fraudulent shipping documents to the undercover agents, met often to coordinate deliveries and paid and caused the payment of between approximately \$50,000 to \$70,000 to undercover law enforcement agents for each container smuggled into Port Newark. CHANG SHAN LIU and MAY LIU also negotiated with buyers and collected proceeds from the trafficking of counterfeit and contraband cigarettes, some of which was given to undercover law enforcement agents to launder through undercover bank accounts for the benefit of CHENG MING HSU.

C. CO KHANH TANG worked as a distributor of counterfeit and contraband cigarettes for CHENG MING HSU. CO KHANH TANG was responsible for the transportation, storage, and distribution of certain loads of counterfeit and contraband cigarettes delivered to locations by undercover agents. CO KHANH TANG supervised other members of the enterprise, including Hua You, Tie Hua Chen, Nhi Lam Wiget, Yang Guang Lu and Ching Yu Guo, who were responsible for renting vehicles and storage facilities used in the transportation, storage and distribution of the counterfeit and contraband cigarettes and loading and

unloading the cigarettes upon delivery to a particular location. Tat Chui Wong and other co-conspirators presently unknown to the Grand Jury also worked as distributors and transporters for CHENG MING HSU and supervised other members of the enterprise, including Xiao Feng Wei, Shen Wen Chen, Chang Huo Jung and Ka Ho Stanley Au, who were involved in the delivery, transportation and storage of counterfeit and contraband cigarettes. The enterprise employed drivers and undercover law enforcement agents posing as members of a separate criminal organization to transport the counterfeit and contraband cigarettes from an undercover warehouse in New Jersey to locations in New Jersey, New York, Illinois, California and Canada where CO KHANH TANG, Tat Chui Wong and other members of the enterprise took possession of the cigarettes. Among other places, the cigarettes were transported and delivered to warehouses, public storage facilities and parking areas where other trucks, usually rental vehicles, took the cigarettes and delivered them to unknown locations. CHENG MING HSU maintained a warehouse in City of Industry, California where counterfeit and contraband cigarettes were delivered and stored.

D. The buyers of the counterfeit and contraband cigarettes, being persons employed by and associated with the enterprise, and known and unknown to the Grand Jury but not named as defendants herein, would then re-distribute the cigarettes within the States of New Jersey, New York (including New York City), Illinois, California and Canada, providing substantial cash profits to the enterprise. Certain buyers maintained a warehouse in Franklin Park, Illinois to store and facilitate the distribution of counterfeit and contraband cigarettes.

E. The transactions involving counterfeit and contraband cigarettes were usually paid for in cash. CHENG MING HSU, CHANG SHAN LIU and MAY LIU received large amounts of cash from buyers in payment for the counterfeit and contraband cigarettes. Some of these proceeds were provided to a co-conspirator not named as a defendant herein and undercover law enforcement agents to “launder” through bank accounts, companies and other means to conceal and disguise the nature, location, origin and source of the money and to avoid transaction reporting requirements, for the benefit of CHENG MING HSU. Once the laundered funds were received, CHENG MING HSU would wire transfer the funds to overseas bank accounts in the names of other individuals which were maintained and controlled by CHENG MING HSU. Other proceeds were provided to undercover law enforcement agents by CHENG MING HSU, CHANG SHAN LIU and MAY LIU and others known to the Grand Jury, as payment for the smuggling of containers and to promote the scheme.

F. The criminal enterprise sought to expand its avenues for making illegal profits by trafficking and attempting to traffic in other counterfeit goods, including designer handbags, wallets and wristwatches and the prescription drug Viagra. CHENG MING HSU and CHANG SHAN LIU provided samples of some of the available counterfeit goods mentioned above to undercover law enforcement agents. CHENG MING HSU and CHANG SHAN LIU arranged for a shipment of counterfeit Viagra to be included in a shipment of counterfeit cigarettes imported into the United States from China.

THE RACKETEERING CONSPIRACY

6. From approximately in or about November 1999 and continuing through the date of this Indictment, in the District of New Jersey and elsewhere,

**CHENG MING HSU,
CHANG SHAN LIU,
MAY LIU
and
CO KHANH TANG**

and others both known and unknown to the Grand Jury, being persons employed by and associated with the enterprise described above, which enterprise was engaged in, and the activities of which affected interstate and foreign commerce, did knowingly and intentionally conspire and agree with each other and with other persons known and unknown to the Grand Jury, to violate Title 18, United States Code, Section 1962(c), that is, to conduct and participate, directly and indirectly, in the conduct of the affairs of the enterprise through a pattern of racketeering activity.

Pattern of Racketeering Activity

7. The pattern of racketeering activity, as defined by Title 18, United States Code, Section 1961(1) and 1961(5) through which the defendants, CHENG MING HSU, CHANG SHAN LIU, MAY LIU and CO KHANH TANG did combine, conspire and agree with each other and others to conduct and participate in the conduct of the affairs of the enterprise consisted of acts involving (1) trafficking in goods bearing counterfeit marks, in violation of Title 18, United States Code, Section 2320; (2) trafficking in contraband cigarettes, in violation of Title 18, United States Code, Section 2342; (3) money laundering, in violation of Title 18, United States Code, Section 1956; and (4) engaging in monetary transactions in criminally derived property, in violation of Title 18, United States Code, Sections 1957, which acts are set forth more particularly below in Racketeering Acts 1 through 20.

8. It was part of the conspiracy that each defendant agreed that at least two acts of racketeering activity would be committed by a conspirator in the conduct of the affairs of the enterprise. The pattern of racketeering activity consisted of the following acts:

Racketeering Act # 1

The defendants named below committed the following acts, any one of which alone constitutes the commission of Racketeering Act #1:

Racketeering Act # 1(a) - (Trafficking in Goods Bearing Counterfeit Marks)

[relates to Count 13]

9. Between on or about December 16, 2001 and on or about January 11, 2002, in the District of New Jersey and elsewhere, CHENG MING HSU, CHANG SHAN LIU and MAY LIU did intentionally traffic, attempt to traffic and cause the trafficking in goods, namely approximately 846 cases of cigarettes (shipment 1), and did knowingly use and cause the use of a counterfeit mark on and in connection with such goods, that is, the brand name “Marlboro,” which counterfeit mark was identical with and substantially indistinguishable from genuine marks in use and duly registered for those goods on the principal register in the United States Patent and Trademark Office, and the use of which mark was likely to cause confusion, to cause mistake and to deceive, in violation of Title 18, United States Code, Sections 2320(a) and 2.

Racketeering Act # 1(b) - (Trafficking in Contraband Cigarettes) [relates to Count 23]

10. On or about January 8, 2002, in the District of New Jersey, the Eastern District of New York and elsewhere, CHENG MING HSU, CHANG SHAN LIU and MAY LIU did knowingly and unlawfully ship, transport, receive, possess, sell and distribute and cause the shipment, transportation, receipt, possession, sale and distribution, of contraband cigarettes, as that term is defined in Title 18, United States Code, Section 2341(2), specifically, approximately 350 cases of

cigarettes from shipment 1 which bore no evidence of the payment of applicable state cigarette taxes for the state of New York, in violation of Title 18, United States Code, Sections 2342(a) and 2.

Racketeering Act # 1(c) - (Trafficking in Contraband Cigarettes) [relates to Count 24]

11. On or about January 11, 2002, in the District of New Jersey, the Eastern District of New York and elsewhere, CHENG MING HSU, CHANG SHAN LIU and MAY LIU did knowingly and unlawfully ship, transport, receive, possess, sell and distribute, and cause the shipment, transportation, receipt, possession, sale and distribution, of contraband cigarettes, as that term is defined in Title 18, United States Code, Section 2341(2), specifically, approximately 495 cases of cigarettes from shipment 1 which bore no evidence of the payment of applicable state cigarette taxes for the state of New York, in violation of Title 18, United States Code, Sections 2342(a) and 2.

Racketeering Act #2

The defendants named below committed the following acts, any one of which alone constitutes the commission of Racketeering Act #2:

Racketeering Act #2(a) (Monetary Transaction in Criminally Derived Property) [relates to Count 55]

12. On or about January 18, 2002, in the District of New Jersey and elsewhere, CHANG SHAN LIU and MAY LIU did knowingly engage and attempt to engage in a monetary transaction by, through and to a financial institution, affecting interstate or foreign commerce, in criminally derived property of a value greater than \$10,000, that is, the transfer of funds in the approximate amount of \$14,000, such property having been derived from a specified unlawful activity, that is, trafficking in contraband cigarettes contrary to Title 18, United States Code, Section 2342, in violation of Title 18, United States Codes, Sections 1957 and 2.

Racketeering Act #2(b) (Monetary Transaction in Criminally Derived Property) [relates to Count 56]

13. On or about January 18, 2002, in the District of New Jersey and elsewhere, CHANG SHAN LIU and MAY LIU did knowingly engage and attempt to engage in a monetary transaction by, through and to a financial institution, affecting interstate or foreign commerce, in criminally derived property of a value greater than \$10,000, that is, the transfer of funds in the approximate amount of \$20,000, such property having been derived from a specified unlawful activity, that is, trafficking in contraband cigarettes contrary to Title 18, United States Code, Section 2342, in violation of Title 18, United States Codes, Sections 1957 and 2.

Racketeering Act # 3

The defendants named below committed the following acts, either one of which alone constitutes the commission of Racketeering Act #3:

Racketeering Act # 3(a) - (Trafficking in Goods Bearing Counterfeit Marks)

[relates to Count 14]

14. Between on or about July 17, 2002 and on or about August 7, 2002, in the District of New Jersey and elsewhere, CHENG MING HSU, CHANG SHAN LIU and MAY LIU did intentionally traffic and attempt to traffic and cause the trafficking in goods, namely approximately 864 cases of cigarettes (shipment 2), and did knowingly use and cause the use of counterfeit marks on and in connection with such goods, that is, the brand names “Marlboro” and “Marlboro Lights” which counterfeit marks were identical with and substantially indistinguishable from genuine marks in use and duly registered for those goods on the principal register in the United States Patent and Trademark Office, and the use of which marks was likely to cause confusion, to cause mistake, and to deceive, in violation of Title 18, United States Code, Sections 2320(a) and 2.

Racketeering Act #3(b) - (Trafficking in Contraband Cigarettes) [relates to Count 25]

15. On or about August 7, 2002, in the District of New Jersey, the Central District of California and elsewhere, CHENG MING HSU, CHANG SHAN LIU and MAY LIU did knowingly and unlawfully ship, transport, receive, possess, sell and distribute, and cause the shipment, transportation, receipt, possession, sale and distribution, of contraband cigarettes, as that term is defined in Title 18, United States Code, Section 2341(2), specifically, approximately 864 cases of cigarettes from shipment 2 which bore no evidence of the payment of applicable state cigarette taxes for the state of California, in violation of Title 18, United States Code, Sections 2342(a) and 2.

Racketeering Act #4

The defendants named below committed the following acts, either one of which alone constitutes the commission of Racketeering Act #4:

Racketeering Act #4(a) - (Trafficking in Goods Bearing Counterfeit Marks)

[relates to Count 15]

16. Between on or about October 23, 2002 and November 7, 2002, in the District of New Jersey and elsewhere, CHENG MING HSU, CHANG SHAN LIU and MAY LIU did intentionally traffic and attempt to traffic and cause the trafficking in goods, namely approximately 1,050 cases of cigarettes (shipment 3), and did knowingly use and cause the use of a counterfeit mark on and in connection with such goods, that is, the brand name “Marlboro” which counterfeit mark was identical with and substantially indistinguishable from genuine marks in use and duly registered for those goods on the principal register in the United States Patent and Trademark Office, and the use of which mark was likely to cause confusion, to cause mistake, and to deceive, in violation of Title 18, United States Code, Sections 2320(a) and 2.

Racketeering Act #4(b) - (Trafficking in Contraband Cigarettes) [relates to Count 26]

17. On or about November 7, 2002, in the District of New Jersey, the Central District of California and elsewhere, CHENG MING HSU, CHANG SHAN LIU and MAY LIU did knowingly and unlawfully ship, transport, receive, possess, sell and distribute, and cause the shipment, transportation, receipt, possession, sale and distribution, of contraband cigarettes, as that term is defined in Title 18, United States Code, Section 2341(2), specifically, approximately 1,050 cases of cigarettes from shipment 3 which bore no evidence of the payment of applicable state cigarette taxes for the state of California, in violation of Title 18, United States Code, Sections 2342(a) and 2.

Racketeering Act #5 - (Monetary Transaction in Criminally Derived Property) [relates to Count 57]

18. On or about November 14, 2002, in the District of New Jersey and elsewhere, CHENG MING HSU, CHANG SHAN LIU and MAY LIU did knowingly engage and attempt to engage in a monetary transaction by, through and to a financial institution, affecting interstate or foreign commerce, in criminally derived property of a value greater than \$10,000, that is, the transfer of funds in the approximate amount of \$55,000, such property having been derived from a specified unlawful activity, that is, trafficking in contraband cigarettes contrary to Title 18, United States Code, Section 2342, in violation of Title 18, United States Codes, Sections 1957 and 2.

Racketeering Act #6

The defendants named below committed the following acts, any one of which alone constitutes the commission of Racketeering Act #6:

Racketeering Act #6(a) - (Trafficking in Goods Bearing Counterfeit Marks)

[relates to Count 16]

19. Between on or about November 27, 2002 and on or about April 1, 2003, in the

District of New Jersey and elsewhere, CHENG MING HSU, CHANG SHAN LIU, MAY LIU and COKHANH TANG did intentionally traffic and attempt to traffic and cause the trafficking in goods, namely approximately 2,129 cases of cigarettes (shipments 4 and 5), and did knowingly use and cause the use of counterfeit marks on and in connection with such goods, that is, the brand names “Marlboro” and “Marlboro Lights” which counterfeit marks were identical with and substantially indistinguishable from genuine marks in use and duly registered for those goods on the principal register in the United States Patent and Trademark Office, and the use of which marks was likely to cause confusion, to cause mistake, and to deceive, in violation of Title 18, United States Code, Sections 2320(a) and 2.

