

13 MAG 2703

ORIGINAL

Approved: *[Signature]*
JASON WONG/PATRICK EGAN/RICHARD COOPER
Assistant United States Attorneys

Before: HONORABLE KEVIN NATHANIEL FOX
United States Magistrate Judge
Southern District of New York

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UNITED STATES OF AMERICA	:	<u>SEALED COMPLAINT</u>
	:	
- v. -	:	Violations of
	:	18 U.S.C. §§ 371
YONG LIN and	:	
QIAO FANG ZHENG,	:	COUNTY OF OFFENSE:
	:	New York
Defendants.	:	
	:	
	:	

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SOUTHERN DISTRICT OF NEW YORK, ss.:

GEORGE IOANNIDIS, being duly sworn, deposes and says that he is a Special Agent with the Department of Homeland Security, Homeland Security Investigations ("HSI"), and charges as follows:

COUNT ONE

(Conspiracy to Commit Theft of Government Funds)

1. From at least in or about July 2012, up to and including November 2013, in the Southern District of New York and elsewhere, YONG LIN and QIAO FANG ZHENG, the defendants, and others known and unknown, willfully and knowingly did combine, conspire, confederate, and agree together and with each other to violate Title 18, United States Code, Section 641.

2. It was a part and an object of the conspiracy that YONG LIN and QIAO FANG ZHENG, the defendants, and others known and unknown, would and did embezzle, steal, purloin and knowingly convert to their use and the use of others, vouchers, money and things of value of the United States and a department and an agency thereof, to wit, the United States Department of Agriculture, Food and Nutrition Service ("USDA"), the value of which exceeded \$1,000, and would and did receive, conceal, and

retain the same with intent to convert it to their use and gain, knowing it to have been embezzled, stolen, purloined and converted, in violation of Title 18, United States Code, Section 641.

Overt Acts

3. In furtherance of the conspiracy and to effect the illegal object thereof, the following overt acts, among others, were committed in the Southern District of New York:

a. In or about July 2012, in Manhattan, New York, QIAO FANG ZHENG, the defendant, attended a training program for vendors to participate in the federal Special Supplemental Nutrition Program for Women, Infants and Children ("WIC," or the "WIC Program").

b. On at least five occasions from in or about April 2013 up to and including November 2013, QIAO FANG ZHENG, the defendant, fraudulently exchanged cash for public benefit vouchers issued pursuant to the WIC Program at a grocery store located in Brooklyn, New York.

c. Between in or about March 2013 and in or about September 2013, YONG LIN, the defendant, cashed over \$200,000 in checks, representing the proceeds of WIC fraud.

(Title 18, United States Code, Section 371.)

The bases for my knowledge and for the foregoing charge are, in part, as follows:

4. I have been personally involved in the investigation of this matter. This affidavit is based upon my conversations with law enforcement agents, witnesses and others, as well as my examination of reports and records. Because this affidavit is being submitted for the limited purpose of establishing probable cause, it does not include all the facts that I have learned during the course of my investigation. Where the contents of documents and the actions, statements and conversations of others are reported herein, they are reported in substance and in part, except where otherwise indicated.

THE WIC PROGRAM

5. From my training and experience as a Special Agent for HSI, I know the following about the WIC Program:

a. The WIC Program is a federally funded program through which the USDA provides grants to states for supplemental foods, health care referrals, and nutrition education for low-income pregnant women, mothers of young children, and children up to age five who are found to be at nutritional risk.

b. Grants from the USDA are administered in New York by the New York State Department of Health, Division of Nutrition (the "NYS DOH").

c. Residents of New York who are interested in receiving benefits under the WIC Program must apply to the NYS DOH and, if accepted to become participants in the WIC Program ("Participants"), are given a WIC Identification Card (a "WIC ID") containing a unique identification number. Each Participant receives vouchers ("WIC Checks" or, individually, a "WIC Check") which contain the Participant's unique WIC identification number and are redeemable for certain specified items.

d. Each WIC Check lists one or more items which are the only item or items that may be purchased with that WIC Check. For example, a WIC Check may list "1 Gallon + 1 Half Gallon Nonfat or 1% LowFat Milk and 1 48-Ounce Container of 11.5-12 ounce Concentrate WIC Juice," meaning that that WIC Check is only redeemable for those two items. Each WIC Check is also assigned a maximum dollar value for the listed items.

e. In order to obtain authorization to accept WIC Checks, a retailer must obtain a license from the state of New York (a "WIC License"). To obtain such a license, the retailer must submit an application package and, once approved, execute a contract agreeing to abide by all WIC policies and regulations. A retailer that does not possess a WIC License is not permitted to accept WIC Checks.

f. The final step in obtaining a WIC License requires the retailer, through a representative, to attend a training program given in Manhattan, New York or the Bronx, New York, where the proper procedures for accepting WIC Checks and receiving payment from the state are taught. Approved retailers ("WIC Vendors") must also agree to train all staff in the proper method of processing WIC Checks. WIC Vendors are also instructed that they are only permitted to exchange specified items for WIC Checks, and that they may not exchange cash for

WIC Checks. Exchanging cash for WIC Checks is prohibited by federal statute and by federal regulations governing the WIC Program.

g. After completing the training process, a WIC Vendor receives a WIC License as well as a stamp with a unique identifier number (the "WIC Stamp") which is used to stamp each WIC Check the WIC Vendor receives.

h. The process for Participants to purchase food using WIC Checks is as follows:

i. A Participant goes to an approved WIC Vendor and selects the specified items listed on the Participant's WIC Checks.

ii. At the register, the Participant presents his or her WIC ID and the WIC Check(s). The WIC Vendor matches the identification number on the WIC ID with the identification number on the WIC Check to make sure that the proper person is using the Check.

iii. The WIC Vendor then totals up the cost of the items and makes sure that it does not exceed the maximum value listed on the WIC Check. The WIC Vendor writes the total cost of the items on the front of the check, has the Participant sign the check, and stamps the front of the check with the WIC Stamp.

iv. Each WIC Vendor is permitted to use its WIC Stamp only for checks used at the WIC Vendor's location.

i. To receive payment from the state of New York, a WIC Vendor deposits stamped WIC Checks into a bank account previously designated to receive funds from the WIC Program. The WIC Vendor receives payment for each stamped WIC Check in the amount written on the front of the check. Funds allocated by the state of New York to the WIC Program are transferred to the WIC Vendor's bank account from a bank account controlled by the state of New York.

B & B GROCERY, INC.

6. From my review of records obtained from the NYS DOH, I have learned, among other things, that:

a. YONG LIN, the defendant, held a WIC License

on behalf of Brian's Mini Mart, Inc., ("Brian's Mini Mart"), beginning in or about February 2010 up to and including February 2012. The application listed LIN as President of Brian's Mini Mart, and indicated that Brian's Mini Mart was a one-register, 600 square-foot store, located at 4023 8th Avenue, Brooklyn, New York.

b. In or about February 2010 and June 2011, LIN attended mandatory WIC Vendor training sessions.

c. From in or about March 2010 up to and including in or about February 2012, Brian's Mini Mart redeemed over \$1,300,000 worth of WIC checks.

d. In or about February 2012, NYS DOH conducted an investigation into Brian's Mini Mart, and determined that Brian's Mini Mart could not substantiate its WIC formula redemptions for the period between August 12, 2011 and November 15, 2011.

e. In or about February 2012, LIN returned the WIC Stamp for Brian's Mini Mart.

f. In or about July 2012, QIAO FANG ZHENG, the defendant, applied for a WIC License on behalf of "B & B Grocery, Inc." ("B & B Grocery"), a one-register store. The application listed ZHENG as President of B & B Grocery, and indicated that B & B Grocery was a one-register, 700 square-foot store, located at 4023 8th Avenue, Brooklyn, New York, the same address as Brian's Mini Mart. The application also indicated in substance, that no present owners or employees had ever been fined, non-renewed, disqualified, terminated, suspended or denied participation by the WIC or Food Stamp Programs.

g. ZHENG signed a vendor contract in or about July 2012 which provided, in part, "[t]he Vendor shall not provide cash or contraband in exchange for WIC checks. No WIC transaction will involve the transfer of cash either to or from the Participant."

h. In or about July 2012, ZHENG attended a training program in Manhattan, New York required for a WIC Vendor's participation in the WIC Program.

i. B & B Grocery's application was approved in or about September 2012, which license is active as of the date of this Complaint.

7. Based on my review of information contained in Government databases, I have learned that YONG LIN and QIAO FANG ZHENG, the defendants, are married to one another.

8. Based on my review of records from First American International Bank ("FAIB") and my participation in the investigation to date, I have learned, among other things, that:

a. YONG LIN and QIAO FANG ZHENG, the defendants, are each listed as a signatory on B & B Grocery's bank account where WIC redemptions are deposited ("FAIB Account-1").

b. LIN is also listed as a signatory on another FAIB account associated with another WIC Vendor, H & I Grocery, Inc., ("H & I Grocery"), where WIC redemptions are also deposited ("FAIB Account-2").

B & B GROCERY COMMITS WIC FRAUD

9. From my review of records obtained from the NYSDOH, I have learned, among other things, that:

a. In or about September 2012, B & B Grocery's first month with a WIC License, B & B Grocery redeemed approximately 50 WIC Checks for approximately \$948.

b. From in or about October 2012, up to and including in or about October 2013, B & B Grocery redeemed more than 21,000 WIC Checks for over \$540,000.

10. I have obtained records of WIC Check redemptions by WIC Vendors in the same neighborhood as B & B Grocery, and from my review of those records I have learned, among other things, the following:

a. From in or about August 2012 up to and including in or about August 2013, a one-register store in the same neighborhood as B & B Grocery redeemed a total of 1,826 WIC Checks for over \$25,000.

b. From in or about August 2012 up to and including in or about August 2013, a C-Town Supermarket in the same neighborhood as B & B Grocery redeemed a total of 5,478 WIC Checks for over \$90,000.

