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**ELEVEN GERMAN AND CHINESE EXECUTIVES AND SIX COMPANIES TIED TO
GERMAN FOOD CONGLOMERATE INDICTED ON FEDERAL CHARGES
ALLEGING GLOBAL CONSPIRACY TO ILLEGALLY IMPORT CHINESE HONEY**

*Plot allegedly avoided nearly \$80 million in U.S. antidumping duties;
some honey allegedly tainted with antibiotics*

CHICAGO — Eleven individuals and six corporations were indicted on federal charges for allegedly participating in an international conspiracy to illegally import honey from China that was mislabeled as coming from other countries to avoid antidumping duties and included honey that was adulterated with antibiotics not approved for use in honey production, federal law enforcement officials announced today. Ten of the individuals were top executives of corporate defendant **Alfred L. Wolff GmbH**, or four affiliated defendant companies, a German food conglomerate whose United States honey-importing business was based in Chicago. Between 2002 and 2009, the defendants allegedly conspired to illegally import more than \$40 million of Chinese-origin honey to avoid antidumping duties totaling nearly \$80 million.

The 44-count indictment returned yesterday by a federal grand jury does not allege any instances of illness or other public health consequences attributed to consumption of the honey.

The indictment alleges that the defendants conspired to illegally import Chinese-origin honey, including honey tainted with antibiotics, into the United States by mislabeling it as originating in other countries to avoid paying antidumping duties and to conceal and expand the illegal smuggling scheme by submitting false documents to obstruct the U.S. Department of Commerce.

Two of the defendants, **Stefanie Giesselbach** and **Magnus von Buddenbrock**, both former executives of Alfred L. Wolff , Inc., the Chicago-based U.S. affiliate of the German corporation, were arrested in Chicago before leaving the country in May 2008 and are cooperating in the ongoing investigation. Since then, four Chinese or Republic of China nationals, three of whom are also cooperating, have pleaded guilty to related federal charges — two of them in Federal Court in Chicago and two others in Seattle. Today’s indictment brings the total number of individual defendants charged in the investigation to 15, in addition to the six corporate defendants.

The indictment seeks forfeiture of more than \$78 million representing allegedly unpaid antidumping duties. It further seeks forfeiture of more than \$39 .5 million, representing the declared value of 606 total entries, or shipments, of Chinese-origin honey that entered the United States between March 2002 and April 2008 and was allegedly falsely declared as having originated in Russia, India, Indonesia, Malaysia, Mongolia, Philippines, South Korea, Taiwan, and Thailand. It also seeks forfeiture of 2,441 drums of honey seized by the United States in 2008 from storage facilities in Tacoma, Washington; Minneapolis and Eagan, Minnesota; and the Chicago suburbs of Bensenville, Glenview and Itasca.

Between 2001 and July 2007, the Commerce Department imposed antidumping duties on Chinese-origin honey as high as 221 percent and, later, \$2.06 per net kilogram of honey through the

end of 2008. In October 2002, the Food and Drug Administration issued an import alert for honey containing the antibiotic Chloramphenicol, a broad spectrum antibiotic that is used to treat serious infections in humans, but which is not approved for use in honey production. Honey containing the antibiotics Ciprofloxacin, Norfloxacin, Chloramphenicol, and Furazolidone is deemed “adulterated” within the meaning of federal food and drug safety laws.

The U.S. Food and Drug Administration maintains a toll-free number for consumer inquiries: 1-888-INFO-FDA (463-6332).

“The charges allege that these defendants aggressively sought and obtained an illegal competitive advantage in the U.S. honey market by avoiding payment of more than \$78 million in antidumping duties, and while doing so deliberately violated U.S. laws designed to protect the integrity of our food supply,” said Patrick J. Fitzgerald, United States Attorney for the Northern District of Illinois. “Not only was the Government defrauded from collecting substantial antidumping duties, but domestic honey producers and other importers were denied a fair market, according to the indictment, and the defendants distributed adulterated honey that never should have reached the U.S. marketplace,” he added.

“This alleged international fraud conspiracy engaged in illegal and predatory trade practices that threatened our nation’s domestic honey industry,” said Gary J. Hartwig, Special Agent-in-Charge of the Immigration and Customs Enforcement (ICE), Homeland Security Investigations (HSI) in Chicago. “The crime of importing mislabeled and adulterated goods restricts U.S. competitiveness in domestic and world markets and creates an uneven playing field for American businesses and honey importers and packers who play by the rules. We aggressively investigate

those who violate the laws and regulations that are put in place to protect U.S. businesses and the American public.”