Racketeering Act #6(b) - (Trafficking in Contraband Cigarettes) [relates to Count 27]

20. On or about December 12, 2002, in the District of New Jersey, the Eastern District of New York and elsewhere, CHENG MING HSU, CHANG SHAN LIU and MAY LIU did knowingly and unlawfully ship, transport, receive, possess, sell and distribute, and cause the shipment, transportation, receipt, possession, sale and distribution, of contraband cigarettes, as that term is defined in Title 18, United States Code, Section 2341(2), specifically, approximately 100 cases of cigarettes from shipments 4 and 5 which bore no evidence of the payment of applicable state cigarette taxes for the state of New York, in violation of Title 18, United States Code, Sections 2342(a) and 2.

Racketeering Act #6(c) - (Trafficking in Contraband Cigarettes) [relates to Count 28]

21. On or about January 29, 2003, in the District of New Jersey and elsewhere, CHEN MING HSU, CHANG SHAN LIU and MAY LIU did knowingly and unlawfully ship, transport, receive, possess, sell and distribute, and cause the shipment, transportation, receipt, possession, sale and distribution, of contraband cigarettes, as that term is defined in Title 18, United States Code,

Section 2341(2), specifically, approximately 100 cases of cigarettes from shipments 4 and 5 which bore no evidence of the payment of applicable state cigarette taxes for the state of New Jersey, in violation of Title 18, United States Code, Sections 2342(a) and 2.

Racketeering Act #6(d) - (Trafficking in Contraband Cigarettes) [relates to Count 29]

22. On or about February 11, 2003, in the District of New Jersey, the Northern District of Illinois and elsewhere, CHENG MING HSU, CHANG SHAN LIU and MAY LIU did knowingly and unlawfully ship, transport, receive, possess, sell and distribute, and cause the shipment, transportation, receipt, possession, sale and distribution, of contraband cigarettes, as that term is defined in Title 18, United States Code, Section 2341(2), specifically, approximately 100 cases of cigarettes from shipments 4 and 5 which bore no evidence of the payment of applicable state cigarette taxes for the state of Illinois, in violation of Title 18, United States Code, Sections 2342(a) and 2.

Racketeering Act #6(e) - (Trafficking in Contraband Cigarettes) [relates to Count 30]

23. On or about February 19, 2003, in the District of New Jersey and elsewhere, CHENG MING HSU, CHANG SHAN LIU and MAY LIU did knowingly and unlawfully ship, transport, receive, possess, sell and distribute, and cause the shipment, transportation, receipt, possession, sale and distribution, of contraband cigarettes, as that term is defined in Title 18, United States Code, Section 2341(2), specifically, approximately 200 cases of cigarettes from shipments 4 and 5 which bore no evidence of the payment of applicable state cigarette taxes for the state of New Jersey, in violation of Title 18, United States Code, Sections 2342(a) and 2.

Racketeering Act #6(f) - (Trafficking in Contraband Cigarettes) [relates to Count 31]

24. On or about February 26, 2003, in the District of New Jersey and elsewhere, CHENG MING HSU, CHANG SHAN LIU, MAY LIU and CO KHANH TANG did knowingly and

unlawfully ship, transport, receive, possess, sell and distribute, and cause the shipment, transportation, receipt, possession, sale and distribution, of contraband cigarettes, as that term is defined in Title 18, United States Code, Section 2341(2), specifically, approximately 300 cases of cigarettes from shipments 4 and 5 which bore no evidence of the payment of applicable state cigarette taxes for the state of New Jersey, in violation of Title 18, United States Code, Sections 2342(a) and 2.

Racketeering Act #6(g) - (Trafficking in Contraband Cigarettes) [relates to Count 32]

25. On or about March 7, 2003, in the District of New Jersey, the Northern District of Illinois and elsewhere, CHENG MING HSU, CHANG SHAN LIU and MAY LIU did knowingly and unlawfully ship, transport, receive, possess, sell and distribute, and cause the shipment, transportation, receipt, possession, sale and distribution, of contraband cigarettes, as that term is defined in Title 18, United States Code, Section 2341(2), specifically, approximately 225 cases of cigarettes from shipments 4 and 5 which bore no evidence of the payment of applicable state cigarette taxes for the state of Illinois, in violation of Title 18, United States Code, Sections 2342(a) and 2.

Racketeering Act #6(h) - (Trafficking in Contraband Cigarettes) [relates to Count 33]

26. On or about March 18, 2003, in the District of New Jersey, the Northern District of Illinois and elsewhere, CHENG MING HSU, CHANG SHAN LIU and MAY LIU did knowingly and unlawfully ship, transport, receive, possess, sell and distribute, and cause the shipment, transportation, receipt, possession, sale and distribution, of contraband cigarettes, as that term is defined in Title 18, United States Code, Section 2341(2), specifically, approximately 200 cases of cigarettes from shipments 4 and 5 which bore no evidence of the payment of applicable state cigarette taxes for the state of Illinois, in violation of Title 18, United States Code, Sections 2342(a)

and 2.

Racketeering Act #6(i) - (Trafficking in Contraband Cigarettes) [relates to Count 34]

27. On or about March 27, 2003, in the District of New Jersey, the Northern District of Illinois and elsewhere, CHENG MING HSU, CHANG SHAN LIU and MAY LIU did knowingly and unlawfully ship, transport, receive, possess, sell and distribute, and cause the shipment, transportation, receipt, possession, sale and distribution, of contraband cigarettes, as that term is defined in Title 18, United States Code, Section 2341(2), specifically, approximately 100 cases of cigarettes from shipments 4 and 5 which bore no evidence of the payment of applicable state cigarette taxes for the state of Illinois, in violation of Title 18, United States Code, Sections 2342(a) and 2.

Racketeering Act #6(j) - (Trafficking in Contraband Cigarettes) [relates to Count 35]

28. On or about April 1, 2003, in the District of New Jersey, the Central District of California and elsewhere, CHENG MING HSU, CHANG SHAN LIU, MAY LIU and CO KHANH TANG did knowingly and unlawfully ship, transport, receive, possess, sell and distribute, and cause the shipment, transportation, receipt, possession, sale and distribution, of contraband cigarettes, as that term is defined in Title 18, United States Code, Section 2341(2), specifically, approximately 807 cases of cigarettes from shipments 4 and 5 which bore no evidence of the payment of applicable state cigarette taxes for the state of California, in violation of Title 18, United States Code, Sections 2342(a) and 2.

Racketeering Act # 7

The defendants named below committed the following acts, either one of which alone constitutes the commission of Racketeering Act #7:

Racketeering Act #7(a) - (Laundering Monetary Instruments) [relates to Count 44]

29. On or about February 20, 2003 through on or about February 21, 2003, in the District of New Jersey and elsewhere, CHENG MING HSU, CHANG SHAN LIU and MAY LIU knowing that the property involved in the financial transaction represented the proceeds of some form of unlawful activity, and knowing that the transaction was designed in whole or in part: (1) to conceal and disguise the nature, location, source, ownership, and control of the proceeds of specified unlawful activity and (2) to avoid a transaction reporting requirement under Federal law, did knowingly and willfully conduct, attempt to conduct and cause the conducting of a financial transaction affecting interstate and foreign commerce, specifically the transfer, delivery, and other disposition of approximately \$50,000 in United States currency, involving the proceeds of specified unlawful activity, namely trafficking in contraband cigarettes contrary to Title 18, United States Code, Section 2342, in violation of Title 18, United States Code, Sections 1956(a)(1) and 2.

Racketeering Act #7(b) - (Laundering Monetary Instruments) [relates to Count 50]

30. On or about February 21, 2003, in the District of New Jersey and elsewhere, CHENG MING HSU, CHANG SHAN LIU and MAY LIU, knowing that the funds involved in the transmission represented the proceeds of some form of unlawful activity, namely trafficking in contraband cigarettes contrary to Title 18, United States Code, Section 2342, and knowing that such transmission was designed in whole or in part to conceal and disguise the nature, location, source, ownership, and the control of the proceeds of specified unlawful activity, namely trafficking in contraband cigarettes, did knowingly and willfully transmit and transfer, cause to be transmitted and transferred, and attempt to transmit and transfer funds, that is, approximately \$50,000 in United States currency, from a place in the United States to a place outside the United States, that is, Taiwan, in violation of Title 18, United States Code, Sections 1956(a)(2) and 2.

Racketeering Act #8

The defendants named below committed the following acts, either one of which alone constitutes the commission of Racketeering Act #8:

Racketeering Act #8(a) - (Laundering Monetary Instruments) [relates to Count 45]

31. On or about February 27, 2003 through on or about March 3, 2003, in the District of New Jersey and elsewhere, CHENG MING HSU and CHANG SHAN LIU, knowing that the property involved in the financial transaction represented the proceeds of some form of unlawful activity, and knowing that the transaction was designed in whole or in part: (1) to conceal and disguise the nature, location, source, ownership, and control of the proceeds of specified unlawful activity and (2) to avoid a transaction reporting requirement under Federal law, did conduct, attempt to conduct and cause the conducting of a financial transaction affecting interstate and foreign commerce, specifically the transfer, delivery, and other disposition of approximately \$20,000 in United States currency, involving the proceeds of specified unlawful activity, namely trafficking in contraband cigarettes contrary to Title 18, United States Code, Section 2342, in violation of Title 18, United States Code, Sections 1956(a)(1) and 2.

Racketeering Act #8(b) - (Laundering Monetary Instruments) [relates to Count 51]

32. On or about March 3, 2003, in the District of New Jersey and elsewhere, CHEN MING HSU and CHANG SHAN LIU, knowing that the funds involved in the transmission represented the proceeds of some form of unlawful activity, and knowing that such transmission was designed in whole or in part to conceal and disguise the nature, location, source, ownership, and control of the proceeds of specified unlawful activity, namely trafficking in contraband cigarettes contrary to Title 18, United States Code, Section 2342, did knowingly and willfully transmit and transfer, cause to be transmitted and transferred, and attempt to transmit and transfer funds, that is, approximately \$20,000 in United States currency, from a place in the United States to a place

outside the United States, that is, Hong Kong, China, in violation of Title 18, United States Code, Sections 1956(a)(2) and 2.

Racketeering Act #9 - (Laundering Monetary Instruments) [relates to Count 46]

33. On or about April 1, 2003 through on or about April 18, 2003, in the District of New Jersey, the Northern District of Illinois, the District of Delaware, the Central District of California and elsewhere, CHENG MING HSU, CHANG SHAN LIU and MAY LIU knowing that the property involved in the financial transaction represented the proceeds of some form of unlawful activity, and knowing that the transaction was designed in whole or in part: (1) to conceal and disguise the nature, location, source, ownership, and control of the proceeds of specified unlawful activity and (2) to avoid a transaction reporting requirement under Federal law, did knowingly and willfully conduct, attempt to conduct and cause the conducting of a financial transaction affecting interstate and foreign commerce, specifically the transfer, delivery, and other disposition of approximately \$57,600 in United States currency, involving the proceeds of specified unlawful activity, namely trafficking in contraband cigarettes contrary to Title 18, United States Code, Section 2342, in violation of Title 18, United States Code, Sections 1956(a)(1) and 2.

Racketeering Act #10 - (Laundering Monetary Instruments) [relates to Count 47]

34. On or about April 19, 2003, in the Northern District of Illinois, the Central District of California and elsewhere, CHENG MING HSU and CHANG SHAN LIU, knowing that the property involved in the financial transaction represented the proceeds of some form of unlawful activity, and knowing that the transaction was designed in whole or in part: (1) to conceal and disguise the nature, location, source, ownership, and control of the proceeds of specified unlawful activity and (2) to avoid a transaction reporting requirement under Federal law, did knowingly and willfully conduct, attempt to conduct and cause the conducting of a financial transaction affecting

interstate and foreign commerce, specifically the transfer, delivery, and other disposition of approximately \$70,000 in United States currency, involving the proceeds of specified unlawful activity, namely trafficking in contraband cigarettes contrary to Title 18, United States Code, Section 2342, in violation of Title 18, United States Code, Section 1956(a)(1) and 2.

Racketeering Act #11 - (Laundering Monetary Instruments) [relates to Count 52]

35. On or about April 22, 2003, in the Central District of California and elsewhere, CHEN MING HSU, knowing that the funds involved in the transmission represented the proceeds of some form of unlawful activity, and knowing that such transmission was designed in whole or in part to conceal and disguise the nature, location, source, ownership, and control of the proceeds of specified unlawful activity, namely trafficking in contraband cigarettes contrary to Title 18, United States Code, Section 2342, did knowingly and willfully transmit and transfer, cause to be transmitted and transferred, and attempt to transmit and transfer funds, that is, approximately \$107,600 in United States currency, from a place in the United States to a place outside the United States, that is, Hong Kong, China, in violation of Title 18, United States Code, Sections 1956(a)(2) and 2.

Racketeering Act #12 - (Laundering Monetary Instruments) [relates to Count 48]

36. On or about May 15, 2003, in the Northern District of Illinois, the Central District of California and elsewhere, CHENG MING HSU and CHANG SHAN LIU, knowing that the property involved in the financial transaction represented the proceeds of some form of unlawful activity, and knowing that the transaction was designed in whole or in part: (1) to conceal and disguise the nature, location, source, ownership, and control of the proceeds of specified unlawful activity and (2) to avoid a transaction reporting requirement under Federal law, did knowingly and

willfully conduct and attempt to conduct a financial transaction affecting interstate and foreign commerce, specifically the transfer, delivery, and other disposition of approximately \$47,000 in United States currency, involving the proceeds of specified unlawful activity, namely trafficking in contraband cigarettes contrary to Title 18, United States Code, Section 2342, in violation of Title 18, United States Code, Section 1956(a)(1) and 2.