11. Based on my personal participation in this investigation and my review of reports from other law enforcement officers, I know that between in or about April 2013 up to and including in or about November 2013, confidential informants ("CIs") working at the direction and under the supervision of HSI agents exchanged WIC Checks for cash, not for eligible food items, at B & B Grocery on numerous occasions (the "B & B Grocery CI Transactions").¹ During those transactions, CIs exchanged over 62 WIC Checks with a face value of over approximately \$3,222 for over approximately \$2,600 in cash. In particular, CIs exchanged 5 WIC Checks in April 2013; 20 WIC Checks in June 2013; 17 WIC Checks in August 2013; 17 WIC Checks in September 2013; and 3 WIC Checks in November 2013.

12. Based on my discussions with representatives and review of records from the NYS DOH, I have learned the following about the WIC Checks the CIs exchanged for cash at B & B Grocery, as described in paragraph 11 supra:

a. The WIC Checks that were exchanged for cash at B & B Grocery in or about April 2013 were stamped and presented for payment by another WIC Participant, Helen's Mini Mart, which was not authorized to accept WIC checks on behalf of B & B Grocery.

b. The WIC Checks that were exchanged for cash at B & B Grocery in or about June 2013 and August 2013 were stamped and presented for payment either by B & B Grocery or by another WIC Participant, H & I Grocery, as described in paragraph 8(b) supra. H & I Grocery was not authorized to accept WIC checks on behalf of B & B Grocery.

c. The WIC Checks that were exchanged for cash at B & B Grocery in or about September 2013 were stamped and presented for payment by another WIC Participant, Heng Feng Food, Inc., which was not authorized to accept WIC checks on behalf of B & B Grocery.

13. From conversations with representatives from the NYS DOH and my personal participation in this investigation, I

¹ The confidential informants who exchanged WIC Checks for cash, as described in this Complaint, previously provided information to agents from HSI in connection with other investigations and have proven to be reliable. The confidential informants are assisting law enforcement for an immigration benefit. Information provided by the confidential informants in connection with this investigation has been independently verified through review by HSI agents of audio and visual recordings captured during transactions where the confidential informants exchanged WIC Checks for cash.

have learned, among other things, that when WIC Checks were exchanged for cash in connection with the B & B Grocery CI Transactions, the amount written on the front of each WIC Check by the cashier at B & B Grocery, which purported to reflect the cost of goods purchased with the WIC Check, was always at or just below the face value of the WIC Check.

14. From my review of video recordings captured during the B & B Grocery CI transactions, discussions with the confidential informants who conducted those transactions, and my review of preliminary translations prepared by contract linguists working with HSI of conversations recorded during the those transactions, I have learned, among other things, that during the B & B Grocery CI transactions, the CIs received in cash approximately 80-85 percent of the face value of the WIC Checks they exchanged.

15. I believe that QIAO FANG ZHENG, the defendant, provided cash in exchange for WIC checks, as described above in paragraph 11 supra, for the following reasons:

a. I have compared images from video recordings captured during the B & B Grocery CI transactions in or about April 2013, June 2013, August 2013, and September 2013, and based on that comparison I believe that the same individual at B & B Grocery conducted all of those transactions.

b. I have compared images from the video recordings captured during those transactions with the photograph on file with the New York State Department of Motor Vehicles for ZHENG, and the images appear to be the same.

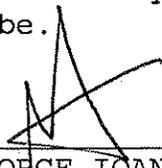
B & B GROCERY TRANSFERS CASH OUT OF B & B GROCERY BANK ACCOUNT

16. Based on my review of records from FAIB and my participation in the investigation to date, I have learned, among other things, the following:

a. From in or about March 2013 up to and including in or about September 2013, YONG LIN, the defendant, cashed checks made payable to "Yong Lin" from FAIB Account-1 for over \$200,000. LIN presented a New York State driver's license with his name to the bank teller for some of those transactions.

b. I have further learned that LIN cashed checks made payable to "Yong Lin" from FAIB Account-2 on multiple occasions in 2013.

WHEREFORE, deponent respectfully requests that warrants be issued for the arrest of YONG LIN and QIAO FANG ZHENG, the defendants, and that they be arrested and imprisoned or bailed, as the case may be.



GEORGE IOANNIDIS
Special Agent
Homeland Security Investigations

Sworn to before me this
18th day of November, 2013



THE HONORABLE KEVIN NATHANIEL FOX
UNITED STATES MAGISTRATE JUDGE
SOUTHERN DISTRICT OF NEW YORK

13 MAG 27 02

Approved:

JASON WONG / RICHARD COOPER / PATRICK EGAN
Assistant United States Attorneys

Before: HONORABLE KEVIN N. FOX
United States Magistrate Judge
Southern District of New York

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UNITED STATES OF AMERICA	:	<u>SEALED COMPLAINT</u>
	:	
- v. -	:	Violations of
	:	18 U.S.C. §§ 371
GIGI DONG,	:	
SHUMIN DONG,	:	COUNTY OF OFFENSE:
LAN LU JIANG,	:	New York
a/k/a "Lan Jiang Lu," and	:	
ANIY LI,	:	
	:	
Defendants.	:	

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SOUTHERN DISTRICT OF NEW YORK, ss.:

GEORGE IOANNIDIS, being duly sworn, deposes and says that he is a Special Agent with the Department of Homeland Security, Homeland Security Investigations ("HSI"), and charges as follows:

COUNT ONE
(Conspiracy to Commit Theft of Government Funds)

1. From at least in or about March 2011, up to and including in or about November 2013, in the Southern District of New York and elsewhere, GIGI DONG, SHUMIN DONG, LAN LU JIANG, a/k/a "Lan Jiang Lu," and ANIY LI, the defendants, and others known and unknown, willfully and knowingly did combine, conspire, confederate, and agree together and with each other to violate Title 18, United States Code, Section 641.

2. It was a part and an object of the conspiracy that GIGI DONG, SHUMIN DONG, LAN LU JIANG, a/k/a "Lan Jiang Lu," and ANIY LI, the defendants, and others known and unknown, would and did embezzle, steal, purloin and knowingly convert to their use and the use of others, vouchers, money and things of value of the United States and a department and an agency thereof, to

wit, the United States Department of Agriculture, Food and Nutrition Service ("USDA"), the value of which exceeded \$1,000, and would and did receive, conceal, and retain the same with intent to convert it to their use and gain, knowing it to have been embezzled, stolen, purloined and converted.

Overt Acts

3. In furtherance of the conspiracy and to effect the illegal object thereof, the following overt acts, among others, were committed in the Southern District of New York and elsewhere:

a. On or about November 10, 2011, in Manhattan, New York, GIGI DONG, the defendant, attended a training program for vendors licensed to participate in the federal Special Supplemental Nutrition Program for Women, Infants and Children ("WIC," or the "WIC Program").

b. On or about October 11, 2012, in Manhattan, New York, LAN LU JIANG, a/k/a "Lan Jiang Lu," the defendant, attended a training program for vendors licensed to participate in the WIC Program.

c. On at least two occasions from in or about June 2013 up to and including in or about August 2013, GIGI DONG, the defendant, fraudulently exchanged cash for public benefit vouchers issued pursuant to the WIC Program at a grocery store located in Brooklyn, New York.

d. On at least one occasion in or about September 2013, LAN LU JIANG, a/k/a "Lan Jiang Lu," the defendant, fraudulently exchanged cash for public benefit vouchers issued pursuant to the WIC Program at a grocery store located in Brooklyn, New York.

e. On at least four occasions from in or about March 2013 up to and including in or about August 2013, ANIY LI, the defendant, fraudulently exchanged cash for public benefit vouchers issued pursuant to the WIC Program at a grocery store located in Brooklyn, New York.

f. Between on or about March 6, 2013 and on or about September 9, 2013, SHUMIN DONG, the defendant, cashed approximately \$771,800 in checks, representing the proceeds of WIC fraud.

g. Between on or about April 17, 2013 and on or about August 19, 2013, JIANG LAN LU, a/k/a "Lan Jiang Lu," the defendant, cashed approximately \$28,100 in checks, representing the proceeds of WIC fraud.

(Title 18, United States Code, Section 371.)

The bases for my knowledge and for the foregoing charge are, in part, as follows:

4. I have been personally involved in the investigation of this matter. This affidavit is based upon my conversations with law enforcement agents, witnesses and others, as well as my examination of reports and records. Because this affidavit is being submitted for the limited purpose of establishing probable cause, it does not include all the facts that I have learned during the course of my investigation. Where the contents of documents and the actions, statements and conversations of others are reported herein, they are reported in substance and in part, except where otherwise indicated.

