



# Department of Justice

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## **EIGHTEEN BAY AREA RESIDENTS CHARGED IN INDOOR MARIJUANA MANUFACTURING OPERATION AND MORTGAGE FRAUD SCHEME IN THE CENTRAL VALLEY**

SACRAMENTO, Calif. — United States Attorney Lawrence G. Brown, DEA Assistant Special Agent in Charge Gordon Taylor, and IRS-Criminal Investigation Special Agent in Charge Scott O'Briant announced today that a Sacramento federal grand jury returned three superseding indictments charging 14 Bay Area residents with conspiracy to manufacture at least 1000 marijuana plants and manufacturing at least 1000 marijuana plants arising out of a wide-scale, sophisticated indoor marijuana cultivation operation in the Central Valley.

The federal grand jury also returned a separate indictment five Bay Area residents with 26 counts of mail fraud in connection with mortgage fraud in several houses used in the scheme. (One defendant is charged in two indictments, making the total 18.)

This case is the product of an extensive investigation by the Drug Enforcement Administration, the Internal Revenue Service-Criminal Investigations Division, Elk Grove Police Department, Stockton Police Department, and Lathrop Police Department. Significant assistance was also provided by Bay Area local, state, and federal law enforcement agencies and the U.S. Attorney's Office for the Northern District of California.

"All of the individuals indicted in this case are from the Bay Area. They chose the Central Valley to perpetrate their scheme due to lower housing prices. They chose unwisely. What they failed to factor in were residents proud of their neighborhoods, skilled local police departments, and federal agencies that work seamlessly with their local and state counterparts," stated U.S. Attorney Brown.

DEA Assistant Special Agent in Charge Taylor noted, "Operation Marvin Gardens is a crackdown on one of the largest, most sophisticated residential indoor marijuana growing organizations in the nation. This Bay area crime ring invaded our nice bedroom communities, set up marijuana factories, and ultimately impacted the real estate, mortgage and utility company industries. The success of this investigation would not have been possible without the cooperation of multiple law enforcement agencies."

"These types of crimes create a significant loss of tax revenue, drive buyers into foreclosure, leave lenders burdened with bad loans and neighborhoods with abandoned and deteriorating properties. IRS-CI is committed to pursuing individuals who create such havoc," stated IRS, Criminal investigation Special Agent in Charge O'Briant.

According to Assistant United States Attorneys Heiko P. Coppola and Robin Taylor, who are prosecuting the case, the superseding indictments allege that the defendants operated sophisticated, large-scale, commercial marijuana gardens in approximately 50 single-family homes located in Sacramento, Elk Grove, Stockton, Lathrop, Tracy, and Modesto in 2006 and

2007. Approximately 24,500 marijuana plants were recovered by law enforcement officers during the execution of search warrants during the initial stages of the investigation.

The mail fraud indictment alleges that five defendants committed mortgage fraud between March and October 2006 in order to purchase 26 residences in Stockton that were to used to grow marijuana, were being converted or were awaiting conversion for indoor marijuana cultivation. As a result of the mortgage fraud scheme, various financial institutions and mortgage lenders issued approximately \$15,000,000 in residential home loans with a resulting multimillion dollar loss.

Charged in the marijuana conspiracy primarily in the Stockton area:

DICKSON WING KEI HUNG, 35, of San Francisco  
JIANG HONG LIANG, 28, of San Francisco  
EN HAO LIN, 23, of San Francisco  
RUI LIU, 22, of San Francisco

Charged in the marijuana conspiracy primarily in the Lathrop area:

LUP PARK LI, 39, of San Francisco  
JOYCE YI LING WANG, 32, of San Francisco  
KONG YUAN LI, 46, of Castro Valley  
KHIN "KENNY" UNG, 49, of San Leandro  
LIAN Z. LI, 41, of Alameda  
ZHI YONG LIN, 50, of San Francisco

Charged in the marijuana conspiracy primarily in the Sacramento, Elk Grove area:

CAN HUI ZHEN, 32, of San Francisco (charged in the 2006 indictment)  
SIMING ZHU, 32, of San Francisco  
DENNIS HOU HUAN YANG, 35, of San Francisco  
GUO "IVAN" YING LU, 29, of Milpitas

The following defendants are charged in the mortgage fraud scheme:

DICKSON WING KEI HUNG, (also charged in the marijuana manufacturing)  
KAREN N. LEE, 29, of San Francisco  
NGAI CHUNG HUNG, 28, of San Francisco  
WAYNE RONG ZHI FENG, 29, of Oakland  
WING CHOU CHAN, 27, of San Francisco

These indictments are the product of a continuing investigation into indoor marijuana manufacturing that began in 2006. The original indictments, returned in 2006 and 2007 charged 17 individuals with conspiracy to manufacture at least 1000 marijuana plants and manufacturing at least 1000 marijuana plants. Of the 17 originally charged, 15 have pleaded guilty and two remain at large.

If convicted of conspiracy to manufacture marijuana and manufacturing marijuana counts, the defendants face a maximum possible sentence of life in prison and a mandatory minimum sentence of at least 10 years in prison. If convicted of the mail fraud counts, the defendants face a maximum possible sentence of 20 years in federal prison. The actual sentence, however, will be determined at the discretion of the court after consideration of the Federal Sentencing Guidelines, which take into account a number of variables and any applicable statutory sentencing factors.

The charges are only allegations and the defendants are presumed innocent until and unless proven guilty beyond a reasonable doubt.

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