Also announcing the charges were Daniel Henson, Special Agent-in-Charge of the Chicago Field Office of the Food and Drug Administration’s Office of Criminal Investigations, and David Murphy, Director of Field Operations for U.S. Customs and Border Protection (CBP) in Chicago.

All 11 individuals and six corporate defendants were charged with one count of conspiracy, and all but Giesselbach and von Buddenbrock were charged with multiple additional counts of smuggling honey, falsifying federal Customs and Commerce Department records and violating the federal food and drug safety laws. Ten German national defendants held various executive positions at the Alfred L. Wolff Food Group’s honey businesses between approximately 1999 and 2008. They are: **Alexander Wolff**, 37, of Hamburg, Germany, who functioned as the chief executive officer of Alfred L. Wolff GmbH from about 2003 through 2009, and controlled the operations of its affiliated food companies and managed the other executives; **Jürgen Becker**; **Tom Weickert**; **Marcel Belten**; **Yi Liu**, 45, of Beijing; **Sven Gehricke**, 44; **Thomas Marten**, 32; **Thomas Gerkmann**, 37; **Stephanie Giesselbach**, 32, of Chicago; and **Magnus von Buddenbrock**, 35, of Chicago.

Also indicted was a Chinese national, **Gong Jie Chen**, also known as “George Gao” and “George Chen,” 44, who acted as sales manager for defendant **QHD Sanhai Honey Co., Ltd.**, a producer, seller and exporter of Chinese-origin honey in Qinhuangdao, Hebei Province, China. In 2006, Chen allegedly conspired with other defendants to establish QHD as a new front company to fraudulently obtain a reduced individualized antidumping duty-exempt rate from the Commerce Department through a process known as a “new shipper” review. As a result of submitting allegedly false records and documents, the Commerce Department issued QHD a preliminary individualized antidumping duty deposit rate of zero percent.

Arrest warrants will be issued in the U.S. for the nine defendants living outside the country, while Giesselbach and von Buddenbrock, both free on cash bonds, will be arraigned at a later date in U.S. District Court in Chicago.

In addition to QHD, the other corporate defendants are: **Alfred L. Wolff GmbH**, which was wholly-owned by Wolff & Olsen GmbH & Co. KG, until most of its assets were acquired in February 2010 by Norevo GmbH; **Alfred L. Wolff Honey GmbH**; **Alfred L. Wolff, Inc.**, the U.S. subsidiary; **Alfred L. Wolff (Beijing) Trade Co., Ltd., China**; and **Alfred L. Wolff Company Ltd., Hong Kong, China**.

As part of the conspiracy, the indictment alleges that defendants caused honey en route to the United States to be tested by a German laboratory and, after learning that it contained antibiotics, caused it to be sold to U.S. customers and even re-sold to some after it was rejected by others due to the presence of antibiotics. The indictment does not identify any ultimate food processors, products or brands, stores, or domestic supply chain.

According to the indictment, the defendants engaged in various acts to conceal their conduct and to alter and destroy records and other evidence, including internal emails and documents relating to the new shipper review process, and to obstruct the Commerce Department review.

In May 2006, Marten, who was then general manager of Wolff's U.S. subsidiary, allegedly emailed Becker and Giesselbach, with a copy to Alexander Wolff, Weickert, Belten and Gerkmann, stating in German, that American Customs had just seized six full container loads of Korean White Honey in Chicago. It ended by stating: "I request that all recipients not to write email about this topic. Please OVER THE TELEPHONE and in German! Thank you!"

In April 2007, in preparation for von Buddenbrock taking over Marten's duties in Chicago, Marten advised von Buddenbrock that the Alfred L. Wolff companies were fraudulently importing Chinese-origin honey into the country and instructed him to treat the conversation as confidential and not to take notes, the indictment alleges. In October 2007, Liu, then general manager of Wolff's Beijing affiliate, emailed Belten and Giesselbach, with a copy to Alexander Wolff and von Buddenbrock and attaching a purported sales contract between Wolff Beijing and QHD (the alleged sham new shipper) that stated: "This is a fake sales confirmation from George Gao," according to the indictment.

The government is being represented by Assistant U.S. Attorneys Andrew S. Boutros and William Hogan.

The conspiracy count carries a maximum penalty of five years in prison and a \$250,000 fine, while other charges carry the following maximum penalties on each count: illegally importing (or smuggling) honey and obstructing the Commerce Department — 20 years, and entering honey adulterated with antibiotics — 3 years and a \$250,000 fine on each count. If convicted, however, the Court would determine the appropriate sentence to be imposed under the advisory United States Sentencing Guidelines.

The public is reminded that an indictment contains only charges and is not evidence of guilt. The defendants are presumed innocent and are entitled to a fair trial at which the government has the burden of proving guilt beyond a reasonable doubt.

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