THE WIC PROGRAM

5. From my training and experience as a Special Agent for HSI, I know the following about the WIC Program:

a. The WIC Program is a federally funded program through which the USDA provides grants to states for supplemental foods, health care referrals, and nutrition education for low-income pregnant women, mothers of young children, and children up to age five who are found to be at nutritional risk.

b. Grants from the USDA are administered in New York by the New York State Department of Health, Division of Nutrition (the "NYS DOH").

c. Residents of New York who are interested in receiving benefits under the WIC Program must apply to the NYS DOH and, if accepted to become participants in the WIC Program ("Participants"), are given a WIC Identification Card (a "WIC ID") containing a unique identification number. Each Participant receives vouchers ("WIC Checks" or, individually, a "WIC Check") which contain the Participant's unique WIC identification number and are redeemable for certain specified items.

d. Each WIC Check lists one or more items which are the only item or items that may be purchased with that WIC Check. For example, a WIC Check may list "1 Gallon + 1 Half Gallon Nonfat or 1% LowFat Milk and 1 48-Ounce Container of 11.5-12 ounce Concentrate WIC Juice," meaning that that WIC Check is only redeemable for those two items. Each WIC Check is also assigned a maximum dollar value for the listed items.

e. In order to obtain authorization to accept WIC Checks, a retailer must obtain a license from the state of New York (a "WIC License"). To obtain such a license, the retailer must submit an application package and, once approved, execute a contract agreeing to abide by all WIC policies and regulations. A retailer that does not possess a WIC License is not permitted to accept WIC Checks.

f. The final step in obtaining a WIC License requires the retailer, through a representative, to attend a training program given in Manhattan, New York or the Bronx, New York, where the proper procedures for accepting WIC Checks and receiving payment from the state are taught. Approved retailers ("WIC Vendors") must also agree to train all staff in the proper method of processing WIC Checks. WIC Vendors are also instructed that they are only permitted to exchange specified items for WIC Checks, and that they may not exchange cash for WIC Checks. Exchanging cash for WIC Checks is prohibited by federal statute and by federal regulations governing the WIC Program.

g. After completing the training process, a WIC Vendor receives a WIC License as well as a stamp with a unique identifier number (the "WIC Stamp") which is used to stamp each WIC Check the WIC Vendor receives.

h. The process for Participants to purchase food using WIC Checks is as follows:

i. A Participant goes to an approved WIC Vendor and selects the specified items listed on the Participant's WIC Checks.

ii. At the register, the Participant presents his or her WIC ID and the WIC Check(s). The WIC Vendor matches the identification number on the WIC ID with the identification number on the WIC Check to make sure that the proper person is using the Check.

iii. The WIC Vendor then totals up the cost of the items and makes sure that it does not exceed the maximum value listed on the WIC Check. The WIC Vendor writes the total cost of the items on the front of the check, has the Participant sign the check, and stamps the front of the check with the WIC Stamp.

iv. Each WIC Vendor is permitted to use its WIC Stamp only for checks used at the WIC Vendor's location.

i. To receive payment from the state of New York, a WIC Vendor deposits stamped WIC Checks into a bank account previously designated to receive funds from the WIC Program. The WIC Vendor receives payment for each stamped WIC Check in the amount written on the front of the check. Funds allocated by the state of New York to the WIC Program are transferred to the WIC Vendor's bank account from a bank account controlled by the state of New York.

FU YUNG AND LUCKY STAR GROCERIES

6. From my review of records obtained from the NYS DOH, I have learned, among other things, that:

a. In or about April 2010, GIGI DONG, the defendant, applied for a WIC License on behalf of "Fu Yung Grocery Inc." ("Fu Yung"). The application listed DONG as President of Fu Yung, and indicated that Fu Yung was a one-register, 1,000 square-foot store, located at 5517 Fort Hamilton Parkway, Brooklyn, New York, and had \$225,000 in annual projected gross sales. The application attached a lease for 5517 Fort Hamilton Parkway signed by DONG as lessee.

b. DONG signed a vendor contract in April 2010 which provided, in part, "[t]he Vendor shall not provide cash or contraband in exchange for WIC checks. No WIC transaction will involve the transfer of cash either to or from the Participant."

c. The application was approved in approximately July 2010. In July 2010, and in order to receive a WIC License and WIC Stamp, DONG attended a training program for WIC Vendors in Brooklyn, New York. Fu Yung received a WIC License and WIC Stamp thereafter.

d. On November 10, 2011, DONG attended another mandatory training session for WIC Vendors in Manhattan, New York.

e. Fu Yung held a WIC License until it was terminated in approximately March 2013.

f. In or about May 2011, LAN LU JIANG,, a/k/a "Lan Jiang Lu," the defendant, applied for a WIC License on behalf of "Lucky Star Grocery Inc." ("Lucky Star"). The application listed JIANG as the President of Lucky Star, and indicated that Lucky Star was a one-register, 900 square foot store, located at 5806 Fort Hamilton Parkway, Brooklyn, New York, and had \$325,000 in gross annual food sales.

g. The application was approved, and prior to receiving a WIC License and WIC Stamp, JIANG attended a training program for WIC Vendors in Manhattan, New York. Lucky Star received a WIC License and WIC Stamp thereafter, which are active as of the date of this Complaint.

h. JIANG signed a vendor contract in May 2011 which provided, in part, "The Vendor shall not provide cash or contraband in exchange for WIC checks. WIC transactions shall not involve the transfer of cash either to or from the Participant with the exception of cash value WIC checks for vegetables and fruits."

7. Based on my review of records from Cathay Bank and my participation in the investigation to date, I have learned, among other things, that:

a. Lucky Star and Fu Yung both maintain corporate bank accounts at Cathay Bank.

b. SHUMIN DONG, the defendant, is a signatory on bank accounts for both Fu Yung and Lucky Star, and is listed in corporate bank account documents as the Secretary of Lucky Star and an Officer of Fu Yung.

c. GIGI DONG, the defendant, is a signatory on the bank account for Fu Yung and is listed in corporate bank account documents as the President of Fu Yung.

d. LAN LU JIANG, a/k/a "Lan Jiang Lu," the defendant, is a signatory on bank accounts for both Fu Yung and Lucky Star, and is listed in corporate bank account documents as the President of Lucky Star and as Secretary of Fu Yung.

8. Based on my review of information contained in Government databases, I have learned that SHUMIN DONG and GIGI DONG, the defendants, are married to one another.

9. Based on my review of business records maintained by New York State, I have learned, among other things, that:

a. A business with the name "New Hing Yung Grocery, Inc." ("New Hing Yung") previously operated at 5806 Fort Hamilton Parkway, the current location of Lucky Star.

b. ANIY LI, the defendant, is listed on corporate documents as the President of New Hing Yung.

10. Based on my review of records from Cathay Bank, I have learned that SHUMIN DONG, LAN LU JIANG, a/k/a "Lan Jiang Lu," and ANIY LI, the defendants, were signatories on a bank account maintained by New Hing Yung at Cathay Bank.

LUCKY STAR AND FU YUNG COMMIT WIC FRAUD

A. Fu Yung

11. From my review of records obtained from the NYS DOH, I have learned, among other things, that:

a. From August 2010 to September 2010, Fu Yung redeemed an average of 514 WIC Checks each month. Then, from October 2010 to February 2011, Fu Yung redeemed an average of 3,556 WIC Checks each month. Then, from March 2011 to February 2013, Fu Yung redeemed an average of 12,337 WIC Checks each month.

b. During the period from August 2010, up to and including February 2013, Fu Yung redeemed more than \$7.4 million in WIC Checks.

12. I have obtained records of WIC Check redemptions by WIC Vendors in the same neighborhood as Fu Yung, and from my review of those records I have learned, among other things, that in the period from August 2012 up to and including August 2013, a two-register store in the same neighborhood as Fu Yung redeemed an average of approximately 139 WIC Checks per month. The highest single total for any given month in that period was 246 WIC Checks, which was redeemed in November 2012.

13. Based on my personal participation in this investigation and my review of reports from other law enforcement officers, I know that between March 22, 2013 and September 18, 2013, at which time Fu Yung did not hold a WIC License, confidential informants ("CIs") working at the direction and under the supervision of HSI agents exchanged WIC Checks for cash, not for eligible food items, at Fu Yung approximately 4 times (the "Fu Yung CI Transactions").¹ During those transactions, the CIs exchanged approximately 48 WIC Checks with face value of approximately \$2,249 for approximately \$1,884 in cash. In particular, CIs exchanged WIC Checks for cash at Fu Yung on the following dates: March 22, 2013; June 25, 2013; August 20, 2013; and September 18, 2013. The WIC Checks that were exchanged for cash by Fu Yung during this time period were all subsequently stamped with a WIC Stamp belonging to, and deposited into the bank account of, a store with a WIC License, namely, Lucky Star.

14. From conversations with representatives from the NYS DOH and my personal participation in this investigation, I have learned, among other things, that when WIC Checks were exchanged for cash in connection with the Fu Yung CI Transactions, the amount written on the front of each WIC Check by the cashier at Fu Yung, which purported to reflect the cost of goods purchased with that WIC Check, was always at or just below the face value of the WIC Check.

15. From my review of video recordings captured during the Fu Yung CI Transactions, discussions with the confidential informants who conducted those transactions, and my review of preliminary translations prepared by contract linguists working with HSI of conversations recorded during those transactions, I have learned, among other things, that during the Fu Yung CI Transactions, the confidential informants received in cash approximately 80-85 percent of the face value of the WIC Checks they exchanged.

16. I believe that GIGI DONG, the defendant, provided cash in exchange for WIC checks during the Fu Yung CI

¹ The confidential informants who exchanged WIC Checks for cash, as described in this Complaint, previously provided information to agents from HSI in connection with other investigations and have proven to be reliable. The confidential informants are assisting law enforcement for an immigration benefit. Information provided by the confidential informants in connection with this investigation has been independently verified through review by HSI agents of audio and visual recordings captured during transactions where the confidential informants exchanged WIC Checks for cash.

Transactions on June 25, 2013 and August 20, 2013 for the following reasons:

a. I have compared images from video recordings captured during the Fu Yung CI Transactions on June 25, 2013 and August 20, 2013, and based on that comparison, I believe that the same individual at Fu Yung conducted the two transactions.

b. I have compared images from the video recordings captured during those two transactions with a photograph on file with the New York State Department of Motor Vehicles ("NYS DMV") for GIGI DONG, the defendant, and the images appear to be the same.

c. On October 11, 2013, I interviewed GIGI DONG, the defendant, at Fu Yung, and DONG appeared to be the same individual as the person depicted in images from the video recordings captured during the June 25, 2013 and August 20, 2013 transactions. DONG provided me with a New York State driver's license in the name "Gigi Dong."

17. I believe that SHUMIN DONG, the defendant, was involved in the Fu Yung CI Transaction on August 20, 2013 for the following reason:

a. I have reviewed a video recording captured during the Fu Yung CI Transaction on August 20, 2013, and observed an individual present during the transaction.

b. I have compared images from the video recording captured during that transaction with a photograph on file with the NYS DMV for SHUMIN DONG, the defendant, and the images appear to be the same.

18. I believe that LAN LU JIANG, a/k/a "Lan Jiang Lu," the defendant, provided cash in exchange for WIC Checks at the Fu Yung CI Transaction on September 18, 2013 for the following reasons:

a. I have compared images from the video recording captured during the Fu Yung CI Transaction on September 18, 2013 with a photograph contained in a Government database for JIANG, and the images appear to be the same.