Racketeering Act #13 - (Laundering Monetary Instruments) [relates to Count 53]

37. On or about May 20, 2003 in the Central District of California and elsewhere, CHENG MING HSU, knowing that the funds involved in the transmission represented the proceeds of some form of unlawful activity, and knowing that such transmission was designed in whole or in part to conceal and disguise the nature, location, source, ownership, and control of the proceeds of specified unlawful activity, namely trafficking in contraband cigarettes contrary to Title 18, United States Code, Section 2342, did knowingly and willfully transmit and transfer, cause to be transmitted and transferred, and attempt to transmit and transfer funds, that is, approximately \$17,000 in United States currency, from a place in the United States to a place outside the United States, that is, Hong Kong, China, in violation of Title 18, United States Code, Sections 1956(a)(2) and 2.

Racketeering Act #14

The defendants named below committed the following acts, any one of which alone constitutes the commission of Racketeering Act #14:

Racketeering Act #14(a) - (Trafficking in Goods Bearing Counterfeit Marks)

[relates to Count 17]

38. Between on or about May 15, 2003 and June 24, 2003, in the District of New Jersey and elsewhere, CHENG MING HSU, CHANG SHAN LIU and MAY LIU did intentionally

traffic and attempt to traffic and cause the trafficking in goods, namely approximately 841 cases of cigarettes (shipment 6), and did knowingly use and cause the use of counterfeit marks on and in connection with such goods, that is, the brand names “Marlboro,” “Marlboro Lights 100's” and “Newport 100's," which counterfeit marks were identical with and substantially indistinguishable from genuine marks in use and duly registered for those goods on the principal register in the United States Patent and Trademark Office, and the use of which marks was likely to cause confusion, to cause mistake, and to deceive, in violation of Title 18, United States Code, Sections 2320(a) and 2.

Racketeering Act #14(b) - (Trafficking in Goods Bearing Counterfeit Marks)

[relates to Count 18]

39. On or about May 15, 2003, in the District of New Jersey and elsewhere, CHENG MING HSU, CHANG SHAN LIU and MAY LIU did intentionally traffic, attempt to traffic and cause the trafficking in goods, namely approximately 8,000 Viagra pills (part of shipment 6), and did knowingly use and cause the use of a counterfeit mark on and in connection with such goods, that is, the brand name “Viagra” which counterfeit mark was identical with and substantially indistinguishable from genuine marks in use and duly registered for those goods on the principal register in the United States Patent and Trademark Office, and the use of which mark was likely to cause confusion, to cause mistake, and to deceive, in violation of Title 18, United States Code, Sections 2320(a) and 2.

Racketeering Act #14(c) - (Trafficking in Contraband Cigarettes) [relates to Count 37]

40. On or about June 24, 2003, in the District of New Jersey, the Central District of California and elsewhere, CHENG MING HSU, CHANG SHAN LIU and MAY LIU did knowingly and unlawfully ship, transport, receive, possess, sell and distribute, and cause the shipment,

transportation, receipt, possession, sale and distribution, of contraband cigarettes, as that term is defined in Title 18, United States Code, Section 2341(2), specifically, approximately 839 cases of cigarettes from shipment 6 which bore no evidence of the payment of applicable state cigarette taxes for the state of California, in violation of Title 18, United States Code, Sections 2342(a) and 2.

Racketeering Act #15

The defendants named below committed the following acts, either one of which alone constitutes the commission of Racketeering Act #15:

Racketeering Act #15(a) - (Trafficking in Goods Bearing Counterfeit Marks)

[relates to Count 19]

41. Between on or about June 3, 2003 and on or about June 17, 2003, in the District of New Jersey and elsewhere, CHENG MING HSU, CHANG SHAN LIU and MAY LIU did intentionally traffic, attempt to traffic and cause the trafficking in goods, namely approximately 898 cases of cigarettes (shipment 7), and did knowingly use and cause the use of counterfeit marks on and in connection with such goods, that is, the brand names "Marlboro Lights" and "Newport," which counterfeit marks were identical with and substantially indistinguishable from genuine marks in use and duly registered for those goods on the principal register in the United States Patent and Trademark Office, and the use of which marks was likely to cause confusion, to cause mistake, and to deceive, in violation of Title 18, United States Code, Sections 2320(a) and 2.

Racketeering Act #15(b) - (Trafficking in Contraband Cigarettes) [relates to Count 36]

42. On or about June 17, 2003, in the District of New Jersey, the Northern District of Illinois and elsewhere, CHENG MING HSU, CHANG SHAN LIU and MAY LIU did knowingly and unlawfully ship, transport, receive, possess, sell and distribute, and cause the shipment, transportation, receipt, possession, sale and distribution, of contraband cigarettes, as that term is

defined in Title 18, United States Code, Section 2341(2), specifically, approximately 898 cases of cigarettes from shipment 7 which bore no evidence of the payment of applicable state cigarette taxes for the state of California, in violation of Title 18, United States Code, Sections 2342(a) and 2.

Racketeering Act # 16

The defendants named below committed the following acts, either one of which alone constitutes the commission of Racketeering Act #16:

Racketeering Act #16(a) - (Laundering Monetary Instruments) [relates to Count 49]

43. On or about June 22, 2003 through on or about July 3, 2003, in the District of New Jersey, the Northern District of Chicago and elsewhere, CHENG MING HSU, CHANG SHAN LIU and MAY LIU knowing that the property involved in the financial transaction represented the proceeds of some form of unlawful activity, and knowing that the transaction was designed in whole or in part: (1) to conceal and disguise the nature, location, source, ownership, and control of the proceeds of specified unlawful activity and (2) to avoid a transaction reporting requirement under Federal law, did conduct, attempt to conduct and cause the conducting of a financial transaction affecting interstate and foreign commerce, specifically the transfer, delivery, and other disposition of approximately \$55,300 in United States currency, involving the proceeds of specified unlawful activity, namely trafficking in contraband cigarettes contrary to Title 18, United States Code, Section 2342, in violation of Title 18, United States Code, Sections 1956(a)(1) and 2.

Racketeering Act #16(b) - (Laundering Monetary Instruments) [relates to Count 54]

44. On or about July 3, 2003, in the District of New Jersey and elsewhere, CHEN MING HSU, CHANG SHAN LIU and MAY LIU, knowing that the funds involved in the transmission represented the proceeds of some form of unlawful activity, and knowing that such transmission was designed in whole or in part to conceal and disguise the nature, location, source,

ownership, and control of the proceeds of specified unlawful activity, namely trafficking in contraband cigarettes contrary to Title 18, United States Code, Section 2342, did knowingly and willfully transmit and transfer, cause to be transmitted and transferred, and attempt to transmit and transfer funds, that is, approximately \$55,300 in United States currency, from a place in the United States to a place outside the United States, that is, China, in violation of Title 18, United States Code, Sections 1956(a)(2) and 2.

Racketeering Act #17

The defendants named below committed the following acts, any one of which alone constitutes the commission of Racketeering Act #17:

Racketeering Act #17(a) - (Trafficking in Goods Bearing Counterfeit Marks)

[relates to Count 20]

45. Between on or about July 28, 2003 and on or about August 27, 2003, in the District of New Jersey and elsewhere, CHENG MING HSU, CHANG SHAN LIU, MAY LIU and CO KHANH TANG did intentionally traffic, attempt to traffic and cause the trafficking in goods, namely approximately 884 cases of cigarettes (shipment 8), and did knowingly use and cause the use of a counterfeit mark on and in connection with such goods, that is, the brand name "Newport 100," which counterfeit mark was identical with and substantially indistinguishable from genuine marks in use and duly registered for those goods on the principal register in the United States Patent and Trademark Office, and the use of which mark was likely to cause confusion, to cause mistake, and to deceive, in violation of Title 18, United States Code, Sections 2320(a) and 2.

Racketeering Act #17(b) - (Trafficking in Contraband Cigarettes) [relates to Count 38]

46. On or about August 26, 2003, in the District of New Jersey and elsewhere, CHEN MING HSU, CHANG SHAN LIU, MAY LIU and CO KHANH TANG did knowingly and

unlawfully ship, transport, receive, possess, sell and distribute, and cause the shipment, transportation, receipt, possession, sale and distribution, of contraband cigarettes, as that term is defined in Title 18, United States Code, Section 2341(2), specifically, approximately 250 cases of cigarettes from shipment 8 which bore no evidence of the payment of applicable state cigarette taxes for the state of New Jersey, in violation of Title 18, United States Code, Sections 2342(a) and 2.

Racketeering Act #17(c) - (Trafficking in Contraband Cigarettes) [relates to Count 39]

47. On or about August 27, 2003, in the District of New Jersey and elsewhere, CHEN MING HSU, CHANG SHAN LIU, MAY LIU and CO KHANH TANG did knowingly and unlawfully ship, transport, receive, possess, sell and distribute, and cause the shipment, transportation, receipt, possession, sale and distribution, of contraband cigarettes, as that term is defined in Title 18, United States Code, Section 2341(2), specifically, approximately 634 cases of cigarettes from shipment 8 which bore no evidence of the payment of applicable state cigarette taxes for the state of New Jersey, in violation of Title 18, United States Code, Sections 2342(a) and 2.

Racketeering Act #18

The defendants named below committed the following acts, any one of which alone constitutes the commission of Racketeering Act #18:

Racketeering Act #18(a) - (Trafficking in Goods Bearing Counterfeit Marks)

[relates to Count 21]

48. Between on or about September 2, 2003 and on or about November 17, 2003, in the District of New Jersey and elsewhere, CHENG MING HSU, CHANG SHAN LIU and MAY LIU did intentionally traffic, attempt to traffic and cause the trafficking in goods, namely approximately 1103 cases of cigarettes (shipment 9), and did knowingly use and cause the use of counterfeit marks on and in connection with such goods, that is, the brand names “duMaurier

Lights" and "Player's Lights," which counterfeit marks were identical with and substantially indistinguishable from genuine marks in use and duly registered for those goods on the principal register in the United States Patent and Trademark Office, and the use of which mark was likely to cause confusion, to cause mistake, and to deceive, in violation of Title 18, United States Code, Sections 2320(a) and 2.

Racketeering Act #18(b) - (Trafficking in Contraband Cigarettes) [relates to Count 41]

49. On or about November 17, 2003, in the District of New Jersey and elsewhere, CHENG MING HSU, CHANG SHAN LIU and MAY LIU did knowingly and unlawfully ship, transport, receive, possess, sell and distribute, and cause the shipment, transportation, receipt, possession, sale and distribution, of contraband cigarettes, as that term is defined in Title 18, United States Code, Section 2341(2), specifically, approximately 1,103 cases of cigarettes from shipment 9 which bore no evidence of the payment of applicable state cigarette taxes for the state of New Jersey, in violation of Title 18, United States Code, Sections 2342(a) and 2.

Racketeering Act #19

The defendants named below committed the following acts, any one of which alone constitutes the commission of Racketeering Act #19:

Racketeering Act #19(a) - (Trafficking in Goods Bearing Counterfeit Marks)

[relates to Count 22]

50. Between on or about September 17, 2003 and on or about December 2, 2003, in the District of New Jersey and elsewhere, CHENG MING HSU, CHANG SHAN LIU, MAY LIU and CO KHANH TANG did intentionally traffic, attempt to traffic and cause the trafficking in goods, namely approximately 876 cases of cigarettes (shipment 10), and did knowingly use and cause the use of counterfeit marks on and in connection with such goods, that is, the brand names

“Newport 100” and “State Express 555” which counterfeit marks were identical with and substantially indistinguishable from genuine marks in use and duly registered for those goods on the principal register in the United States Patent and Trademark Office, and the use of which marks was likely to cause confusion, to cause mistake, and to deceive, in violation of Title 18, United States Code, Sections 2320(a) and 2.

Racketeering Act #19(b) - (Trafficking in Contraband Cigarettes) [relates to Count 40]

51. On or about October 15, 2003, in the District of New Jersey and elsewhere, CHENG MING HSU, CHANG SHAN LIU, MAY LIU and CO KHANH TANG did knowingly and unlawfully ship, transport, receive, possess, sell and distribute, and cause the shipment, transportation, receipt, possession, sale and distribution, of contraband cigarettes, as that term is defined in Title 18, United States Code, Section 2341(2), specifically, approximately 455 cases of cigarettes from shipment 10 which bore no evidence of the payment of applicable state cigarette taxes for the state of New Jersey, in violation of Title 18, United States Code, Sections 2342(a) and 2.

Racketeering Act #19(c) - (Trafficking in Contraband Cigarettes) [relates to Count 42]

52. On or about December 2, 2003, in the District of New Jersey, the Central District of California and elsewhere, CHENG MING HSU, CHANG SHAN LIU, MAY LIU and CO KHANH TANG did knowingly and unlawfully ship, transport, receive, possess, sell and distribute, and cause the shipment, transportation, receipt, possession, sale and distribution, of contraband cigarettes, as that term is defined in Title 18, United States Code, Section 2341(2), specifically, approximately 421 cases of cigarettes from shipment 10 which bore no evidence of the payment of applicable state cigarette taxes for the state of California, in violation of Title 18, United States Code, Sections 2342(a) and 2.

