

The United States Attorney's Office

District of Massachusetts

Press Releases

February 2, 2007

PRESS RELEASE

DORCHESTER MAN PLEADS GUILTY TO MAIL FRAUD AND STRUCTURING
IN CONNECTION WITH AN INVESTMENT FRAUD SCHEME

Boston, MA... A current Dorchester resident pleaded guilty on January 26, 2007, in federal court to mail fraud and structuring financial transactions in connection with an investment scheme that defrauded over 20 victims of approximately \$800,000. The plea came on the eve of trial which was scheduled to begin on January 29, 2007.

United States Attorney Michael J. Sullivan; Sharon E. Ormsby, Acting Special Agent in Charge of the Federal Bureau of Investigation in New England; and Douglas A. Bricker, Special Agent in Charge of the U.S. Internal Revenue Service, Criminal Investigation, announced that CHUONG VAN DUONG, age 58, currently of Dorchester and formerly of Quincy, pleaded guilty before U.S. District Judge Reginald C. Lindsay to 14 counts of mail fraud and 5 counts of structuring financial transactions.

At the plea hearing, the prosecutor told the Court, that had the case proceeded to trial, the evidence would have proven that, between his arrival in the United States from Vietnam in 1993 and the summer of 1997, DUONG worked as a machine operator. However, in 1995, DUONG formed Asia Golden Dragon Corporation ("AGDC") with himself as its President and one of its Directors. The incorporation documents described the company's business activities as "International trade and foreign investment (including technology transfer) and all services relating thereto." While DUONG formed other Massachusetts corporations in later years, AGDC was the principal corporate entity through which he purported to conduct business with investors during the 1996-2003 period covered by the indictment. DUONG defrauded over 20 victims of over \$800,000 between 1996 and December 17, 2003, the day he was arrested.

After incorporating AGDC, DUONG began soliciting investments from individuals primarily but not exclusively within the Vietnamese immigrant community in Massachusetts and elsewhere in New England. In most if not all instances, DUONG falsely presented himself as a very successful businessman who had made large sums of money through the international trade in goods as varied as rice, sugar, cement, garments and fertilizer and who was willing to share his success and his profits with individual investors. Typically, DUONG would tell potential investors that they had to invest at least \$20,000 to \$30,000 and, as evidence of his business acumen and of his success in conducting far-flung business transactions, he showed them what purported to be contracts, sometimes written in languages which the investors could not read and which bore signatures and official-looking stamps. In almost every case, DUONG presented investors with one or more contracts for the international purchase or sale of one of the goods or commodities already mentioned with the understanding that their money would be invested. DUONG promised investors that they would reap large profits on their investments, ranging from a doubling or tripling of their initial investment in a matter of two or three months, to profits measured in the millions of dollars in as little as one or two years.

DUONG invited many of his investors to accompany him on purported business trips to China and/or Vietnam. However, while abroad, DUONG never allowed any of his investors to attend or participate in any of the foreign "business meetings". All of the investors who gave money to DUONG and who would have testified at trial would have said they were never paid any profits and their demands for a return of their investment went unfulfilled.

Evidence at trial would have shown that in fact, DUONG was not a successful international businessman; he never completed a single international business transaction; and that he was living off the money he received from investors rather than using it for international business transactions. Evidence would have shown the investment monies received by DUONG were spent on living expenses and some travel and on cash withdrawals consistent with living or travel expenses. Many of the cash transactions conducted by DUONG were also structured in a manner designed to avoid triggering currency transaction reports which banks must file for cash transactions involving more than \$10,000.

The government would also have introduced DUONG's personal tax returns filed for all but one of the years from 1994 through 2002 which showed that the highest income he ever reported was just under \$8,000 in 1994. In addition, the government would have introduced corporate tax returns for AGDC for all but one of the years from 1995 through 2001, which reported that the corporation had no gross revenue and no taxable income.

Judge Lindsay scheduled sentencing for June 4, 2007. After serving nearly three years in pre-trial detention, DUONG was released to house arrest in May of 2006 and remains under house arrest at this time. DUONG faces up to 20 years' imprisonment, to be followed by 3 years of supervised release, restitution and a fine of up to \$250,000 on each of the counts to which he pleaded guilty.

The case was investigated by the Federal Bureau of Investigation and the U.S. Internal Revenue Service, Criminal Investigation. It is being prosecuted by Assistant U.S. Attorneys Mark J. Balthazard and Patrick M. Hamilton in Sullivan's Economic Crimes Unit.

Press Contact: Samantha Martin, (617) 748-3139