19. I have reviewed the preliminary translations of conversations recorded during the Fu Yung CI Transactions, and from that review and from my participation in the investigation, I have learned, among other things, that on March 22, 2013, a

confidential informant working at the direction and under the supervision of an HSI agent ("CI-1") exchanged 4 WIC Checks with a face value of \$94.96 for \$76.00 in cash from a cashier at Fu Yung. During that conversation, CI-1 and the cashier said, in part:

Cashier: What do you want?

CI-1: WIC checks. You are inside here.

Employee: Come here to do it.

CI-1: There are other customers here.
 It's better to be careful.

Employee: Right. You know. We have to be
 careful. You are Fuzhounese too.
 You understand that. Do you want
 to exchange to cash?

B. Lucky Star

20. From my review of records obtained from the NYS DOH, I have learned, among other things, that:

a. From March 2012 to June 2012, Lucky Star redeemed an average of 378 WIC Checks each month. Then, from July 2012 through October 2013, Lucky Star redeemed an average of 4,572 WIC Checks each month.

b. During the period from March 2012, up to and including October 2013, Lucky Star redeemed more than \$1.8 million in WIC Checks.

21. I have obtained records of WIC Check redemptions by WIC Vendors in the same neighborhood as Lucky Star, and from my review of those records I have learned, among other things, that in the period from August 2012 up to and including August 2013, a two-register store in the same neighborhood as Lucky Star redeemed an average of approximately 139 WIC Checks per month. The highest single total for any given month in that period was 246 WIC Checks, which was redeemed in November 2012.

22. Based on my personal participation in this investigation and my review of reports from other law enforcement officers, I know that between March 6, 2013 and November 13, 2013, CIs working at the direction and under the supervision of HSI agents exchanged WIC Checks for cash, not for

eligible food items, at Lucky Star approximately 5 times ("the Lucky Star CI Transactions"). During those transactions, the CIs exchanged approximately 61 WIC Checks with a face value of approximately \$3,584 for \$3,026 in cash. In particular, CIs exchanged WIC Checks for cash at Lucky Star on the following dates: March 6, 2013; June 6, 2013; June 27, 2013; August 20, 2013; September 17, 2013; and November 13, 2013.

23. Based on my discussions with representatives and review of records from the NYS DOH, I know that between approximately March 2013 and November 2013, Lucky Star deposited in an approved bank account approximately 48 WIC Checks that had been exchanged for cash at Fu Yung as part of the Fu Yung CI Transactions, as described in paragraph 14 supra.

24. From conversations with representatives from the NYS DOH and my personal participation in this investigation, I have learned, among other things, that when WIC Checks were exchanged for cash in connection with the Lucky Star CI Transactions, the amount written on the front of each WIC Check by the cashier at Lucky Star, which purported to reflect the cost of goods purchased with that WIC Check, was always at or just below the face value of the WIC Check.

25. From my review of video recordings captured during the Lucky Star CI Transactions, discussions with the CIs who conducted those transactions, and my review of preliminary translations prepared by contract linguists working with HSI of conversations recorded during the those transactions, I have learned, among other things, that during the Lucky Star CI Transactions, the CIs received in cash approximately 80-85 percent of the face value of the WIC Checks they exchanged.

26. I believe that SHUMIN DONG, the defendant, was involved in the Lucky Star CI Transactions on June 6, 2013 and August 20, 2013 for the following reasons:

a. I have compared images from video recordings captured during the Lucky Star CI Transactions on June 6, 2013 and August 20, 2013, and based on that comparison I believe that the same individual at Lucky Star was present for both transactions. That individual is wearing the same shirt and hat in both videos, and appears to be the same individual identified as SHUMIN DONG, the defendant, in paragraph 18 supra.

b. DONG is seen in each video counting what appears to be United States currency and putting it on or near the counter in front of the CI.

27. I believe that ANIY LI, the defendant, provided cash in exchange for WIC checks during the Lucky Star CI Transactions on March 6, 2013, June 6, 2013, June 27, 2013, and August 20, 2013 for the following reasons:

a. I have compared images from video recordings captured during the Lucky Star CI Transactions on March 6, 2013, June 6, 2013, June 27, 2013, and August 20, 2013, and based on that comparison I believe that the same individual at Lucky Star conducted these transactions.

b. I have compared images from the video recordings captured during those four transactions with the photograph on file with the NYS DMV for LI, and the images appear to be the same.

28. I have reviewed preliminary translations of conversations recorded during the Lucky Star CI Transactions. From that review and from my participation in the investigation, I have learned, among other things, that:

a. On June 6, 2013, CI-1 exchanged 10 WIC Checks with face value of \$676.54 for \$571.00 in cash from a cashier at Lucky Star. During that conversation, CI-1 and the cashier said, in part:

Cashier: What do you need?

CI-1: WIC checks exchange for cash.

Cashier: WIC checks?

CI-1: Oh! These WIC checks.

* * *

Cashier: This is 104. After 15 percent discount, the total is 514.

b. On August 20, 2013, another confidential informant working at the direction and under the supervision of an HSI agent ("CI-2") exchanged 36 WIC Checks with a face value of \$1,936.29 for \$1,636.00 in cash from a cashier at Lucky Star. During that conversation, CI-2 and the cashier said, in part:

Cashier: Hello, what's up? Exchange WIC checks?

CI-2: Yes. Exchange WIC checks.

* * *

Cashier: OK. Exchange to cash?

CI-2: Yes. Exchange to cash.

SHUMIN DONG AND LAN LU JIANG TRANSFER CASH
OUT OF THE LUCKY STAR BANK ACCOUNT

29. Based on my review of records from Cathay Bank and my participation in the investigation to date, I have learned, among other things, that:

a. When Lucky Star deposits WIC Checks in a bank account, the proceeds are transferred to Lucky Star's bank account maintained at Cathay Bank.

b. Between approximately March 2013 and approximately September 2013, approximately 100 checks were written from the Lucky Star bank account at Cathay Bank to cash. The total amount of those checks was approximately \$800,000.

c. SHUMIN DONG, the defendant, cashed approximately \$771,800 of those checks. Endorsement signatures on the backs of all of those checks match the signature on file with Cathay Bank for DONG, and DONG presented a New York State driver's license with his name to the bank teller for some of those transactions.

d. LAN LU JIANG, a/k/a "Lan Jiang Lu," the defendant, cashed approximately \$28,100 of those checks. Endorsement signatures on the backs of all of those checks match the signature on file with Cathay Bank for JIANG, and JIANG presented a New York State driver's license with her name to the bank teller for some of those transactions.

WHEREFORE, deponent respectfully requests that warrants be issued for the arrest of GIGI DONG, SHUMIN DONG, LAN LU JIANG, a/k/a "Lan Jiang Lu," and ANIY LI, the defendants, and that they be arrested and imprisoned or bailed, as the case may be.



GEORGE IOANNIDIS
Special Agent
U.S. Department of Homeland Security
Homeland Security Investigations

Sworn to before me this
18th day of November, 2012



THE HONORABLE KEVIN N. FOX
UNITED STATES MAGISTRATE JUDGE
SOUTHERN DISTRICT OF NEW YORK

Approved:

JASON WONG/PATRICK EGAN/RICHARD COOPER
Assistant United States Attorneys

Before: HONORABLE KEVIN NATHANIEL FOX
United States Magistrate Judge
Southern District of New York

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UNITED STATES OF AMERICA

: SEALED COMPLAINT

- v. -

: Violations of
: 18 U.S.C. §§ 371, 641,
: 1956(a)(1)(B)(i),
: 1956(h), and 2

TUNG CHA YO,
a/k/a "Leo,"
SUNG MAN CHAN,
YING ZHENG,
QIGUANG ZHANG,
FENG ZHENG,
SAU WA YEUNG,
SAU CHAN,
ZHAOJUN LIN,
HUILAN LIU, and
YU WANG,

: COUNTY OF OFFENSE:
: New York

Defendants.

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SOUTHERN DISTRICT OF NEW YORK, ss.:

GEORGE IOANNIDIS, being duly sworn, deposes and says that he is a Special Agent with the Department of Homeland Security, Homeland Security Investigations ("HSI"), and charges as follows:

COUNT ONE

(Conspiracy to Commit Theft of Government Funds)

1. From at least in or about September 2011, up to and including in or about November 2013, in the Southern District of New York and elsewhere, TUNG CHA YO, a/k/a "Leo," SUNG MAN CHAN, YING ZHENG, QIGUANG ZHANG, FENG ZHENG, SAU WA YEUNG, SAU CHAN, ZHAOJUN LIN, HUILAN LIU, and YU WANG, the defendants, and others known and unknown, willfully and knowingly did combine, conspire, confederate, and agree together and with each other to violate Title 18, United States Code, Section 641.

2. It was a part and an object of the conspiracy that TUNG CHA YO, a/k/a "Leo," SUNG MAN CHAN, YING ZHENG, QIGUANG ZHANG, FENG ZHENG, SAU WA YEUNG, SAU CHAN, ZHAOJUN LIN, HUILAN LIU, and YU WANG, the defendants, and others known and unknown, would and did embezzle, steal, purloin and knowingly convert to their use and the use of others, vouchers, money and things of value of the United States and a department and an agency thereof, to wit, the United States Department of Agriculture, Food and Nutrition Service ("USDA"), the value of which exceeded \$1,000, and would and did receive, conceal, and retain the same with intent to convert it to their use and gain, knowing it to have been embezzled, stolen, purloined and converted, in violation of Title 18, United States Code, Section 641.