Racketeering Act #20 (Monetary Transaction in Criminally Derived Property) [relates to Count 58]

53. On or about October 31, 2003, in the District of New Jersey, the Central District of California and elsewhere, CHENG MING HSU, CHANG SHAN LIU and MAY LIU did knowingly engage and attempt to engage in a monetary transaction by, through and to a financial institution, affecting interstate or foreign commerce, in criminally derived property of a value greater than \$10,000, that is, the transfer of funds in the approximate amount of \$50,000, such property having been derived from a specified unlawful activity, that is, trafficking in contraband cigarettes contrary to Title 18, United States Code, Section 2342, in violation of Title 18, United States Codes, Sections 1957 and 2.

OVERT ACTS

In furtherance of the conspiracy, and to effect the object thereof, the defendants and their co-conspirators committed and cause to be committed the following overt acts, among others, in the District of New Jersey and elsewhere:

1. On or about November 23, 1999, CHANG SHAN LIU and MAY LIU met in Atlantic City, New Jersey with undercover Federal Bureau of Investigation Special Agents who were posing as members of a separate criminal organization (hereafter “undercover agents”) and provided samples of counterfeit and contraband cigarettes to the undercover agents.

2. On or about February 1, 2000, CHANG SHAN LIU met with undercover agents at
at
a restaurant in Columbia, Maryland and discussed methods of importation of counterfeit and contraband cigarettes and money laundering services offered by the undercover agents.

3. On or about April 24, 2001, MAY LIU met with undercover agents in Atlantic City and solicited the assistance of the undercover agents to smuggle counterfeit and contraband cigarettes in shipping containers into Port Newark, New Jersey.

4. On or about May 30, 2001, MAY LIU engaged in a telephone conversation with an undercover agent and discussed the smuggling of counterfeit and contraband cigarettes.

5. On or about June 19, 2001, MAY LIU met with undercover agents at a restaurant in Washington, D.C. and discussed the smuggling of counterfeit and contraband cigarettes.

6. On or about August 30, 2001, CHANG SHAN LIU and MAY LIU met undercover agents at a restaurant, Queens, New York and discussed the smuggling of counterfeit and contraband cigarettes.

SHIPMENT 1

7. On or about December 3, 2001, CHANG SHAN LIU and MAY LIU met with undercover agents at a rest stop in Delaware, furnished the agents with the bill of lading for the first container of counterfeit and contraband cigarettes, discussed security at Port Newark, New Jersey and discussed the transfer of money to the undercover agents.

8. On or about December 6, 2001, CHANG SHAN LIU sent a facsimile copy of a document regarding the first container of counterfeit cigarettes to undercover agents in New Jersey.

9. On or about December 11, 2001, CHANG SHAN LIU sent a facsimile copy of the invoice and packing list for an 846 case container of counterfeit and contraband Marlboro brand cigarettes falsely labeled as crafts (shipment 1) to undercover agents in New Jersey.

10. Prior to on or about December 16, 2001, CHENG MING HSU, CHANG SHAN LIU and MAY LIU acting in concert with others, caused the transportation from the People's Republic of China ("China") to Port Newark, New Jersey of shipment 1.

11. On or about January 3, 2002, CHANG SHAN LIU and MAY LIU met with undercover agents at a rest stop in Asbury Park, New Jersey, informed the agents that the shipment would be delivered to buyers in New York, provided the agents with a contact telephone number for CHANG SHAN LIU in New York, discussed payment to the agents and received from the agents an 8 carton sample of counterfeit and contraband cigarettes from shipment 1.

12. On or about January 8, 2002, CHENG MING HSU, CHANG SHAN LIU and MAY LIU caused the wire transfer of \$100,000 from the account of a co-conspirator at the

Standard Savings Bank in Monterey, California to a bank account in Virginia utilized by undercover agents, as payment for the agents' assistance in facilitating the importation and transportation of shipment 1.

13. On or about January 8, 2002, CHENG MING HSU, CHANG SHAN LIU and MAY LIU caused and directed the transportation of approximately 350 cases of counterfeit and contraband cigarettes from shipment 1 from the undercover warehouse in New Jersey to Brooklyn, New York where co-defendant Xiao Feng Wei took possession of the cigarettes.

14. On or about January 11, 2002, CHENG MING HSU, CHANG SHAN LIU and MAY LIU caused the delivery of 495 cases of counterfeit and contraband cigarettes from shipment 1 from the undercover warehouse in New Jersey to Brooklyn, New York where co-defendants Xiao Feng Wei and Shen Wen Chen took possession of the cigarettes.

15. On or about January 18, 2002, CHANG SHAN LIU and MAY LIU caused the wire transfer of \$14,000 from a bank account in New Jersey utilized by undercover agents to an account maintained by co-defendant Wei Li Gu at the Bank Fund Staff Federal Credit Union in Washington, D.C.

16. On or about January 18, 2002, CHANG SHAN LIU and MAY LIU caused the wire transfer of \$20,000 from a bank account in New Jersey utilized by undercover agents to an account maintained by MAY LIU at the Bank Fund Staff Federal Credit Union in Washington, D.C.

17. On or about January 24, 2002, MAY LIU caused the wire transfer of \$8,000 from a bank account maintained by MAY LIU at the Bank Fund Staff Federal Credit Union in Washington, D.C. to a bank account maintained by CHENG MING HSU at the Cathay Bank in California.

18. On or about February 14, 2002, CHANG SHAN LIU and MAY LIU met with undercover agents at a rest stop in Delaware and discussed the smuggling of counterfeit and contraband cigarettes.

SHIPMENT 2

19. Prior to on or about July 17, 2002, CHENG MING HSU, CHANG SHAN LIU and MAY LIU acting in concert with others, caused the transportation to Port Newark, New Jersey of an 864 case container of counterfeit Marlboro and Marlboro Lights brand cigarettes falsely listed on the bill of lading, invoice and packing list as wicker and rattan products (shipment 2).

20. On or about July 19, 2002, CHANG SHAN LIU sent to undercover agents in New Jersey by facsimile transmission a bill of lading and invoice for shipment 2 which falsely listed the contents of the container as wicker and rattan products.

21. On or about August 6, 2002, CHENG MING HSU and CHANG SHAN LIU met with undercover agents in Hacienda Heights, California, and discussed the delivery of shipment 2.

22. On or about August 7, 2002, CHENG MING HSU, CHANG SHAN LIU and MAY LIU caused and directed the delivery of shipment 2 from the undercover warehouse in New Jersey to a warehouse in Chino, California, where CHENG MING HSU, CHANG SHAN LIU and co-conspirators unknown to the Grand Jury took receipt of the counterfeit and contraband cigarettes.

23. On or about August 7, 2002, CHENG MING HSU and CHANG SHAN LIU met with undercover agents in Alhambra, California and paid the agents \$54,970 for the agents' assistance in facilitating the importation and delivery of shipment 2.

SHIPMENT 3

24. On or about August 22, 2002 CHANG SHAN LIU and MAY LIU met with an undercover agent in Atlantic City, New Jersey and informed the agent that CHENG MING HSU wanted to smuggle two shipments of counterfeit cigarettes into the United States in October.

25. On or about September 26, 2002, CHANG SHAN LIU met with undercover agents in Linden, New Jersey, and advised that one container of counterfeit and contraband cigarettes shipped to the United States by CHENG MING HSU would arrive in October.

26. On or about October 11, 2002, co-conspirators sent to undercover agents by facsimile transmission the bill of lading and invoice for a container of counterfeit and contraband Marlboro brand cigarettes totaling 1050 cases falsely listed on the bill of lading and invoice as wicker and rattan products (shipment 3).

27. On or about October 14, 2002, CHANG SHAN LIU engaged in a telephone conversation with an undercover agent and informed the agent that the shipment of counterfeit and contraband cigarettes was to be delivered to California and that CHENG MING HSU was traveling to the United States from China.

28. Prior to on or about October 23, 2002, CHENG MING HSU, CHANG SHAN LIU and MAY LIU, acting in concert with others, caused the transportation to Port Newark, New Jersey of shipment 3.

29. On or about October 24, 2002, MAY LIU engaged in a telephone conversation with an undercover agent and was informed by the agent that shipment 3 had arrived at Port Newark, New Jersey.

30. On or about October 29, 2002, MAY LIU engaged in a telephone conversation with an undercover agent and was informed by the agent that shipment 3 would be delivered to

the west coast the following Wednesday or Thursday.

31. On or about November 6, 2002, CHENG MING HSU and CHANG SHAN LIU met with undercover agents in Hacienda Heights, California, showed the agents a warehouse CHENG MING HSU claimed to own with his brother, provided delivery instructions for shipment 3 and discussed the laundering of \$200,000 to \$250,000 that CHENG MING HSU would provide to undercover agents.

32. On or about November 7, 2002, CHENG MING HSU, CHANG SHAN LIU and MAY LIU caused and directed the delivery of shipment 3 from the undercover warehouse in New Jersey to a warehouse in City of Industry, California, where CHENG MING HSU and CHANG SHAN LIU took receipt of the counterfeit and contraband cigarettes.

33. On or about November 7, 2002, CHANG SHAN LIU met with undercover agents in City of Industry, California, provided agents with bills of lading and invoices for the next shipments of counterfeit and contraband cigarettes (shipments 4 and 5) and a sample of a counterfeit designer handbag and informed the agents that CHENG MING HSU would travel to New York to consummate the next transaction and would provide \$200,000-\$250,000 to agents to wire transfer to accounts in Hong Kong, China.

34. On or about November 14, 2002, CHENG MING HSU, CHANG SHAN LIU and MAY LIU caused the wire transfer of approximately \$55,000 from the account of a co-conspirator at the Standard Chartered Bank in Hong Kong, China to a bank account in New Jersey utilized by undercover agents, as payment for the agents' assistance in facilitating the importation and delivery of shipment 3.

SHIPMENTS 4 AND 5

35. On or about November 21, 2002, MAY LIU engaged in a telephone conversation

with an undercover agent and discussed shipments 4 and 5.

36. Prior to on or about November 27, 2002, CHENG MING HSU, CHANG SHAN LIU and MAY LIU, acting in concert with others, caused the transportation to Port Newark, New Jersey of two containers of counterfeit and contraband Marlboro and Marlboro Lights brand cigarettes totaling 2129 cases falsely listed on the bills of lading and invoices as wicker and rattan products (shipments 4 and 5).

37. On or about December 4, 2002, CHANG SHAN LIU engaged in a telephone conversation with an undercover agent and discussed retrieval of a portion of shipments 4 and 5 from an undercover warehouse in New Jersey.

38. On or about December 9, 2002, CHENG MING HSU and CHANG SHAN LIU met with an undercover agent at a restaurant in Eatontown, New Jersey and informed the agent that 100 cases of counterfeit and contraband cigarettes from shipments 4 and 5 would be picked up from the undercover warehouse and delivered to Queens, New York, that the agent would receive \$100,000 payment after the first delivery, that CHENG MING HSU would provide the agent with between \$150,000-\$200,000 to wire transfer to overseas bank accounts at 4% commission and that CHENG MING HSU was meeting a second buyer on December 11, 2002.

39. On or about December 10, 2002, CHENG MING HSU and CHANG SHAN LIU met with an undercover agent in New Jersey, toured the undercover warehouse where the counterfeit and contraband cigarettes were stored, informed that agent that the pick-up would be the next day, discussed the payment of \$100,000 to the agent and indicated that the second buyer was traveling from the west coast.

40. On or about December 12, 2002, CHENG MING HSU, CHANG SHAN LIU and

MAY LIU caused and directed the retrieval and transportation of approximately 100 cases of counterfeit and contraband cigarettes from shipments 4 and 5 from the undercover warehouse in New Jersey to an unknown location in New York.

41. On or about December 12, 2002, CHENG MING HSU, CHANG SHAN LIU and co-defendant Chang Huo Jung took possession of approximately 100 cases of counterfeit and contraband cigarettes at the undercover warehouse which were transported by Jung in a rental truck to an unknown location in New York.

42. On or about December 19, 2002, CHANG SHAN LIU met with an undercover agent at a restaurant in Tinton Falls, New Jersey, discussed payment for the agent's importation services related to shipments 4 and 5.

43. On or about December 20, 2002, co-defendant Shuang Ying Huang met with an undercover agent in Hacienda Heights, California and paid the agent \$60,000 for the importation services provided by undercover agents related to shipments 4 and 5.

44. On or about January 20, 2003, CHANG SHAN LIU met with undercover agents in Atlantic City, New Jersey, provided agents an additional \$20,500 for the importation services related to shipments 4 and 5, informed the agents that CHENG MING HSU would pay the remaining \$20,000 and discussed the retrieval of additional counterfeit and contraband cigarettes from shipments 4 and 5 from the undercover warehouse and money laundering services for CHENG MING HSU.

45. On or about January 27, 2003, CHENG MING HSU and CHANG SHAN LIU met with undercover agents in Atlantic City, New Jersey, provided agents an additional \$20,000 for the importation services related to shipments 4 and 5, discussed money laundering services offered by the agents and arranged the retrieval of counterfeit and contraband cigarettes from the

undercover warehouse.

46. On or about January 29, 2003, undercover agents purchased 100 cases from shipments 4 and 5 from CHENG MING HSU, CHANG SHAN LIU and MAY LIU for \$30,000.

47. On or about January 29, 2003, CHANG SHAN LIU engaged in a telephone conversation with an undercover agent and discussed the delivery of 100 cases from shipments 4 and 5 to a buyer in Chicago and the retrieval of counterfeit and contraband cigarettes from the undercover warehouse by buyers found by CHENG MING HSU.

48. On or about February 11, 2003, CHANG SHAN LIU and a co-conspirator not named as a defendant herein met with undercover agents and informed the agents that 100 cases of counterfeit and contraband cigarettes from shipments 4 and 5 were to be delivered to Chicago, Illinois.

49. On or about February 11, 2003 CHENG MING HSU, CHANG SHAN LIU and MAY LIU caused the delivery by a co-conspirator not named as a defendant herein of approximately 100 cases from shipments 4 and 5 from the undercover warehouse in New Jersey to an unknown location in Chicago, Illinois.

