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FEDERAL RACKETEERING INDICTMENTS TARGET INTERNATIONAL SMUGGLING, COUNTERFEIT CURRENCY OPERATION

Undercover Operation Nets 59 Arrests Nationwide

WASHINGTON, D.C. – The Department of Justice and the Department of Homeland Security announced today that 87 individuals have been indicted and 59 people have been arrested on charges related to international conspiracies to launder money and smuggle counterfeit U.S. currency, weapons, drugs and cigarettes into the United States.

Over the weekend, federal agents arrested 59 people at 11 locations in the United States and Canada, including Atlantic City, Los Angeles, Las Vegas, Chicago, and Philadelphia. The arrests were the result of two parallel undercover law enforcement operations and unprecedented cooperation between the Federal Bureau of Investigation (FBI); the U.S. Secret Service; the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF); U.S. Immigration and Customs Enforcement (ICE) and U.S. Customs and Border Protection at the U.S. Department of Homeland Security; the Royal Canadian Mounted Police; the U.S. Postal Inspection Service, the Department of Labor's Inspector General, and several state and local law enforcement agencies.

Following the arrests, federal indictments were unsealed in Los Angeles and Newark, New Jersey, naming 87 individuals in the international smuggling and counterfeiting operation on charges including: violations of Racketeering Influenced and Corrupt Organizations (RICO) statutes; dealing in counterfeit U.S. currency; narcotics trafficking; money laundering; conspiracy to defraud the United States; and illegal weapons trafficking.

"The criminal conspiracies we have ended here had the potential to undermine our financial security and compromise the safety of our streets," said Attorney General Alberto R. Gonzales. "We are grateful to the men and women whose actions and bravery prevented these drugs, weapons and counterfeit money from getting into the hands of criminals who could use them to harm America. Our nation is safer thanks to the law enforcement officers – especially the undercover agents – who exposed this dangerous criminal enterprise."

OPERATION ROYAL CHARM (New Jersey)

Six indictments, including three racketeering indictments, were returned in the District of New Jersey charging 57 individuals. The FBI undercover operation revealed that the organization smuggled highly deceptive counterfeit U.S. currency, manufactured in a foreign country, into the United States on container ships with false bills of lading for toys, rattan furniture and other goods. The indictments allege that in October 2004, a container loaded with approximately $338,000 in counterfeit currency arrived in Newark, followed by a shipment of nearly $3 million in counterfeit currency in December 2004. A third shipment of nearly $2

million in counterfeit U.S. currency was ordered from the subjects. The containers were allegedly sent by defendants after extensive meetings with FBI undercover agents.

In addition, the operation revealed that the organization used the same methods to smuggle drugs into the United States. It further revealed that members of the organization with significant ties to factories overseas were manufacturing counterfeit cigarettes and then shipping them to the United States through the same methods as the counterfeit currency. The cigarettes were smuggled into the country at Port Newark, New Jersey and delivered to various states, including New Jersey, New York, Illinois, California and Pennsylvania, and into Canada.

To date, Operation Royal Charm has resulted in the seizure of more than $3.3 million in counterfeit currency; $2 million in counterfeit cigarettes; 36,000 ecstasy pills; and almost one-half kilo of methamphetamine.

The indictments also allege that two of the defendants, in conversations with undercover federal agents, entered into a $1 million deal to provide various weapons, including silenced pistols, rocket launchers, silenced sub-machine guns and automatic rifles. The agents wire-transferred a $50,000 deposit for the weapons to an overseas bank, but the weapons were not delivered. The defendants were charged with conspiracy to engage in arms trafficking.

In an effort to orchestrate the arrest of many of the subjects in the Newark investigation, the FBI prepared and sent invitations to a ruse "wedding" for one of the FBI undercover agents. Many of the subjects were arrested on Sunday, believing they were going to the wedding celebration.

"This organization had its hands in a slew of global criminal enterprises," said U.S. Attorney Christopher J. Christie of the District of New Jersey. "Its activities, however, were stopped cold by this undercover operation, and that is a tribute to the abilities of all of the law enforcement who worked the case."

OPERATION SMOKING DRAGON (Los Angeles)

A second investigation, connected to the first by similar subjects, resulted in four indictments by a federal grand jury in the Central District of California naming 30 defendants. The indictments allege that several individuals in California were importing counterfeit products, including cigarettes from a foreign country, through the Los Angeles and Long Beach waterfronts. An FBI undercover operation arranged the shipment of these counterfeit goods into California for the purpose of identifying the entire criminal enterprise. FBI undercover agents posed as underworld criminals who could move these counterfeit products into the United States and Canada.

The defendants, believing they were dealing with other criminals, paid for some of the illegal shipments with counterfeit cigarettes.

To date, Operation Smoking Dragon has resulted in the seizure of nearly $1.2 million in counterfeit currency. The investigation reveals that the defendants allegedly smuggled cartons of counterfeit cigarettes worth $40 million, with significant loss to state tax revenues. Additionally, 9,100 ecstasy pills, four kilograms of methamphetamine and several hundred

thousand dollars worth of counterfeit goods – including Viagra and other pharmaceuticals – were smuggled into the United States.

U.S. Attorney Debra Wong Yang said, "Operation Smoking Dragon uncovered an extremely sophisticated smuggling operation that included the production of counterfeit goods and their distribution across the country. The top-to-bottom nature of the organization has resulted in a racketeering indictment that has crippled an enterprise responsible for flooding the United States with bogus consumer products, dangerous drugs and fake government-issued documents."

"The culmination of this operation is a prime example of successful law enforcement partnering among local, state, federal and international agencies," said FBI Deputy Director John S. Pistole. "Asian criminal enterprises pose a unique and complex law enforcement threat due to the fluid nature of their enterprises. It is essential that we continue to work together with our law enforcement partners to thwart the threat from these international organizations."

"These indictments are not only significant in number and scope but also an illustration of the strong working relationships that exist between law enforcement and judicial counterparts across the country," said Secret Service Deputy Director Barbara S. Riggs. "As evidenced by this case, the Secret Service continues to focus our resources and respond quickly to protect our nation's financial infrastructure and the public by uncovering and preventing transnational distribution of counterfeit U.S. currency."

"Those who traffic in illegal weapons and counterfeit and contraband cigarettes pose a danger to our communities and our nation," said ATF Deputy Director Edgar Domenech. "By partnering in investigations such as this one, we can bring together our investigative expertise and unique capabilities to attack this international criminal threat and safeguard the American people."

"This was a one-stop-shopping criminal organization that had the will and the means to smuggle virtually every form of contraband imaginable. For those reasons alone, the organization posed a serious homeland security threat that we are happy to close down today. This case demonstrates what can be achieved when law enforcement works together to combat such threats," said John P. Clark, Deputy Assistant Secretary for U.S. Immigration and Customs Enforcement (ICE) at the Department of Homeland Security.

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