Overt Acts

3. In furtherance of the conspiracy and to effect the illegal object thereof, the following overt acts, among others, were committed in the Southern District of New York and elsewhere:

a. On or about September 1, 2011, in Manhattan, New York, QIGUANG ZHANG, the defendant, attended a training program for vendors licensed to participate in the federal Special Supplemental Nutrition Program for Women, Infants and Children (the "WIC Program").

b. On or about May 31, 2012, in Manhattan, New York, YING ZHENG, the defendant, attended a training program for vendors licensed to participate in the WIC Program.

c. Between in or about March 2013, up to and including in or about August 2013, TUNG CHA YO, a/k/a "Leo," the defendant, cashed checks worth over \$1,000,000, representing the proceeds of WIC fraud.

d. Between in or about March 2013, up to and including in or about August 2013, SUNG MAN CHAN, the defendant, cashed checks worth over \$800,000, representing the proceeds of WIC fraud.

e. On at least nine occasions from in or about March 2013, up to and including September 2013, ZHAOJUN LIN, the defendant, fraudulently exchanged cash for public benefit vouchers issued pursuant to the WIC Program at a grocery store located in Manhattan, New York.

f. On at least one occasion in or about March 2013, FENG ZHENG, the defendant, fraudulently exchanged cash for public benefit vouchers issued pursuant to the WIC Program at a grocery store located in Flushing, New York.

g. On at least five occasions from in or about April 2013, up to and including September 2013, SAU CHAN, the defendant, fraudulently exchanged cash for public benefit vouchers issued pursuant to the WIC Program at a grocery store located in Flushing, New York.

h. On at least five occasions from in or about April 2013, up to and including September 2013, SAU WA YEUNG, the defendant, fraudulently exchanged cash for public benefit vouchers issued pursuant to the WIC Program at a grocery store located in Flushing, New York.

i. On at least five occasions from in or about March 2013, up to and including August 2013, HUILAN LIU, the defendant, fraudulently exchanged cash for public benefit vouchers issued pursuant to the WIC Program at a grocery store located in Elmhurst, New York.

j. On at least two occasions from in or about April 2013, up to and including June 2013, YU WANG, the defendant, fraudulently exchanged cash for public benefit vouchers issued pursuant to the WIC Program at a grocery store located in Jackson Heights, New York.

(Title 18, United States Code, Section 371.)

COUNT TWO

(Theft of Government Funds)

4. From at least in or about March 2012, up to and including in or about November 2013, in the Southern District of New York and elsewhere, TUNG CHA YO, a/k/a "Leo," SAU WA YEUNG, and ZHAOJUN LIN, the defendants, willfully and knowingly did embezzle, steal, purloin and convert to their use and the use of others, vouchers, money and things of value of the United States and a department and an agency thereof, to wit, the USDA, the value of which exceeded \$1,000, and did receive, conceal, and retain the same with intent to convert it to their use and gain, knowing it to have been embezzled, stolen, purloined and converted, to wit, TUNG CHA YO, a/k/a "Leo," SAU WA YEUNG, and

ZHAOJUN LIN, the defendants, exchanged cash for public benefit voucher issued pursuant to the WIC Program.

(Title 18, United States Code, Sections 641 and 2)

COUNT THREE

(Conspiracy to Commit Money Laundering)

5. From at least in or about March 2012, up to and including in or about November 2013, in the Southern District of New York and elsewhere, TUNG CHA YO, a/k/a "Leo," SUNG MAN CHAN, YING ZHENG, and QIGUANG ZHANG, the defendants, and others known and unknown, willfully and knowingly did combine, conspire, confederate, and agree together and with each other to violate Title 18, United States Code, Section 1956(a)(1)(B)(i).

6. It was a part and an object of the conspiracy that TUNG CHA YO, a/k/a "Leo," SUNG MAN CHAN, YING ZHENG, and QIGUANG ZHANG, the defendants, in an offense involving and affecting interstate and foreign commerce, knowing that the property involved in certain financial transactions, to wit, the writing and cashing of hundreds of thousands of dollars of checks, represented the proceeds of some form of unlawful activity, would and did conduct and attempt to conduct such financial transactions which in fact involved the proceeds of specified unlawful activity, to wit, the proceeds of the theft of Government funds, knowing that the transactions were designed in whole and in part to conceal and disguise the nature, the location, the source, the ownership and the control of the proceeds of the specified unlawful activity, in violation of Title 18, United States Code, Section 1956(a)(1)(B)(i).

(Title 18, United States Code, Section 1956(h).)

COUNT FOUR

(Money Laundering)

7. From at least in or about March 2012, up to and including in or about November 2013, in the Southern District of New York and elsewhere, TUNG CHA YO, a/k/a "Leo," SUNG MAN CHAN, YING ZHENG, and QIGUANG ZHANG, the defendants, in an offense involving and affecting interstate and foreign commerce, knowing that the property involved in certain financial transactions, to wit, the writing and cashing of hundreds of thousands of dollars of checks, represented the proceeds of some form of unlawful activity, willfully and knowingly did conduct and attempt to conduct such financial transactions which in fact involved the

proceeds of specified unlawful activity, to wit, the proceeds of the theft of Government funds, knowing that the transactions were designed in whole and in part to conceal and disguise the nature, the location, the source, the ownership and the control of the proceeds of the specified unlawful activity.

(Title 18, United States Code, Section 1956(a)(1)(B)(i).)

The bases for my knowledge and for the foregoing charges are, in part, as follows:

7. I have been personally involved in the investigation of this matter. This affidavit is based upon my conversations with law enforcement agents, witnesses and others, as well as my examination of reports and records. Because this affidavit is being submitted for the limited purpose of establishing probable cause, it does not include all the facts that I have learned during the course of my investigation. Where the contents of documents and the actions, statements and conversations of others are reported herein, they are reported in substance and in part, except where otherwise indicated.

THE WIC PROGRAM

8. From my training and experience as a Special Agent for HSI, I know the following about the WIC Program:

a. The WIC Program is a federally funded program through which the USDA provides grants to states for supplemental foods, health care referrals, and nutrition education for low-income pregnant women, mothers of young children, and children up to age five who are found to be at nutritional risk.

b. Grants from the USDA are administered in New York by the New York State Department of Health, Division of Nutrition (the "NYS DOH").

c. Residents of New York who are interested in receiving benefits under the WIC Program must apply to the NYS DOH and, if accepted to become participants in the WIC Program ("Participants"), are given a WIC Identification Card (a "WIC ID") containing a unique identification number. Each Participant receives vouchers ("WIC Checks" or, individually, a "WIC Check") which contain the Participant's unique WIC identification number and are redeemable for certain specified items.

d. Each WIC Check lists one or more items which are the only item or items that may be purchased with that WIC Check. For example, a WIC Check may list "1 Gallon + 1 Half Gallon Nonfat or 1% LowFat Milk and 1 48-Ounce Container of 11.5-12 ounce Concentrate WIC Juice," meaning that that WIC Check is only redeemable for those two items. Each WIC Check is also assigned a maximum dollar value for the listed items.

e. In order to obtain authorization to accept WIC Checks, a retailer must obtain a license from the state of New York (a "WIC License"). To obtain such a license, the retailer must submit an application package and, once approved, execute a contract agreeing to abide by all WIC policies and regulations. A retailer that does not possess a WIC License is not permitted to accept WIC Checks.

f. The final step in obtaining a WIC License requires the retailer, through a representative, to attend a training program given in Manhattan, New York or the Bronx, New York, where the proper procedures for accepting WIC Checks and receiving payment from the state are taught. Approved retailers ("WIC Vendors") must also agree to train all staff in the proper method of processing WIC Checks. WIC Vendors are also instructed that they are only permitted to exchange specified items for WIC Checks, and that they may not exchange cash for WIC Checks. Exchanging cash for WIC Checks is prohibited by federal statute and by federal regulations governing the WIC Program.

g. After completing the training process, a WIC Vendor receives a WIC License as well as a stamp with a unique identifier number (the "WIC Stamp") which is used to stamp each WIC Check the WIC Vendor receives.

h. The process for Participants to purchase food using WIC Checks is as follows:

i. A Participant goes to an approved WIC Vendor and selects the specified items listed on the Participant's WIC Checks.

ii. At the register, the Participant presents his or her WIC ID and the WIC Check(s). The WIC Vendor matches the identification number on the WIC ID with the identification number on the WIC Check to make sure that the proper person is using the Check.

iii. The WIC Vendor then totals up the cost of the items and makes sure that it does not exceed the maximum value listed on the WIC Check. The WIC Vendor writes the total cost of the items on the front of the check, has the Participant sign the check, and stamps the front of the check with the WIC Stamp.

iv. Each WIC Vendor is permitted to use its WIC Stamp only for checks used at the WIC Vendor's location.

i. To receive payment from the state of New York, a WIC Vendor deposits stamped WIC Checks into a bank account previously designated to receive funds from the WIC Program. The WIC Vendor receives payment for each stamped WIC Check in the amount written on the front of the check. Funds allocated by the state of New York to the WIC Program are transferred to the WIC Vendor's bank account from a bank account controlled by the state of New York.

OVERVIEW OF THE SCHEME

9. As set forth in greater detail below, the investigation, which began in March 2013, has revealed that there are six stores, located throughout Manhattan, Brooklyn and Queens, which have overlapping ownership and/or management groups (the "Six Store Network"), and that are working together to defraud a federally-funded, state-administered nutritional assistance program known as the WIC Program. Specifically, the stores in the Six Store Network are purchasing vouchers issued by the WIC Program for cash as opposed to exchanging them for specific nutritional items as the WIC Program requires. The vouchers are purchased at a 15-20 percent discount, thereby providing profits to the participants in the scheme. Once the vouchers have been purchased by the individual stores, they are funneled to one of the stores within the Six Store Network which is licensed by the state to redeem these vouchers and presented for payment.

10. The investigation has further revealed that after the proceeds from the WIC redemptions arrive in the bank account of the licensed store, the participants in the scheme engage in a number of financial transactions to, first, route the money back to various bank accounts associated with one of the stores in the Six Store Network and, second, to then remove that money in the form of cash from the accounts into which it has been

transferred for the purpose of concealing or disguising the source and the control of that money.