50. On or about February 19, 2003, CHANG SHAN LIU engaged in a telephone conversation with an undercover agent and provided the agent with a telephone number for CHENG MING HSU.

51. On or about February 19, 2003, co-defendant Hua You rented a storage locker at Affordable Self Storage in Egg Harbor, New Jersey using a false California driver's license in the name "Lee Fan Ming" and rented a U-Haul truck later used to transport 200 cases from shipments 4 and 5.

52. On or about February 19, 2003, CHENG MING HSU, co-defendant Hua You and

a co-conspirator not named as defendant herein retrieved 200 cases from shipments 4 and 5 from the undercover warehouse and transported the cigarettes in a rental truck to an unknown location.

53. On or about February 19, 2003, CHENG MING HSU met with undercover agents and informed the agents that he would pay the agents a 4% commission to use their money laundering services and that he expected to receive money from a buyer of counterfeit and contraband cigarettes later that night.

54. On or about February 20, 2003, CHENG MING HSU and CHANG SHAN LIU met with undercover agents in Atlantic City, New Jersey, provided the agents with \$52,000, instructed the agents to wire transfer \$50,000 to an account at the Grand Commercial Bank in Taipei, Taiwan, discussed additional deliveries of counterfeit and contraband cigarettes, furnished a sample 30 pill bottle of counterfeit Viagra and explored the possibility of smuggling counterfeit cigarettes to Toronto, Canada.

55. On or about February 21, 2003, an undercover agent, at the direction of CHEN MING HSU and CHANG SHAN LIU, caused the wire transfer of \$50,000 from a bank account maintained by undercover agents to an account at the Grand Commercial Bank in Taipei, Taiwan.

56. On or about February 25, 2003, CHENG MING HSU and CHANG SHAN LIU met with undercover agents in Atlantic City, New Jersey, asked agents to wire transfer \$60,000-\$70,000 to a new bank account in Taiwan, arranged for the retrieval of 300 cases from the undercover warehouse and agreed to send a case of counterfeit Viagra pills in the next shipment of counterfeit and contraband cigarettes.

57. On or about February 26, 2003, co-defendant Hua You rented a storage locker at

Affordable Self Storage in Egg Harbor, New Jersey in the name of “Lee Fan Ming” and a second co-conspirator not named as a defendant herein rented a U-Haul truck later used to transport 300 cases from shipments 4 and 5.

58. On or about February 26, 2003, CHENG MING HSU, co-defendant Hua You and a co-conspirator not named as defendant herein retrieved 300 cases from shipments 4 and 5 from the undercover warehouse, transported the cigarettes to Affordable Self Storage and unloaded the cigarettes into the storage locker rented by co-defendant Hua You.

59. On or about February 27, 2003, CHENG MING HSU and CHANG SHAN LIU met with undercover agents in Atlantic City, New Jersey, provided the agents with \$20,800 and instructed the agents to wire transfer \$20,000 to an account in the name of the Koh Ching Trading Company at the Liu Chong Hing Bank Limited in Hong Kong, China.

60. On or about March 3, 2003, an undercover agent, at the direction of CHENG MING HSU and CHANG SHAN LIU caused the wire transfer of \$20,000 to an account in the name of the Koh Ching Trading Company at the Liu Chong Hing Bank Limited in Hong Kong, China.

61. On or about March 5, 2003, CHANG SHAN LIU sent to undercover agents in New Jersey by facsimile transmission instructions regarding the next delivery of counterfeit and contraband cigarettes from shipments 4 and 5.

62. On or about March 7, 2003, CHENG MING HSU, CHANG SHAN LIU and MAY LIU caused and directed the transportation by a co-conspirator not charged herein of 225 cases from shipments 4 and 5 from the undercover warehouse in New Jersey to Chicago, Illinois.

63. On or about March 12, 2003, CHANG SHAN LIU engaged in a telephone

conversation with an undercover agent and informed the agent that 475 cases from shipments 4 and 5 would be delivered to Chicago, Illinois and the remainder would be delivered to Los Angeles, California.

64. On or about March 14, 2003, CHANG SHAN LIU engaged in a telephone conversation with an undercover agent and discussed the delivery of counterfeit and contraband cigarettes to Chicago, Illinois and Los Angeles, California.

65. On or about March 18, 2003, CHENG MING HSU, CHANG SHAN LIU and MAY LIU caused and directed the delivery by a co-conspirator not charged herein of 200 cases from shipments 4 and 5 from the undercover warehouse in New Jersey to Chicago, Illinois.

66. On or about March 19, 2003, co-defendants Tie Hua Chen and Hua You went to the Affordable Self Storage in Egg Harbor, New Jersey, paid rent for two storage lockers and purchased a new padlock.

67. On or about March 19, 2003, MAY LIU engaged in a telephone conversation with an undercover agent and discussed the co-conspirator from Chicago who picked up the 200 cases of from shipment 4 and 5.

68. On or about March 24, 2003, co-defendant Tie Hua Chen went to Affordable Self Storage in Egg Harbor, New Jersey, and moved boxes from one storage locker to another.

69. On or about March 25, 2003, CHANG SHAN LIU engaged in a telephone conversation with an undercover agent, discussed the next delivery of counterfeit and contraband cigarettes to a location in El Monte, California and provided a contact number for the co-conspirator who would take possession of the cigarettes in El Monte, California.

70. On or about March 27, 2003, CHANG SHAN LIU engaged in a telephone conversation with an undercover agent and inquired whether the agent had an associate in

Chicago to assist in the money laundering services rendered by the agents.

71. On or about March 27, 2003, CHENG MING HSU, CHANG SHAN LIU and MAY LIU caused the delivery of 100 cases of counterfeit and contraband cigarettes from shipments 4 and 5 from the undercover warehouse in New Jersey to a warehouse in Franklin Park, Illinois, where co-conspirators not named as defendants herein took possession of the cigarettes.

72. On or about March 29, 2003, CHANG SHAN LIU engaged in a telephone conversation with an undercover agent and received a contact number for an undercover agent in Chicago to whom CHANG SHAN LIU would deliver proceeds from the delivery of counterfeit and contraband cigarettes.

73. On or about March 31, 2003, an undercover agent called the contact number previously provided by CHANG SHAN LIU and engaged in a conversation with a co-conspirator not named as a defendant herein to arrange delivery of counterfeit and contraband cigarettes to El Monte, California.

74. On or about April 1, 2003, CHENG MING HSU, CHANG SHAN LIU, MAY LIU and CO KHANH TANG caused the delivery of 807 cases of counterfeit and contraband cigarettes from shipments 4 and 5 from the undercover warehouse in New Jersey to the parking lot of the business Lucky 777 in El Monte, California, where co-conspirators not named as defendants herein employed by CO KHANH TANG took possession of the cigarettes.

75. On or about April 1, 2003, CHANG SHAN LIU and MAY LIU met with an undercover agent in Chicago, Illinois and provided the agent with a bag containing \$60,000.

76. On or about April 11, 2003, CHANG SHAN LIU engaged in a telephone conversation with an undercover agent, provided the agent with the name "CHENG MING

HSU” to place on a cashier’s check and made arrangements to meet in Delaware.

77. On or about April 15, 2003, CHANG SHAN LIU met with an undercover agent at a rest stop in Delaware, received from the agent a First Union Bank cashier’s check in name of “CHENG MING HSU” in the amount of \$57,600, provided the agent with \$5,000 and discussed a mistake in the delivery of 100 cases of counterfeit and contraband cigarettes to a warehouse in Franklin Park, Illinois and the arrival of the next container of counterfeit and contraband cigarettes (shipment 6).

78. On or about April 18, 2003, a co-conspirator who worked for CO KHANH TANG picked up 450 cases from shipments 4 and 5 from the Affordable Self Storage in a Ryder rental truck, in the presence of co-defendants Tie Hua Chen and Hua You, and was arrested transporting the cigarettes to an unknown location.

79. On or about April 18, 2003, CHENG MING HSU deposited into an account maintained by HSU at the Cathay Bank, Los Angeles, California (“the Cathay Bank account”) a First Union Bank cashier’s check in name of “CHENG MING HSU” in the amount of \$57,600.

80. On or about April 19, 2003, CHENG MING HSU deposited into the Cathay Bank account a LaSalle Bank, N.A. cashier’s check in name of “CHENG MING HSU” in the amount of \$50,000 and nineteen money orders totaling approximately \$20,000, which were forwarded to HSU by a co-conspirator not named as defendant herein.

81. On or about April 22, 2003, CHENG MING HSU caused the wire transfer of approximately \$107,600 from the Cathay Bank account to an account at the Bank of China, Hong Kong Ltd. in Hong Kong, China.

SHIPMENT 6

82. On or about April 28, 2003, CHANG SHAN LIU sent to undercover agents in New Jersey by facsimile transmission the bill of lading, packing list and invoice for a container of counterfeit and contraband Marlboro, Marlboro Lights 100's and Newport 100's brand cigarettes totaling 841 cases and approximately 8000 counterfeit Viagra pills falsely listed on the bill of lading, packing list and invoice as wicker and rattan products (shipment 6).

83. On or about May 9, 2003, CHANG SHAN LIU engaged in a telephone conversation with an undercover agent and discussed shipment 6, the presence of counterfeit Viagra pills in the shipment and the intended location of delivery.

84. On or about May 14, 2003, co-defendant Wei Li Gu deposited into an account maintained by Gu at the Bank Fund Staff Federal Credit Union, Washington, D.C., a LaSalle Bank, N.A. cashier's check in name of "Wei Li Gu" in the amount of \$2,500, which was forwarded to Gu by a co-conspirator not named as defendant herein.

85. On or about May 14, 2003, CHANG SHAN LIU engaged in a telephone conversation with an undercover agent and discussed the date of arrival of shipment 6, the price per pill for the counterfeit Viagra and arrangements for a meeting in Atlantic City, New Jersey.

86. Prior to on or about May 15, 2003, CHENG MING HSU, CHANG SHAN LIU and MAY LIU, acting in concert with others, caused the transportation to Port Newark, New Jersey of shipment 6, which was comprised of 841 cases of counterfeit and contraband cigarettes and approximately 8000 counterfeit Viagra pills.

87. On or about May 15, 2003, CHENG MING HSU deposited into the Cathay Bank account a LaSalle Bank, N.A. cashier's check in name of "CHENG MING HSU" in the amount of \$17,000 and thirty money orders worth approximately \$30,000, which were forwarded to HSU by a co-conspirator not named as defendant herein.

88. On or about May 20, 2003, CHENG MING HSU caused the wire transfer of approximately \$17,000 from an account maintained by CHENG MING HSU at the Cathay Bank, Los Angeles, California to the same account maintained at the Bank of China, Hong Kong Ltd. in Hong Kong, China that received a wire transfer of \$107,600 on or about April 22, 2003.

89. On or about May 22, 2003, CHENG MING HSU, CHANG SHAN LIU and MAY LIU sent to a customs broker in Philadelphia, Pennsylvania by facsimile transmission the bill of lading, packing list and invoice for a container of counterfeit Marlboro Lights and Newport 100's brand cigarettes totaling 898 cases falsely listed on the bill of lading, packing list and invoice as wicker and rattan products (shipment 7).

90. On or about May 22, 2003, CHANG SHAN LIU engaged in a telephone conversation with an undercover agent and was told by the agent that shipment 6 contained 840 cases of counterfeit cigarettes.

91. On or about May 23, 2003, CHANG SHAN LIU engaged in a telephone conversation with an undercover agent and advised that a shipment of counterfeit cigarettes destined for a co-conspirator in Chicago, Illinois (shipment 7) might arrive at Port Newark on or about June 4th or 5th, 2003.

SHIPMENT 7

92. Prior to on or about June 3, 2003, CHENG MING HSU, CHANG SHAN LIU and MAY LIU, acting in concert with others, caused the transportation to Port Newark, New Jersey of a container of counterfeit Marlboro Lights and Newport 100's brand cigarettes totaling 898 cases falsely listed on the bill of lading, invoice and packing list as wicker and rattan products (shipment 7).

93. On or about June 9, 2003, CHANG SHAN LIU engaged in a telephone

conversation with an undercover agent and was informed by the agent that shipment 7 had arrived, that shipment 6 would be delivered to the west coast on or about June 24, 2003 and that CHENG MING HSU had to pay \$20,000 to the agent prior to delivery to the west coast.

94. On or about June 11, 2003, CHANG SHAN LIU engaged in a telephone conversation with an undercover agent, informed the agent that CHENG MING HSU agreed to pay \$20,000 before delivery of shipment 6 and asked the agent to send banking information by facsimile transmission to a telephone number used by CHANG SHAN LIU.

95. On or about June 16, 2003, CHANG SHAN LIU engaged in a telephone conversation with an undercover agent and requested that an undercover agent in Chicago assist in wire transferring \$59,000.

96. On or about June 17, 2003, CHENG MING HSU, CHANG SHAN LIU and MAY LIU caused and directed the delivery of shipment 7 from the undercover warehouse in New Jersey to a warehouse in Franklin Park, Illinois utilized by a co-conspirator not named as a defendant herein.

97. On or about June 20, 2003, CHENG MING HSU and CHANG SHAN LIU caused the wire transfer of approximately \$10,000 from an account at the First Commercial Bank in Taipei, Taiwan to an undercover bank account in New Jersey.

98. On or about June 22, 2003, CHANG SHAN LIU met with an undercover agent in Oak Brook Terrace, Illinois and provided the agent with three bags which contained approximately \$117,500 and instructions to wire transfer \$55,300 to an account at the HSBC Bank, Hong Kong, China.

99. On or about June 23, 2003, CHANG SHAN LIU engaged in a telephone

conversation with an undercover agent and provided the agent with delivery instructions for shipment 6 and a contact telephone number for co-defendant Tat Chui Wong.