THE SIX STORE NETWORK

11. As set forth in greater detail below, the Six Store Network includes the following stores:

a. KGCB Grocery, Inc. ("KGCB"), a one-register, 800 square-foot store, located at 81-04 Broadway, Elmhurst, Queens.

b. Ying's Grocery, Inc. ("Ying's"), a one-register, 900 square-foot store located at 94-27 37th Avenue, Jackson Heights, Queens.

c. Wong Yung Grocery, Inc. ("Wong Yung's"), a/k/a "Welcome Baby," located at 46-12 7th Avenue, Brooklyn, New York.

d. K&Z Grocery, Inc. ("K&Z's"), a/k/a "Mama Baby, Etc.," located at 42-75 Main Street, Flushing, Queens.

e. Kabb Grocery, Inc. ("Kabb's"), a/k/a "L&C Baby Shop," located at 34 Eldridge Street, New York, New York.

f. The Baby Stop, located at 136-10 37th Avenue, Flushing, New York.

12. I have reviewed records from Cathay Bank, where all of the stores described above maintain at least one account. From my review of those records, I have learned, among other things, the following:

a. TUNG CHA YO, a/k/a "Leo," the defendant, is a signatory on the accounts for KGCB, Ying's, Wong Yung's, K&Z'S, Kabb's and L&C Baby Shop.

b. SUNG MAN CHAN, the defendant, is a signatory on the accounts for KGCB, Ying's, Wong Yung's, K&Z, and L&C Baby Shop.

c. QIGUANG ZHANG, the defendant, is a signatory on the accounts for KGCB.

d. YING ZHENG, the defendant, is a signatory on the account for Ying's.

e. FENG ZHENG, the defendant, is a previous signatory on the account for L&C Baby Shop and listed as the President of L&C Baby Shop.

f. SAU CHAN, the defendant, is a signatory on the account for The Baby Stop.

g. SAU WA YEUNG, the defendant, is a signatory on the account for Kabb's.

13. I have reviewed information contained in Government databases with respect to the defendants and from my review of that information, I have learned the following:

a. TUNG CHA YO, a/k/a "Leo," the defendant, is married to SAU CHAN, the defendant; is the brother-in-law of SUNG MAN CHAN, the defendant; and is the son-in-law of SAU WA YEUNG, the defendant.

b. SUNG MAN CHAN, the defendant, is married to FENG ZHENG, the defendant; is the son of SAU WA YEUNG, the defendant; is the brother of SAU CHAN, the defendant; and is the brother-in-law of, respectively, TUNG CHA YO, a/k/a "Leo," the defendant, and YING ZHENG, the defendant.

c. YING ZHENG, the defendant, and FENG ZHENG, the defendant, are sisters.

14. I have reviewed applications for WIC Licenses submitted to NYS DOH. From my review of those records, I have learned, among other things, the following:

a. In or about August 2011, QIGUANG ZHANG, the defendant applied for a WIC License on behalf of KGCB. The application listed QIGUANG ZHANG as the President of KGCB. ZHANG estimated KGCB's annual projected gross sales at \$200,000. The application attached a lease for 81-04 Broadway, Elmhurst, New York signed by QIGUANG ZHANG as lessee.

b. The application was approved in approximately August 2011. In approximately September 2011, and in order to receive a WIC License and WIC Stamp, ZHANG attended a training program for WIC Vendors in Manhattan, New York.

c. Upon successful completion of that training, ZHANG signed a vendor contract in September 2011 which provided,

in part, "[t]he Vendor shall not provide cash or contraband in exchange for WIC checks. No WIC transaction will involve the transfer of cash either to or from the Participant."

d. Thereafter, KGCB received a WIC License and WIC Stamp.

e. In or about July 2013, KGCB's participation in the WIC Program was terminated by the NYS DOH. KGCB does not have an active WIC license.

f. In or about May 2012, YING ZHENG, the defendant applied for a WIC License on behalf of Ying's. The application listed YING ZHENG as the President of Ying's. YING ZHENG estimated Ying's annual projected gross sales at \$700,000. The application attached a lease for 94-27 37th Avenue, Jackson Heights, New York signed by YING ZHENG as lessee.

g. The application was approved in approximately May 2012. Later that month, and in order to receive a WIC License and WIC Stamp, YING ZHENG attended a training program for WIC Vendors in Manhattan, New York.

h. Upon successful completion of that training, YING ZHENG signed a vendor contract in June 2012 which provided, in part, "[t]he Vendor shall not provide cash or contraband in exchange for WIC checks. No WIC transaction will involve the transfer of cash either to or from the Participant."

i. The application was approved in approximately June 2012. Ying's license is still active.

j. A business with the name L&C Grocery, Inc. previously held a WIC License and operated at 4612 7th Avenue, Brooklyn, New York, the current location of Wong Yung's. The proprietor of L&C Grocery, Inc. was SAU CHAN, the defendant, and L&C's WIC License was terminated in December 2009.

k. Wong Yung's itself previously held a WIC License, which was terminated in January 2011. Wong Yung's has no current WIC license and did not have one during the entire period of this investigation.

l. A business with the name Chan's Grocery previously held a WIC License and operated at 42-75 Main Street, Flushing, Queens, the current location of K&Z's. SUNG MAN CHAN, the defendant, is listed on the WIC application as the President

of Chan's Grocery. The WIC License for Chan's Grocery was terminated in August 2010.

m. K&Z's itself previously held a WIC License, which was terminated in March 2012. TUNG CHA YO, a/k/a "Leo," the defendant, was listed as the President of K&Z's on the application for that license. K&Z'S has no current WIC license and did not have one during the entire period of this investigation.

n. A business with the name L&C Baby Shop previously held a WIC License and operated at 34 Eldridge Street, New York, New York, the current location of Kabb's. FENG ZHENG, the defendant, is listed on application documents for that license as the President of L&C Baby Shop.

o. Kabb's was granted a WIC license on or about August 17, 2013. Prior to that date, Kabb's did not have a WIC License. The application materials for Kabb's WIC License list SAU WA YEUNG, the defendant, as the proprietor of Kabb's.

p. The home addresses listed by FENG ZHENG and SAU WA YEUNG on their applications for WIC Licenses for L&C Baby Shop and Kabb's, respectively, are the same.

q. The Baby Stop has no active WIC license and did not have one during the entire period of this investigation.

INVESTIGATION INTO WIC FRAUD AT
THE SIX STORE NETWORK

15. I have reviewed documents showing the WIC Check redemption history for numerous WIC Vendors. From my review of those records, I have learned, among other things, the following:

a. In January 2012 and February 2012, KGCB redeemed a total of 56 WIC Checks. In March 2012 that number went up to 9,719 WIC Checks and in April 2012 the number further increased to 18,212 WIC Checks. Then, from May 2012 through April 2013, KGCB averaged 28,689 WIC Checks that were redeemed per month, or almost 1,000 WIC Checks every day. In May 2013, the number fell to 8,490 WIC Checks.

b. During the period from January 2012, up to and including May 2013, KGCB redeemed more than \$8,300,000 worth of WIC checks.

c. I have reviewed the redemption history of other WIC Vendors in the same neighborhood as KGCB, and from my review of those records I have learned the following:

i. In a period from August 2012 up to and including August 2013, another one-register store in the same neighborhood as KGCB redeemed an average of approximately 171 WIC Checks per month. The highest single total for any given month in that period was 224 WIC Checks, which were redeemed in January 2013.

ii. During the same period, another one-register store in the same neighborhood as KGCB redeemed an average of approximately 310 WIC Checks per month. The highest single total for any given month in that period was 437 checks which were redeemed in November 2012.

iii. During the same period, a 56-register store in the same neighborhood as KGCB redeemed an average of approximately 317 WIC Checks per month. The highest single total for any given month in that period was 539 WIC Checks which were redeemed in January 2013.

d. From July 2012 up to and including April 2013, Ying's redeemed an average of approximately 77 WIC Checks per month. In May 2013, as the number of WIC Checks redeemed at KGCB decreased, Ying's redeemed 12,765 WIC Checks. In June 2013, that number increased to 26,473 and then in July 2013, Ying's redeemed 40,475 WIC Checks.

e. In those three months alone, Ying's redeemed more than \$1,800,000 worth of WIC Checks.

f. I have reviewed the redemption history of other WIC Vendors in the same neighborhood as Ying's, and from my review of those records I have learned the following:

i. In a period from August 2012 up to and including August 2013, another one-register store in the same neighborhood as Ying's redeemed an average of approximately 136 WIC Checks per month. The highest single total for any given month in that period was 183 WIC Checks redeemed in October 2012.

ii. During the same period, another one-register store in the same neighborhood as Ying's redeemed an

average of approximately 26 WIC Checks per month. The highest single total for any given month in that period was 43 checks in December 2012.

iii. During the same period, an 11-register store in the same neighborhood as Ying's redeemed an average of approximately 1,021 WIC Checks per month. The highest single total for any given month in that period was 1,290 WIC Checks in May 2013.

g. Wong Yung's, whose license was terminated in or about January 2011, redeemed more than \$1,300,000 worth of WIC Checks in a seven-month period while its license was still active.

h. L&C Grocery, Inc., the store that previously operated at the current location of Wong Yung's, had a WIC License for seven months, from May 2009 to December 2009. During that period, L&C Grocery, Inc. redeemed approximately \$1,072,000 in WIC Checks.

i. Chan's Grocery, the store that previously operated at the current location of K&Z's, had a WIC License that was terminated in or about August 2010. When that license was active, Chan's Grocery redeemed more than \$1,500,000 worth of WIC Checks.

j. K&Z's, whose WIC License was terminated in March 2012, redeemed more than \$3,800,000 worth of WIC Checks in a ten-month period while its license was active.

k. L&C Baby Shop, the store that previously operated at the current location of Kabb's, had a WIC License and redeemed more than \$1,800,000 in WIC Checks when that license was active.