100. On or about June 23, 2003, co-defendant Tat Chui Wong engaged in a telephone conversation with an undercover agent to arrange delivery of shipment 6.

101. On or about June 24, 2003, co-defendants Tat Chui Wong and Ka Ho Stanley Au each rented a U-Hual truck used in the delivery and transfer of shipment 6.

102. On or about June 24, 2003, CHENG MING HSU, CHANG SHAN LIU and MAY LIU caused the transportation of 839 cases of counterfeit and contraband cigarettes from shipment 6 from the undercover warehouse in New Jersey to a public storage facility in San Gabriel, California, where co-defendants Tat Chui Wong and Ka Ho Stanley Au took possession of the counterfeit cigarettes.

103. On or about June 25, 2003, CHANG SHAN LIU met with undercover agents in Alhambra, California, informed agents that CHENG MING HSU's wife was securing the \$19,000 owed to the agents, discussed meeting with CHENG MING HSU to discuss the security of loads delivered to California and was informed by the agents that wire transfers would have to be made to mainland China, Taiwan or Singapore rather than Hong Kong, China.

104. On or about June 27, 2003, CHANG SHAN LIU met with an undercover agent in Hacienda Heights, California and delivered \$19,000 to the agent.

105. On or about July 1, 2003, MAY LIU sent to an undercover agent in New Jersey by facsimile transmission a document containing bank routing information for a wire transfer.

106. On or about July 3, 2003, an undercover agent, at the direction of CHEN MING HSU, CHANG SHAN LIU and MAY LIU caused the wire transfer of \$55,300 to an account in

the name of the Fujian Ningde Baoxin Economy Develop Company, Ltd, at the China Construction Bank, Fujian Branch, in China.

107. On or about July 3, 2003, CHANG SHAN LIU engaged in a telephone conversation with an undercover agent and was informed that the wire transfer had been completed.

SHIPMENT 8

108. On or about July 14, 2003, CHANG SHAN LIU sent to undercover agents in New Jersey by facsimile transmission the bill of lading, invoice and packing list for a container of counterfeit Newport 100's brand cigarettes totaling 884 cases falsely listed on the bill of lading, invoice and packing list as wicker and rattan products (shipment 8).

109. On or about July 23, 2003, CHANG SHAN LIU and MAY LIU met with undercover agents in Atlantic City, New Jersey, were introduced to a Royal Canadian Mounted Police ("RCMP") undercover agent and discussed the delivery and importation of shipments of counterfeit and contraband cigarettes into Canada.

110. On or about July 24, 2003, CHANG SHAN LIU and MAY LIU met with undercover agents in Atlantic City, New Jersey, informed the agents that CHENG MING HSU had two shipments of counterfeit and contraband cigarettes ready for transportation, and were asked by the agents to provide a sample of "Player's Lights" Canadian cigarettes.

111. Prior to on or about July 28, 2003, CHENG MING HSU, CHANG SHAN LIU, MAY LIU and CO KHANH TANG, acting in concert with others, caused the transportation to Port Newark, New Jersey of shipment 8.

112. On or about July 29, 2003, CHANG SHAN LIU engaged in a telephone conversation with an undercover agent, informed the agent that he had a sample of "Player's"

cigarettes and agreed to a meeting between the agent and CHENG MING HSU prior to the shipment of counterfeit cigarettes being delivered to Canada.

113. On or about August 16, 2003, CHEN MING HSU and CHANG SHAN LIU met with undercover agents in Atlantic City, New Jersey, provided the agents with sample cartons of counterfeit Player's Lights and duMaurier cigarettes, offered to pay an undercover agent \$65,000 to smuggle containers of counterfeit cigarettes into Canada and provided the agents with a bill of lading, invoice and packing list for a container of counterfeit Player's Lights and duMaurier brand cigarettes totaling 1103 cases falsely listed on the bill of lading, invoice and packing list as wicker and rattan products (shipment 9).

114. On or about August 21, 2003, CO KHANH TANG met with undercover agents in Atlantic City, advised the agents that he was thinking about breaking away from CHENG MING HSU and solicited the assistance of the agents in smuggling containers of counterfeit cigarettes to Canada.

115. On or about August 26, 2003, CHENG MING HSU, CHANG SHAN LIU and MAY LIU caused the transportation of 250 cases from shipment 8 from the undercover warehouse to a storage facility in North Bergen, New Jersey, where co-defendants Nhi Lam Wiget and Yang Guang Lu took possession of the cigarettes and loaded them into storage lockers.

116. On or about August 26, 2003, CO KHANH TANG met with undercover agents in Buena, New Jersey and advised the agents that he was a distributor for CHENG MING HSU and that he controlled the loads being transferred that day.

117. On or about August 26, 2003, CHENG MING HSU and CHANG SHAN LIU met with undercover agents and provided agents with the bill of lading for a container of counterfeit

Newport 100's and State Express 555 brand cigarettes totaling 876 cases falsely listed on the bill of lading as wicker and rattan products (shipment 10).

118. On or about August 27, 2003, co-defendant Nhi Lam Wiget rented a storage locker at Atlantic Trailer Leasing Corporation in Tabernacle, New Jersey using the alias "Tse Kwai Ping."

119. On or about August 27, 2003, CHENG MING HSU, CHANG SHAN LIU, MAY LIU and CO KHANH TANG caused the delivery of 325 cases of counterfeit and contraband cigarettes from shipment 8 from the undercover warehouse in New Jersey to the Atlantic Trailer Leasing Corporation storage facility in Tabernacle, New Jersey, where co-defendants Nhi Lam Wiget and Yang Guang Lu took possession of the cigarettes and loaded the cigarettes into a storage locker.

120. On or about August 27, 2003, CHENG MING HSU, CHANG SHAN LIU, MAY LIU and CO KHANH TANG caused the delivery of 309 cases of counterfeit and contraband cigarettes from shipment 8 from the undercover warehouse in New Jersey to an unknown location.

SHIPMENT 9

121. Prior to on or about September 2, 2003, CHENG MING HSU, CHANG SHAN LIU and MAY LIU, acting in concert with others, caused the transportation to Port Newark, New Jersey of a container of counterfeit and contraband Player's Lights and duMaurier brand cigarettes totaling 1103 cases falsely listed on the bill of lading, invoice and packing list as wicker and rattan products (shipment 9).

122. On or about September 3, 2003, MAY LIU met with an undercover agent in Delaware, provided \$50,000 to the agent for the agent's importation services for shipment 8,

discussed money laundering for CHENG MING HSU and discussed the smuggling of future containers of counterfeit cigarettes.

SHIPMENT 10

123. On or about September 17, 2003, CHENG MING HSU, CHANG SHAN LIU, MAY LIU and CO KHANH TANG, acting in concert with others, caused the transportation to Port Newark, New Jersey of a container of counterfeit Newport 100's and State Express 555 brand cigarettes totaling 876 cases falsely listed on the bill of lading, invoice and packing list as wicker and rattan products (shipment 10).

124. On or about October 6, 2003, CHANG SHAN LIU caused the transmission of an electronic mail message (hereafter "e-mail") to an undercover e-mail account and inquired about the RCMP undercover agent and advised that a retrieval of counterfeit cigarettes would occur soon.

125. On or about October 8, 2003, CHANG SHAN LIU caused the transmission of an e-mail to an undercover e-mail account, advised that the retrieval of counterfeit cigarettes from the undercover warehouse would occur the following week and requested that the agent contact the RCMP undercover agent regarding the smuggling of a container of counterfeit cigarettes to Canada.

126. On or about October 10, 2003, CHANG SHAN LIU caused the transmission of an e-mail to an undercover e-mail account and advised that the retrieval of counterfeit cigarettes from the undercover warehouse would occur on October 15, 2003.

127. On or about October 14, 2003, CHANG SHAN LIU engaged in a telephone conversation with an undercover agent and advised the agent that part of the container of counterfeit and contraband cigarettes would be retrieved the next day.

128. On or about October 15, 2003, CHENG MING HSU, CHANG SHAN LIU, MAY LIU and CO KHANH TANG caused the retrieval of 455 cases from shipment 10 from the undercover warehouse in New Jersey by co-defendant Nhi Lam Wiget and a co-conspirator not named as a defendant herein.

129. On or about October 15, 2003, co-defendant Nhi Lam Wiget and a co-conspirator not named as a defendant herein were arrested transporting 455 cases of counterfeit and contraband cigarettes from shipment 10 in a rental truck from the undercover warehouse to an unknown location.

130. On or about October 16, 2003, CHANG SHAN LIU met with an undercover agent in Atlantic City, New Jersey, informed the agents that he and CHENG MING HSU lost approximately \$150,000 due to the arrests of the drivers, asked the agents to transport the remainder of shipment 10 to the West Coast and inquired about transportation of shipment 9 to Canada.

131. On or about October 30, 2003, CHANG SHAN LIU caused the transmission of an e-mail to an undercover e-mail account and advised that the money owed to the agent would be ready next week and inquired when shipment 9 would be transported to Canada.

132. On or about October 31, 2003, CHENG MING HSU, CHANG SHAN LIU and MAY LIU caused the wire transfer of approximately \$50,000 from an account at the General Bank (now Cathay Bank), City of Industry, California to an undercover bank account as payment for importation services related to shipment 10.

133. On or about November 12, 2003, CHANG SHAN LIU engaged in a telephone conversation with an undercover agent and discussed the transportation of shipment 9 to Canada and the remainder of shipment 10 to California.

134. On or about November 17, 2003, CHENG MING HSU, CHANG SHAN LIU and MAY LIU caused the transportation of shipment 9 from the undercover warehouse in New Jersey to Canada.

135. On or about November 20, 2003, CHEN MING HSU, and CHANG SHAN LIU met with undercover agents in Markham, Ontario, Canada, and discussed delivery of shipment 9 to a warehouse in Scarborough, Ontario and the payment of money owed to the agents.

136. On or about November 20, 2003, CHENG MING HSU, CHANG SHAN LIU and MAY LIU caused the delivery of shipment 9 from an undercover warehouse in Canada to a warehouse in Scarborough, Ontario, Canada where co-conspirators not named as defendants herein took possession of the cigarettes.

137. On or about November 25, 2003, CHANG SHAN LIU met with undercover agents in a hotel in Markham, Ontario, Canada and provided the agents with \$70,000 Canadian dollars for their importation and delivery services related to shipment 9.

138. On or about December 2, 2003, CHENG MING HSU, CHANG SHAN LIU and MAY LIU caused the delivery of 421 cases of counterfeit and contraband cigarettes from shipment 10 from an undercover warehouse in California to a warehouse in Rancho Dominguez, California, where co-defendant Ching Yu Guo took possession of the cigarettes.

139. On or about December 12, 2003, MAY LIU met with an undercover agent in Atlantic City, New Jersey and discussed the agent's refusal to import additional containers of counterfeit cigarettes for CHENG MING HSU, CHANG SHAN LIU and MAY LIU.

140. On or about December 17, 2003, MAY LIU engaged in a telephone conversation with an undercover agent and discussed money owed to the agent for the deliveries of counterfeit cigarettes to Canada and California.

141. On or about December 25, 2003, CHANG SHAN LIU caused the transmission of an e-mail to an undercover e-mail account, advised that he had the money owed to the agent and requested a meeting after the new year.

142. On or about January 20, 2004, CHANG SHAN LIU and MAY LIU met with undercover agents in Atlantic City, New Jersey, provided the agents with \$6,300 owed for transportation and delivery services related to shipments 9 and 10 and were informed by agents that the importation and transportation cost for future containers of counterfeit cigarettes would be \$75,000 per container.

All in violation of Title 18, United States Code, Section 1962(d).

FIRST FORFEITURE ALLEGATION

1. The allegations in Count One are hereby repeated, realleged, and incorporated by reference herein as though fully set forth at length for the purpose of alleging forfeiture pursuant to the provisions of Title 18, United States Code, Section 1963. Pursuant to Rule 32.2, Fed. R. Crim. P., notice is hereby given to the defendants that the United States will seek forfeiture as part of any sentence in accordance with Title 18, United States Code, Section 1963 in the event of any defendant's conviction under Count One of this Indictment.

2. The defendants, CHENG MING HSU, CHANG SHAN LIU, MAY LIU and CO KHANH TANG:

i. have acquired and maintained interests in violation of Title 18, United States Code, Section 1962, which interests are subject to forfeiture to the United States pursuant to Title 18, United States Code, Section 1963(a)(1);

ii. have property constituting and derived from proceeds which they obtained, directly and indirectly, from racketeering activity in violation of Title 18, United States Code, Section 1962, which property is subject to forfeiture to the United States of America pursuant to Title 18, United States Code, Section 1963(a)(3).

3. The interests of the defendants subject to forfeiture to the United States pursuant to Title 18, United States Code, Section 1963(a)(1) and (3) include but are not limited to at least five million dollars (\$5,000,000).

4. If any of the property described in paragraphs 2 and 3 above, as a result of any act or omission of a defendant:

(1) cannot be located upon the exercise of due diligence;

(2) has been transferred or sold to, or disposed with, a third party;

- (3) has been placed beyond the jurisdiction of the court;
- (4) has been substantially diminished in value; or
- (5) has been commingled with other property which cannot be divided without difficulty;

the Court shall order the forfeiture of any other property of the defendants up to the value of any property set forth in paragraphs 2 and 3 above pursuant to Title 18, United States Code, Section 1963(m);

5. The above-named defendants, and each of them, are jointly and severally liable for the forfeiture obligations as alleged above.

All pursuant to the Title 18, United States Code, Section 1963.

COUNT TWO
(Conspiracy to Smuggle Cigarettes into the United States, Traffic in Contraband Cigarettes and Traffic in Counterfeit Cigarettes)

1. The Grand Jury re-alleges and incorporates the Introduction and Overt Acts alleged in Count One as if fully set forth herein.

2. Beginning in or about January 2000, and continuing through the date of this Indictment, in the District of New Jersey, the Eastern District of New York, the Central District of California, the Northern District of Illinois and elsewhere, the Defendants,

**CHENG MING HSU,
a/k/a "Bruce,"
CHANG SHAN LIU,
a/k/a "Charles Liu,"
MAY LIU,
a/k/a "May Chin,"
CO KHANH TANG,
a/k/a "Keith,"
XIAO FENG WEI,
a/k/a "Chen Wen Juan,"
a/k/a "Mr. Chen,"
WEI LI GU,
SHEN WEN CHEN,
CHANG HUO JUNG,
SHUANG YING HUANG,
a/k/a "Tina,"
HUA YOU,
a/k/a "Lee Fan Ming,"
a/k/a "Richard,"
a/k/a "Ah Keung,"
TIE HUA CHEN,
TAT CHUI WONG,
a/k/a "Sunny,"
KA HO STANLEY AU,
NHI LAM WIGET,
a/k/a "Kwai Ping Tse,"
a/k/a "Nicky Wong,"
YANG GUANG LU,
a/k/a "Eddie Lu,"
a/k/a "Lu Guang Yang,"**

**a/k/a “Eric Ho,”
a/k/a “Yang Lu,”
a/k/a “Mike”
and
CHING YU GUO,
a/k/a “Michael Guo”**

did knowingly and willfully conspire and agree with each other, with other unindicted co-conspirators, and with others both known and unknown to the grand jury, to commit the following offenses against the United States, that is:

- 1) to fraudulently and knowingly import and bring into the United States merchandise, namely, counterfeit and contraband cigarettes, contrary to law, and receive, conceal, buy, sell and facilitate the transportation, concealment and sale of such counterfeit and contraband cigarettes after importation, knowing the counterfeit and contraband cigarettes to have been imported and brought into the United States contrary to law, contrary to Title 18, United States Code, Section 545;
- 2) to intentionally traffic in goods, namely, cigarettes and Viagra pills, and knowingly use counterfeit marks on and in connection with such cigarettes and Viagra pills, contrary to Title 18, United States Code, Section 2320(a) and
- 3) to knowingly ship, transport, receive, possess, sell, distribute and purchase contraband cigarettes, as that term is defined in Title 18, United States Code, Section 2341(2), namely, a quantity in excess of 60,000 cigarettes, which bear no evidence of the payment of applicable state cigarette taxes in the state where such cigarettes are found, namely the states of New Jersey, New York, California, and Illinois, which require a stamp, impression and other indication to be placed on packages of cigarettes to evidence the payment of cigarette taxes, contrary to Title 18, United States Code, Section 2342(a);

All in violation of Title 18, United States Code, Section 371.

COUNTS THREE Through TWELVE
(Smuggling Contraband and Counterfeit Cigarettes and Counterfeit Viagra)

1. The Grand Jury re-alleges and incorporates the Introduction and the Overt Acts alleged in Count One as if fully set out herein.

2. On or about the dates alleged below, in the District of New Jersey, the Eastern District of New York, the Central District of California, the Northern District of Illinois, and elsewhere, the Defendants set forth below knowingly, willfully and with intent to defraud the United States, did smuggle and clandestinely introduce into the United States, merchandise, namely counterfeit and contraband cigarettes and counterfeit Viagra pills, in the amounts alleged below, which should have been invoiced and did make out and pass and cause the making out and passing of false, forged and fraudulent invoices, documents and paper, and did fraudulently and knowingly receive, conceal, buy, sell, and facilitate the transportation, concealment and sale of such merchandise after importation, knowing the counterfeit and contraband cigarettes and counterfeit Viagra pills to have been imported and brought into the United States contrary to law, in that Defendants failed to invoice such merchandise and did file and pass and cause the filing and passing of false, forged and fraudulent invoices, documents and paper pertaining to said merchandise, contrary to Title 18, United States Code, Sections 542, 1001, and Title 19, United States Code, Sections 1481:

| Count | Date(s) | Defendant(s) | Number of Cases, Cigarettes and Viagra |
|--------------|--------------------------------------------|----------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------|
| 3 | December 16, 2001 through January 11, 2002 | CHENG MING HSU, CHANG SHAN LIU, MAY LIU, XIAO FENG WEI, WEI LI GU and SHEN WEN CHEN | 846 cases; 8,460,000 cigarettes |
| 4 | July 17, 2002 through August 7, 2002 | CHENG MING HSU, CHANG SHAN LIU and MAY LIU | 864 cases; 8,640,000 cigarettes |
| 5 | October 23, 2002 through November 7, 2002 | CHENG MING HSU, CHANG SHAN LIU and MAY LIU | 1,050 cases; 10,500,000 cigarettes |
| 6 | November 27, 2002 through April 1, 2003 | CHENG MING HSU, CHANG SHAN LIU, MAY LIU, CO KHANH TANG, CHANG HUO JUNG, SHUANG YING HUANG, HUA YOU and TIE HUA CHEN | 2,129 cases; 21,290,000 cigarettes |
| 7 | May 15, 2003 through June 24, 2003 | CHENG MING HSU, CHANG SHAN LIU, MAY LIU, TAT CHUI WONG and KA HO STANLEY AU | 841cases; 8,410,000 cigarettes |
| 8 | May 15, 2003 | CHENG MING HSU, CHANG SHAN LIU and MAY LIU | Approximately 8000 Viagra Pills |

| Count | Date(s) | Defendant(s) | Number of Cases, Cigarettes and Viagra |
|--------------|---------------------------------------------------|------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------|
| 9 | June 3, 2003 through June 17, 2003 | CHENG MING HSU, CHANG SHAN LIU and MAY LIU | 898 60 carton cases; 10,776,000 cigarettes |
| 10 | July 28, 2003 through August 27, 2003 | CHENG MING HSU, CHANG SHAN LIU, CO KHANH TANG, MAY LIU, NHI LAM WIGET and YANG GUANG LU | 884 cases; 8,840,000 cigarettes |
| 11 | September 2, 2003 through November 17, 2003 | CHENG MING HSU, CHANG SHAN LIU and MAY LIU | 1,103 cases; 11,030,000 cigarettes |
| 12 | September 17, 2003 through December 2, 2003 | CHENG MING HSU, CHANG SHAN LIU, CO KHANH TANG, MAY LIU and CHING YU GUO | 475 cases; 401 (60 carton cases); 9,562,000 cigarettes |

In violation of Title 18, United States Code, Sections 545 and 2.

SECOND FORFEITURE ALLEGATION

1. The allegations contained in Counts 3 through 12 are incorporated as if set forth at length herein for the purposes of noticing forfeiture, pursuant to Title 18, United States Code, Section 982(a)(2).

2. As the result of committing one or more of the smuggling offenses in violation of 18 U.S.C. § 545, alleged in Counts 3 through 12 of this Complaint, defendants CHENG MING HSU, CHANG SHAN LIU, MAY LIU, CO KHANH TANG, XIAO FENG WEI, WEI LI GU, SHEN WEN CHEN, CHANG HUO JUNG, SHUANG YING HUANG, HUA YOU, TIE HUA CHEN, TAT CHUI WONG, KA HO STANLEY AU, NHI LAM WIGET, YANG GUANG LU and CHING YU GUO shall forfeit to the United States pursuant to 18 U.S.C. § 982(a)(2)(B), any property that constitutes or is derived from proceeds the defendant obtained directly or indirectly, as a result of such violation, including but not limited to the following:

1. MONEY JUDGMENT

A sum of money equal to \$5,000,000 in United States currency, representing the amount of proceeds obtained as a result of the offense, smuggling counterfeit and contraband cigarettes, for which the defendants are jointly and severally liable.

If any of the above-described forfeitable property, as a result of any act or omission of the defendant(s):

- (1) cannot be located upon the exercise of due diligence;
- (2) has been transferred or sold to, or deposited with, a third person;
- (3) has been placed beyond the jurisdiction of the Court;
- (4) has been substantially diminished in value; or
- (5) has been commingled with other property which cannot be subdivided without

difficulty;

it is the intent of the United States, pursuant to 21 U.S.C. § 853(p), to seek forfeiture of any other property of said defendant(s) up to the value of the above forfeitable property, pursuant to Title 18, United States Code, Section 982(a)(2)(B).

COUNTS THIRTEEN through TWENTY TWO
(Trafficking in Goods Bearing Counterfeit Marks)

1. The Grand Jury re-alleges and incorporates the Introduction and the Overt Acts alleged in Count One as if fully set forth herein.

2. On or about the dates alleged below, in the District of New Jersey, the Eastern District of New York, the Central District of California, the Northern District of Illinois, and elsewhere, the Defendants set forth below did intentionally traffic, attempt to traffic and aid and abet the trafficking in goods, namely, cigarettes and Viagra pills, and did knowingly use and aid and abet the use of counterfeit marks, as alleged below, on and in connection with such goods, which marks were identical with and substantially indistinguishable from genuine marks in use and duly registered for those goods on the principal register in the United States Patent and Trademark Office, and the use of which marks were likely to cause confusion, to cause mistake and to deceive:

| Count | Date(s) | Defendant(s) | Counterfeit Merchandise and Counterfeit Marks |
|--------------|--------------------------------------------|--------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------|
| 13 | December 16, 2001 through January 11, 2002 | CHENG MING HSU, CHANG SHAN LIU, MAY LIU, XIAO FENG WEI, WEI LI GU and SHEN WEN CHEN | 846 cases; 8,460,000 cigarettes; Marlboro |
| 14 | July 17, 2002 through August 7, 2002 | CHENG MING HSU, CHANG SHAN LIU and MAY LIU | 864 cases; 8,640,000 cigarettes; Marlboro Marlboro Lights |

| Count | Date(s) | Defendant(s) | Counterfeit Merchandise and Counterfeit Marks |
|--------------|-------------------------------------------|----------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------|
| 15 | October 23, 2002 through November 7, 2002 | CHENG MING HSU, CHANG SHAN LIU and MAY LIU | 1,050 cases; 10,500,000 cigarettes; Marlboro |
| 16 | November 27, 2002 through April 1, 2003 | CHENG MING HSU, CHANG SHAN LIU, MAY LIU, CO KHANH TANG, CHANG HUO JUNG, SHUANG YING HUANG, HUA YOU and TIE HUA CHEN | 2,129 cases; 21,290,000 cigarettes; Marlboro Marlboro Lights |
| 17 | May 15, 2003 through June 24, 2003 | CHENG MING HSU, CHANG SHAN LIU, MAY LIU, TAT CHUI WONG and KA HO STANLEY AU | 841 cases; 8,410,000 cigarettes; Marlboro Marlboro Light 100's Newport 100's |
| 18 | May 15, 2003 | CHENG MING HSU, CHANG SHAN LIU and MAY LIU | Approximately 8000 Pills; Viagra |
| 19 | June 3, 2003 through June 17, 2003 | CHENG MING HSU, CHANG SHAN LIU and MAY LIU | 898 60 carton cases; 10,776,000 cigarettes; Marlboro Lights Newport |
| 20 | July 28, 2003 through August 27, 2003 | CHENG MING HSU, CHANG SHAN LIU, MAY LIU, CO KHANH TANG, NHI LAM WIGET and YANG GUANG LU | 884 cases; 8,840,000 cigarettes; Newport 100's |

| Count | Date(s) | Defendant(s) | Counterfeit Merchandise and Counterfeit Marks |
|--------------|---------------------------------------------|--------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|
| 21 | September 2, 2003 through November 17, 2003 | CHENG MING HSU, CHANG SHAN LIU and MAY LIU | 1,103 cases; 11,030,000 cigarettes duMaurier Lights Player's Lights |
| 22 | September 17, 2003 through December 2, 2003 | CHENG MING HSU, CHANG SHAN LIU, MAY LIU, CO KHANH TANG and CHING YU GUO | 455 cases; 421 60 carton cases; 9,562,000 cigarettes; Newport 100 State Express 555 |

In violation of Title 18, United States Code, Sections 2320(a) and 2.

COUNTS TWENTY THREE through FORTY TWO
(Trafficking in Contraband Cigarettes)

1. The Grand Jury re-alleges and incorporates the Introduction and the Overt Acts alleged in Count One as if fully set out herein.