16. Based in part on the foregoing, from approximately March 2013 to the present, I was assigned to investigate possible fraud involving the WIC Program at the Six Store Network. As part of that investigation I have taken, among others, the following investigative steps:

a. I obtained a number of WIC Checks from the New York State Department of Health ("NYS DOH"). I recorded the check numbers of each of the WIC Checks provided by NYS DOH so that the checks could be tracked through the redemption process.

b. I gave these WIC Checks (the "Investigative Checks") to three confidential informants ("CIs") registered with HSI and asked them to attempt to redeem the Investigative Checks for cash at several stores including the stores in the Six Store Network.¹

c. Each time that one of the CIs went into a store to attempt to redeem the Investigative Checks for cash (the "CI Operations"), the CIs were provided with equipment to make either an audio recording or a video recording of the transaction.

d. After each of the CI Operations, either I or other law enforcement agents working with me on the investigation met with the CIs to discuss that transaction.

e. Once the Investigative Checks were presented to NYS DOH for payment, NYS DOH provided us with the identity of the WIC Vendor that had stamped the Investigative Check.

17. From my personal involvement with the CI Operations, as well as my discussions with law enforcement personnel involved in the CI Operations and my review of documents and reports related to the CI Operations, I have learned, among other things, the following:

a. From in or about March 2013, up to and including in or about November 2013, the CIs redeemed 60 Investigative Checks at KGCB for cash. Specifically, the CIs redeemed 11 Investigative Checks in March 2013; 20 Investigative Checks in June 2013; nine Investigative Checks in July 2013; 17 Investigative Checks in August 2013; and three Investigative Checks in November 2013. During the course of the CI Operations at KGCB, the CIs exchanged WIC Checks with a face value of \$2,981.11 for approximately \$2,384 in cash. At no point during the above-described period did an employee of KGCB refuse to redeem an Investigative Check for cash.

¹The confidential informants who exchanged WIC Checks for cash, as described in this Complaint, previously provided information to agents from HSI in connection with other investigations and have proven to be reliable. The confidential informants are assisting law enforcement for an immigration benefit. Information provided by the confidential informants in connection with this investigation has been independently verified through review by HSI agents of audio and visual recordings captured during transactions where the confidential informants exchanged WIC Checks for cash.

b. From in or about April 2013, up to and including November 2013, the CIs redeemed 59 Investigative Checks at Ying's for cash. Specifically, the CIs redeemed 10 Investigative Checks at Ying's in April 2013; 20 Investigative Checks in June 2013; nine Investigative Checks in July 2013; 17 Investigative Checks in August 2013; and three Investigative Checks in November 2013. During the course of the CI Operations at Ying's, the CIs exchanged WIC Checks with a face value of \$2,928.52 for approximately \$2,344 in cash. At no point during the above-described period did an employee of Ying's refuse to redeem an Investigative Check for cash.

c. From in or about March 2013, up to and including November 2013, the CIs redeemed 60 Investigative Checks at Wong Yung's for cash. Specifically, the CIs redeemed six Investigative Checks at Wong Yung's in March 2013; six Investigative Checks in May 2013; 20 Investigative Checks in June 2013; eight Investigative Checks in July 2013; 17 Investigative Checks in August 2013; and three Investigative Checks in November 2013. During the course of the CI Operations at Wong Yung's, the CIs exchanged WIC Checks with a face value of \$2,929.14 for approximately \$2,483 in cash. At no point during the above-described period did an employee of Wong Yung's refuse to redeem an Investigative Check for cash.

d. From in or about March 2013, up to and including November 2013, the CIs redeemed 57 Investigative Checks at K&Z'S for cash. Specifically, the CIs redeemed nine Investigative Checks at K&Z's in March 2013; 20 Investigative Checks in June 2013; eight Investigative Checks in July 2013; 17 Investigative Checks in August 2013; and three Investigative Checks in November 2013. During the course of the CI Operations at K&Z's, the CIs exchanged WIC Checks with a face value of \$2,917.75 for approximately \$2,420 in cash. At no point during the above-described period did an employee of K&Z'S refuse to redeem an Investigative Check for cash.

e. From in or about March 2013, up to and including November 2013, the CIs redeemed 95 Investigative Checks at Kabb's for cash. Specifically, the CIs redeemed 12 Investigative Checks at Kabb's in March 2013; six Investigative Checks in May 2013; 49 Investigative Checks in June 2013; eight Investigative Checks in July 2013; 17 Investigative Checks in August 2013; and three Investigative Checks in November 2013. During the course of the CI Operations at Kabb's, the CIs exchanged WIC Checks with a face value of \$5,888.48 for approximately \$4,939 in cash. At no point during the above-

described period did an employee of Kabb's refuse to redeem an Investigative Check for cash.

f. From in or about April 2013, up to and including November 2013, the CIs redeemed 65 Investigative Checks at The Baby Stop for cash. Specifically, the CIs redeemed 10 Investigative Checks at The Baby Stop in April 2013; six Investigative Checks in May 2013; 20 Investigative Checks in June 2013; nine Investigative Checks in July 2013; 17 Investigative Checks in August 2013; and three Investigative Checks in November 2013. During the course of the CI Operations at The Baby Stop, the CIs exchanged WIC Checks with a face value of \$3,192.36 for approximately \$2,689 in cash. At no point during the above-described period did an employee of The Baby Stop refuse to redeem an Investigative Check for cash.

18. From conversations with representatives from the NYS DOH and my personal participation in this investigation, I have learned, among other things, that:

a. All of the Investigative Checks that were exchanged for cash at stores within the Six Store Network in March 2013 or April 2013 were stamped and presented for payment using the KGCB stamp, regardless of which store within the Six Store Network originally exchanged the Checks for cash.

b. All of the Investigative Checks that were exchanged for cash at stores within the Six Store Network in May 2013 were stamped and presented for payment either with the KGCB Stamp or with Ying's stamp, regardless of which store within the Six Store Network originally exchanged the Checks for cash.

c. All of the Investigative Checks that were exchanged for cash at stores within the Six Store Network in or about June 2013 and in or about August 2013, were stamped and presented for payment with Ying's stamp, regardless of which store within the Six Store Network originally exchanged the Checks for cash.²

d. When WIC Checks were exchanged for cash in connection with the CI Transactions in the Six Store Network,

² There was one CI Operation that took place in or about July 2013 where checks were presented to each of the stores in the Six Store Network. The checks exchanged for cash during that operation were presented for payment bearing the stamp of a store not named herein. At no other point were checks used in the CI Operations presented for payment bearing the stamp of that other store.

the amount written on the front of each WIC Check by the cashier at whichever store within the Six Store Network initially accepted the check, which purported to reflect the cost of goods purchased with that WIC Check, was always at or just below the face value of the WIC Check.

19. I have reviewed audio and video recordings of the CI Operations, as well as preliminary translations prepared by contract linguists working with HSI of conversations recorded during the CI Operations, and from my review of that material, I have learned, among other things, the following:

a. In each instance, the CI asked about, in substance, the "exchange rate" or the "discount" and was told by the cashier that it was either 15 or 20 percent, meaning the CI would receive 80 or 85 cents for every dollar on the WIC Check the CI exchanged. For example, on or about June 5, 2013, the following exchange was recorded between the CI and a cashier inside K&Z'S:

CI: Okay. Exchange it for me please.

CASHIER: How do you want to exchange it?

CI: Uh, exchange for cash, same as last time.

CASHIER: Okay. Okay.

CI: What is the discount now?

CASHIER: 15 percent for little baby's [i.e. a WIC Check for baby items]

CI: Okay.

CASHIER: There are adult [WIC Checks] as well as baby's here.

CI: Right.

CASHIER: For adult's, it is 20 percent discount. Uhm?

CI: 20 percent discount? Okay.

b. On at least nine occasions from in or about March 2013, up to and including in or about September 2013, CI Operations were conducted inside Kabb's. On each of those occasions, the same Asian male was working as the cashier ("Cashier-1") and exchanged cash for WIC Checks provided by the CIs. On or about September 16, 2013, I personally entered Kabb's and saw ZHOAJUN LIN, the defendant, working behind the counter. LIN appeared to be the same person as Cashier-1 depicted on the video from those CI Operations. Furthermore, I asked ZHAOJUN LIN for identification and he presented identification with the name "Zhaojun Lin" and with an address that is the same as TUNG CHA YO, a/k/a "Leo," the defendant.

c. On at least five occasions from in or about March 2013, up to and including in or about August 2013, CI Operations were conducted inside KGCB. On each of those occasions, the same Asian female was working as the cashier ("Cashier-2") and exchanged cash for WIC Checks provided by the CIs. On or about October 11, 2013, I personally entered KGCB and saw HIULAN LIU, the defendant, working behind the counter. LIU appeared to be the same person as Cashier-2 depicted on the video from those CI Operations.

d. On at least two occasions - one in April 2013 and one in June 2013 - an Asian male ("Cashier-3") was working behind the counter inside Ying's when CI Operations were conducted inside that location. On each of those occasions, Cashier-3 exchanged cash for WIC Checks provided by the CIs. On or about October 11, 2013, I personally entered Ying's and saw YU WANG, the defendant, working behind the counter. WANG appeared to be the same person as Cashier-3 depicted on the video from those CI Operations. Furthermore, I asked YU WANG for identification and he presented identification with the name "Yu Wang."