2. On or about the dates alleged below, in the District of New Jersey, the Eastern District of New York, the Central District of California, the Northern District of Illinois, and elsewhere, the Defendants set forth below did knowingly and unlawfully ship, transport, receive, possess, sell, distribute and purchase and cause the shipment, transportation, receipt, possession, sale, distribution and purchase, of contraband cigarettes, as that term is defined in Title 18, United States Code, Section 2341(2), in the approximate amount(s) set forth below, which bore no evidence of the payment of applicable state cigarette taxes for the state(s) alleged below:

| Count | Date(s) and state(s) | Defendant(s) | Number of Cases and Cigarettes |
|--------------|----------------------------------------------|--------------------------------------------------------------------------------------------------------------------|---------------------------------------|
| 23 | On or about January 8, 2002; New York | CHENG MING HSU, CHANG SHAN LIU, MAY LIU, XIAO FENG WEI and WEI LI GU | 350 cases; 3,500,000 cigarettes |
| 24 | On or about January 11, 2002; New York | CHENG MING HSU, CHANG SHAN LIU, MAY LIU, XIAO FENG WEI, WEI LI GU and SHEN WEN CHEN | 495 cases; 4,950,000 cigarettes |
| 25 | On or about August 7, 2002; California | CHENG MING HSU, CHANG SHAN LIU and MAY LIU | 864 cases; 8,640,000 cigarettes |

| Count | Date(s) and state(s) | Defendant(s) | Number of Cases and Cigarettes |
|--------------|-------------------------------------------------|-----------------------------------------------------------------------------------------------------------------|---------------------------------------|
| 26 | On or about November 7, 2002; California | CHENG MING HSU, CHANG SHAN LIU and MAY LIU | 1,050 cases; 10,500,000 cigarettes |
| 27 | On or about December 12, 2002; New York | CHENG MING HSU, CHANG SHAN LIU, MAY LIU, CHANG HUO JUNG and SHUANG YING HUANG | 100 cases; 1,000,000 cigarettes |
| 28 | On or about January 29, 2003; New Jersey | CHENG MING HSU, CHANG SHAN LIU and MAY LIU | 100 cases; 1,000,000 cigarettes |
| 29 | On or about February 11, 2003; Illinois | CHENG MING HSU, CHANG SHAN LIU and MAY LIU | 100 cases; 1,000,000 cigarettes |
| 30 | On or about February 19, 2003; New Jersey | CHENG MING HSU, CHANG SHAN LIU, MAY LIU, HUA YOU and TIE HUA CHEN | 200 cases; 2,000,000 cigarettes |
| 31 | On or about February 26, 2003; New Jersey | CHENG MING HSU, CHANG SHAN LIU, MAY LIU, CO KHANH TANG, HUA YOU and TIE HUA CHEN | 300 cases; 3,000,000 cigarettes |
| 32 | On or about March 7, 2003; Illinois | CHENG MING HSU, CHANG SHAN LIU and MAY LIU | 225 cases; 2,250,000 cigarettes |

| Count | Date(s) and state(s) | Defendant(s) | Number of Cases and Cigarettes |
|--------------|-----------------------------------------------|------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|
| 33 | On or about March 18, 2003; Illinois | CHENG MING HSU, CHANG SHAN LIU and MAY LIU | 200 cases; 2,000,000 cigarettes |
| 34 | On or about March 27, 2003; Illinois | CHENG MING HSU, CHANG SHAN LIU and MAY LIU | 100 cases; 1,000,000 cigarettes |
| 35 | On or about April 1, 2003; California | CHENG MING HSU, CHANG SHAN LIU, MAY LIU and CO KHANH TANG | 807 cases; 8,070,000 cigarettes |
| 36 | On or about June 17, 2003; Illinois | CHENG MING HSU, CHANG SHAN LIU and MAY LIU | 898 60 carton cases 10,776,000 cigarettes |
| 37 | On or about June 24, 2004; California | CHENG MING HSU, CHANG SHAN LIU, MAY LIU, TAT CHUI WONG and KA HO STANLEY AU | 839 cases; 8,390,000 cigarettes |
| 38 | On or about August 26, 2003; New Jersey | CHENG MING HSU, CHANG SHAN LIU, MAY LIU, CO KHANH TANG, NHI LAM WIGET and YANG GUANG LU | 250 cases; 2,500,000 cigarettes |
| 39 | On or about August 27, 2003; New Jersey | CHENG MING HSU, CHANG SHAN LIU, MAY LIU, CO KHANH TANG, NHI LAM WIGET and YANG GUANG LU | 634 cases; 6,340,000 cigarettes |

| Count | Date(s) and state(s) | Defendant(s) | Number of Cases and Cigarettes |
|--------------|-------------------------------------------------|-----------------------------------------------------------------------------------|------------------------------------------------------------|
| 40 | On or about October 15, 2003; New Jersey | CHENG MING HSU, CHANG SHAN LIU, MAY LIU, and CO KHANH TANG | 455 cases; 4,550,000 cigarettes |
| 41 | On or about November 17, 2003; New Jersey | CHENG MING HSU, CHANG SHAN LIU and MAY LIU | 1,103 cases; 11,030,000 cigarettes |
| 42 | On or about December 2, 2003; California | CHENG MING HSU, CHANG SHAN LIU, MAY LIU and CHING YU GUO | 20 cases; 401 (60 carton cases) 5,012,000 cigarettes |

In violation of Title 18, United States Code, Sections 2342(a) and 2.

COUNT FORTY THREE
(Conspiracy to Launder Monetary Instruments)

1. The Grand Jury re-alleges and incorporates the Introduction and the Overt Acts alleged in Count One as if fully set out herein.

2. Beginning in or about January 2002 and continuing through the date of this Indictment, in the District of New Jersey, the District of Maryland, the Northern District of Illinois, the Central District of California and elsewhere, the Defendants,

CHENG MING HSU,
a/k/a “Bruce,”
CHANG SHAN LIU,
a/k/a “Charles Liu”
and
MAY LIU,
a/k/a “May Chin”

did knowingly and willfully conspire and agree with each other, with other unindicted co-conspirators and with others both known and unknown to the grand jury, to commit an offense against the United States, that is they conspired to:

(a) conduct financial transactions which involved the proceeds of specified unlawful activity, specifically, smuggling counterfeit goods, trafficking in goods bearing counterfeit marks and trafficking in contraband cigarettes, knowing that the property involved in the financial transactions represented the proceeds of some form of unlawful activity, and knowing that the transactions were designed in whole and in part to (1) conceal and disguise the nature, location, source, ownership, and control of the proceeds of specified unlawful activity and (2) avoid a transaction reporting requirement under federal law, contrary to Title 18, United States Code, Sections 1956(a)(1)(B)(i) and (ii);
and

(b) transmit and transfer monetary instruments and funds from a place in the United States to a place outside the United States, knowing the funds involved in the transmission represented the proceeds of some form of unlawful activity and knowing that such transmission was designed in whole or in part to conceal and disguise the nature, location, source, ownership and control of the proceeds of specified unlawful activity, specifically, smuggling counterfeit goods in violation of Title 18, United States Code, Section 545, trafficking in goods bearing counterfeit marks in violation of Title 18, United States Code, Section 2320 and trafficking in contraband cigarettes in violation of Title 18, United States Code, Section 2342, contrary to Title 18, United States Code, Section 1956 (a)(2).

All in violation of Title 18, United States Code, Section 1956(h).

COUNTS FORTY FOUR through FORTY NINE
(Laundering Monetary Instruments)

1. The Grand Jury re-alleges and incorporates the Introduction and the Overt Acts alleged in Count One as if fully set out herein.

2. On or about the dates listed below, in the District of New Jersey, the District of Maryland, the Northern District of Illinois, the Central District of California and elsewhere, the defendants set forth below, knowing that the property involved in the financial transactions represented the proceeds of some form of unlawful activity, and knowing that the transactions were designed in whole and in part to (1) conceal and disguise the nature, location, source, ownership, and control of the proceeds of specified unlawful activity, and (2) avoid a transaction reporting requirement under federal law, did knowingly and willfully conduct, cause to be conducted, and attempt to conduct the following financial transactions which, in fact, involved the proceeds of specified unlawful activity, namely smuggling counterfeit goods in violation of Title 18, United States Code, Section 545, trafficking in goods bearing counterfeit marks in violation of Title 18, United States Code, Section 2320 and trafficking in contraband cigarettes in violation of Title 18, United States Code, Section 2342:

| Count | Date | Defendant(s) | Amount of financial transaction(s) |
|--------------|---------------------------------------------------------------------|---------------------------------------------------------------|-------------------------------------------|
| 44 | On or about February 20, 2003 through on or about February 21, 2003 | CHENG MING HSU, CHANG SHAN LIU and MAY LIU | \$50,000 |
| 45 | On or about February 27, 2003 through on or about March 3, 2003 | CHENG MING HSU and CHANG SHAN LIU | \$20,000 |

| Count | Date | Defendant(s) | Amount of financial transaction(s) |
|--------------|--------------------------------------------------------------|---------------------------------------------------------------|-------------------------------------------|
| 46 | On or about April 1, 2003 through on or about April 18, 2003 | CHENG MING HSU, CHANG SHAN LIU and MAY LIU | \$57,600 |
| 47 | On or about April 19, 2003 | CHENG MING HSU and CHANG SHAN LIU | \$70,000 |
| 48 | On or about May 15, 2003 | CHENG MING HSU and CHANG SHAN LIU | \$47,000 |
| 49 | On or about June 22, 2003 through on or about July 3, 2003 | CHENG MING HSU, CHANG SHAN LIU and MAY LIU | \$55,300 |

In violation of Title 18, United States Code, Sections 1956(a)(1) and 2.

COUNTS FIFTY through FIFTY FOUR
(Laundering Monetary Instruments)

1. The Grand Jury re-alleges and incorporates the Introduction and the Overt Acts alleged in Count One as if fully set out herein.

2. On or about the dates listed below, in the District of New Jersey, the District of Maryland, the Northern District of Illinois, the Central District of California and elsewhere, the defendants set forth below, knowing the funds involved in the transmission represented the proceeds of some form of unlawful activity and knowing that such transmission was designed in whole or in part to conceal and disguise the nature, location, source, ownership and control of the proceeds of specified unlawful activity, specifically, trafficking in contraband cigarettes contrary to Title 18, United States Code, Section 2342, did knowingly transmit and transfer, cause to be transmitted and transferred, and attempt to transmit and transfer monetary instruments and funds, in the amounts listed below, from a place in the United States to a place outside the United States, listed below:

| Count | Date/Location | Defendant | Amount of monetary instrument and funds |
|--------------|-------------------------------------------------|---------------------------------------------------------------|------------------------------------------------|
| 50 | On or about February 21, 2003; Taiwan | CHENG MING HSU, CHANG SHAN LIU and MAY LIU | \$ 50,000 |
| 51 | On or about March 3, 2003; Hong Kong, China | CHENG MING HSU and CHANG SHAN LIU | \$ 20,000 |
| 52 | On or about April 22, 2003; Hong Kong, China | CHENG MING HSU | \$ 107,600 |

| | | | |
|----|--------------------------------------------------|---------------------------------------------------------------|-----------|
| 53 | On or about May 20, 2003; Hong Kong, China | CHENG MING HSU | \$ 17,000 |
| 54 | On or about July 3, 2003; China | CHENG MING HSU, CHANG SHAN LIU and MAY LIU | \$ 55,300 |

In violation of Title 18, United States Code, Sections 1956(a)(2) and 2.

COUNTS FIFTY FIVE through FIFTY EIGHT
(Monetary Transaction in Criminally Derived Property)

1. The Grand Jury re-alleges and incorporates the Introduction and the Overt Acts alleged in Count One as if fully set out herein.

2. On or about the dates listed below, in the District of New Jersey, the District of Maryland, the Northern District of Illinois, the Central District of California and elsewhere, the defendants set forth below, did knowingly engage and attempt to engage and did aid, abet, command, counsel, command, induce and procure and cause the engaging and attempts to engage in the following monetary transactions by through or to a financial institution, affecting interstate or foreign commerce, in criminally derived property of a value greater than \$10,000, that is the transfer of funds, such property having been derived from a specified unlawful activity, that is, trafficking in contraband cigarettes contrary to Title 18, United States Code, Section 2342:

| Count | Date | Defendant | Monetary Transaction |
|--------------|-------------------------------|---------------------------------------------------------------|-----------------------------|
| 55 | On or about January 18, 2002 | CHANG SHAN LIU, MAY LIU and WEI LI GU | Wire Transfer of \$ 14,000 |
| 56 | On or about January 18, 2002 | CHANG SHAN LIU and MAY LIU | Wire Transfer of \$ 20,000 |
| 57 | On or about November 14, 2002 | CHENG MING HSU, CHANG SHAN LIU and MAY LIU | Wire Transfer of \$ 55,000 |
| 58 | On or about October 31, 2003 | CHENG MING HSU, CHANG SHAN LIU and MAY LIU | Wire Transfer of \$ 50,000 |

In violation of Title 18, United States Code, Sections 1957 and 2.

THIRD FORFEITURE ALLEGATION

1. The allegations contained in Counts 43 through 58 are incorporated as if set forth at length herein for the purposes of noticing forfeiture, pursuant to Title 18, United States Code, Section 982(a)(1).

2. As the result of committing one or more of the money laundering offenses in violation of 18 U.S.C. §§ 1956 and 1957, alleged in Counts 43 through 58 of this Indictment, defendants CHENG MING HSU, CHANG SHAN LIU, MAY LIU and WEI LI GU shall forfeit to the United States pursuant to Title 18, United States Code, Section 982(a)(1), the following property:

a. All right, title, and interest in any and all property involved in each offense in violation of Title 18, United States Code, Sections 1956 and 1957, for which the defendant is convicted, and all property traceable to such property, including the following:

(i) all money and other property that was the subject of each transaction, transportation, transmission, and transfer in violation of Title 18, United States Code, Section 1956;

(ii) all commission, fees and other property constituting proceeds obtained as a result of those violations; and

(iii) all property used in any manner and part to commit and to facilitate the commission of those violations, including but not limited to the following:

VEHICLES

a) one gold 1996 Mercedes Benz, California registration 3RRG516, registered to

b. A money judgment equal to the total amount of money involved in any offense

set forth in Counts 43 through 58 for which each defendant is convicted. If more than one defendant is convicted of an offense, the defendants so convicted are jointly and severally liable for the amount involved in the offense.

3. Pursuant to Title 21, United States Code, Section 853(p), as incorporated by Title 18, United States Code, Section 982(b), each defendant shall forfeit substitute property, up to the value of the amount described in paragraph 2 above, if, by any act and omission of any defendant, the property described in paragraph 2, or any portion there of:

- a. cannot be located upon the exercise of due diligence;
- b. has been transferred, sold to or deposited with a third party;
- c. has been placed beyond the jurisdiction of the court;
- d. has been substantially diminished in value; or
- e. has been commingled with other property which cannot be divided without difficulty.

pursuant to Title 18, United States Code, Section 982(a)(1).

A TRUE BILL

FOREPERSON

CHRISTOPHER J. CHRISTIE
United States Attorney