20. I have also examined records and photos maintained by the New York State Department of Motor Vehicles ("NYS DMV") relating to YING ZHENG, SUNG MAN CHAN, TUNG CHA YO, a/k/a "Leo," SAU WA YEUNG, FENG ZHENG and SAU CHAN, the defendants. I have compared those records and photos with the videos of the CI Operations and in doing so, I have learned the following:

a. On at least four occasions from in or about April 2013, up to and including September 2013, YING ZHENG was working behind the counter inside Ying's and exchanged cash for WIC Checks provided by the CIs. According to corporate records

described above in paragraphs 12 and 14, YING ZHENG is also a signatory on the accounts for Ying's and is listed as the President of Ying's on its WIC application.

b. On at least five occasions from in or about April 2013, up to and including September 2013, SAU WA YEUNG was working behind the counter inside K&Z'S and exchanged cash for WIC Checks provided by the CIs.

c. On at least six occasions from in or about June 2013, up to and including September 2013, TUNG CHA YO, a/k/a "Leo," was working behind the counter inside Wong Yung's and exchanged cash for WIC Checks provided by the CIs. According to corporate records described above in paragraph 12, TUNG CHA YO is also a signatory on the accounts for Wong Yung's.

d. On at least five occasions from in or about April 2013, up to and including September 2013, SAU CHAN was working behind the counter inside The Baby Stop and exchanged cash for WIC Checks provided by the CIs. According to corporate records described above in paragraph 12, SAU CHAN is also a signatory on the accounts for The Baby Stop.

e. On at least one occasion in or about March 2013, FENG ZHENG was working behind the counter inside K&Z'S and exchanged cash for WIC Checks provided by the CIs.

f. On at least one occasion in or about June 2013, SUNG MAN CHAN was behind the counter inside K&Z'S and exchanged cash for WIC Checks provided by the CIs. According to the corporate records described above in paragraph 12, SUNG MAN CHAN is a signatory on the accounts for K&Z'S.

THE MOVEMENT OF MONEY WITHIN
THE SIX STORE NETWORK

21. As part of my investigation, I reviewed bank records for each of the stores in the Six Store Network. As set forth in greater detail below, I have learned that after the State of New York transferred the proceeds from WIC redemptions into one store's bank account, those funds were often either transferred out of that bank account to the bank accounts of other stores within the Six Store Network or taken out as cash by the proprietors of the various stores. In some instances, the same individual transferred the proceeds from one bank

account to a second, and sometimes a third, bank account, and then removed those proceeds in cash.

22. Specifically, I have reviewed bank account records from Cathay Bank associated with KGCB. The records indicate that KGCB maintains two accounts at Cathay Bank. One account was designated to receive the proceeds of WIC Check redemptions from the State of New York (the "KCGB WIC Account"). The other account was a standard business checking account (the "KCGB Non-WIC Account"). From my review of the records from both accounts, I have learned the following:

a. From in or about January 2012, up to and including in or about May 2013, the KCGB WIC Account received \$8,356,751.80 in WIC proceeds.

b. From in or about March 2013, up to and including in or about May 2013, signatories for the KCGB WIC Account transferred more than \$1,500,000 out of that account, including:

i. Three checks made payable to Wong Yung's, signed by TUNG CHA YO, the defendant, totaling \$52,000.

ii. One check for \$8,000 made payable to The Baby Stop, signed by TUNG CHA YO.

iii. Two checks made payable to Welcome Baby, signed by TUNG CHA YO, totaling \$24,000.

iv. One check made payable to cash, signed by TUNG CHA YO and cashed by TUNG CHA YO, totaling \$25,000.

v. 15 wire transfers from the KCGB WIC Account to the KCGB Non-WIC Account, totaling \$1,430,000.

c. From in or about March 2013, up to and including in or about May 2013, signatories for the KCGB Non-WIC Account transferred or disposed of more than \$1,500,000 from that account including:

i. A total of 54 checks made out to cash totaling more than \$1,200,000. When those checks were cashed, the person cashing the check was required to endorse the back of the check. In each instance, the signature of the person who wrote the check appears to be the same as the person who endorsed the check. Furthermore, on a majority of occasions,

the person who was cashing the check was required to present a driver's license. In those instances, the information on the driver's license was recorded on the back of the check by the cashier. By comparing the signature of the person endorsing the check with the signature cards maintained by the bank, and, where available, by comparing the driver's license information recorded on the check with information obtained from the NYS DMV, I have learned:

1. 29 of the checks totaling \$660,000 made payable to cash were signed and cashed by TUNG CHA YO, a/k/a "Leo," the defendant.

2. 15 of the checks totaling \$430,000 made payable to cash were signed and cashed by SUNG MAN CHAN, the defendant.

3. 10 of the checks totaling \$191,800 made payable to cash were signed and cashed by QIGUANG ZHANG, the defendant.

ii. Five checks made payable to Ying's, signed by SUNG MAN CHAN, totaling \$228,270.93.

iii. One check made payable to K&Z's, signed by SUNG MAN CHAN, totaling \$50,000.

23. I have reviewed bank records for an account at Cathay Bank relating to Ying's that was the account designated to receive the payments owed to Ying's from the WIC Program ("Ying's WIC Account"). From my review of records associated with Ying's WIC Account, I have learned the following:

a. From in or about July 2012, up to and including in or about August 2013, Ying's WIC Account received \$2,285,900.60 in WIC proceeds.

b. From in or about May 2013, up to and including in or about July 2013, signatories for the Ying's WIC Account transferred more than \$2,500,000 out of that Account, including:

i. Five checks made payable K&Z's - three of which were signed by SUNG MAN CHAN, the defendant, and one of which was signed by YING ZHENG, the defendant - totaling approximately \$108,207.09.

ii. Two checks made payable to KGCB, signed by QIGUANG ZHANG, the defendant, totaling approximately \$100,000.

iii. Six checks made payable to Welcome Baby, signed by YING ZHENG, the defendant and TUNG CHA YO, a/k/a "Leo," the defendant, totaling \$247,436.

iv. Three checks made payable to K&Z's, signed by SUNG MAN CHAN, totaling \$150,000.

v. Four checks made payable to Kabb's, signed by TUNG CHA YO, totaling \$180,000.

vi. One check made payable to Wong Yung's, signed by TUNG CHA YO, totaling \$10,000.

vii. A total of 36 checks made out to cash totaling more than \$1,000,000. When those checks were cashed, the person cashing the check was required to endorse the back of the check. In each instance, the signature of the person who wrote the check appears to be the same as the person who endorsed the check. Furthermore, on a majority of occasions, the person who was cashing the check was required to present a driver's license. In those instances, the information on the driver's license was recorded on the back of the check by the cashier. By comparing the signature of the person endorsing the check with the signature cards maintained by the bank, and, where available, by comparing the driver's license information with information obtained from the NYS DMV, I have learned:

1. 11 of the checks made payable to cash, totaling \$365,000, were signed and cashed by TUNG CHA YO.

2. 12 of the checks made payable to cash, totaling \$320,000, were signed and cashed by SUNG MAN CHAN.

3. Eight of the checks made payable to cash, totaling \$278,000, were signed and cashed by QIGUANG ZHANG.

4. Five of the checks made payable to cash, totaling \$90,000, were signed and cashed by YING ZHENG.

viii. 18 checks totaling more than \$750,000, signed by either SUNG MAN CHAN or YING ZHENG made out to Ying's

and deposited into an account maintained by Ying's at TD Bank ("Ying's Non-WIC Account").

ix. During the entire period, less than \$15,000 worth of checks were made payable to wholesalers from Ying's WIC Account.

24. I have reviewed records from TD Bank relating to Ying's Non-WIC Account. From my review of those records, I have learned:

a. YING ZHENG, the defendant, is the sole signatory on the account.

b. From in or about May 2013, up to and including on or about September 3, 2013, YING ZHENG wrote 22 separate checks to cash out of Ying's Non-WIC Account, totaling more than \$215,000. When those checks were cashed, the person cashing the check was required to endorse the back of the check. In each instance, the signature of the person who wrote the check appears to be the same as the person who endorsed the check. Furthermore, on a majority of occasions, the person who was cashing the check was required to present a driver's license. In those instances, the information on the driver's license was recorded on the back of the check by the cashier. By comparing the signature of the person endorsing the check with the signature cards maintained by the bank, and, where available, by comparing the driver's license information recorded on the check with information obtained from the NYS DMV, I have learned that, in each instance, the checks were also cashed by YING ZHENG.

25. I have reviewed bank records from Cathay Bank relating to Wong Yung's. From a review of those records, I have learned, among other things, the following:

a. During a ten-day period in or about March 2013, these records show three checks made out to cash, totaling \$75,000 that were signed by and cashed by TUNG CHA YO, a/k/a "Leo," the defendant.

b. From in or about March 2013, up to and including in or about April 2013, this account received three checks totaling \$52,000 from the KGCB WIC Account made payable to Wong Yung's, signed by TUNG CHA YO, a/k/a "Leo," the defendant.

c. From in or about June 2013, up to and including in or about July 2013, this account received two

checks totaling \$17,000, from Ying's WIC Account, one of which was signed by TUNG CHA YO.

26. I have reviewed bank records from Cathay Bank relating to K&Z's. From a review of those records, I have learned, among other things, the following:

a. In or about March 2013, this account received a check from KGCB's non-WIC Account in the amount of \$50,000, signed by SUNG MAN CHAN, the defendant.

b. From in or about May 2013, up to and including in or about June 2013, this account received four checks, totaling over \$100,000, three of which were signed by SUNG MAN CHAN, and one of which was signed by YING ZHENG, the defendant.

c. From in or about March 2013, up to and including in or about July 2013, those records show checks payable to SUNG MAN CHAN from this account in the amount of \$61,150.

27. I have reviewed bank records from Bank of America relating to Mama Baby, Etc. From a review of those records, I have learned, among other things, the following:

a. In or about July 2013, this account deposited a check from Ying's WIC Account in the amount of \$14,914, signed by SUNG MAN CHAN, the defendant.

b. In or about August 2013, SUNG MAN CHAN, the defendant, wrote five checks to cash, totaling \$120,000, and then cashed those checks.

WHEREFORE, deponent respectfully requests that warrants be issued for the arrest of TUNG CHA YO, a/k/a "Leo," SUNG MAN CHAN, YING ZHENG, QIGUANG ZHANG, FENG ZHENG, SAU WA YEUNG, SAU CHAN, ZHAOJUN LIN, HUILAN LIU, and YU WANG, the defendants, and that they be arrested and imprisoned or bailed, as the case may be.



GEORGE IOANNIDIS
Special Agent
Homeland Security Investigations

Sworn to before me this
18th day of November, 2013



THE HONORABLE KEVIN NATHANIEL FOX
UNITED STATES MAGISTRATE JUDGE
SOUTHERN DISTRICT OF NEW YORK