

UNITED STATES DISTRICT COURT
District of Minnesota

CR 16-167 SRN/HB

UNITED STATES OF AMERICA,

INDICTMENT

Plaintiff,

18 U.S.C. § 981(a)(1)(C)

v.

18 U.S.C. § 1341

1. SENG XIONG,

18 U.S.C. § 1343

21 U.S.C. § 853(p)

28 U.S.C. § 2461(c)

Defendant.

THE UNITED STATES GRAND JURY CHARGES THAT:

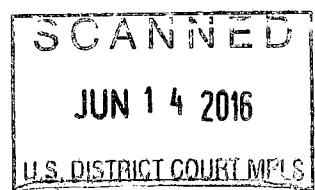
INTRODUCTION

1. DEFENDANT SENG XIONG is a 48-year-old Hmong American who was born in Laos and emigrated to the United States as a child.

2. In or about 2011, XIONG founded an organization called “International Fund for Hmong Development,” which he incorporated through filings in the State of California on November 9 of that year. At all times relevant to this Indictment, XIONG referred to his organization as Hmong Tebchaws (translated to mean Hmong “country”), and represented that the mission of Hmong Tebchaws was to establish a country for Hmong people. Xiong referred to himself as the leader of this movement and at varying times as “President of the Hmong World Movement,” “President of Hmong Country,” or other similar monikers.

THE SCHEME TO DEFRAUD

3. From at least in or about September 2014 continuing to at least in or about March 2016, XIONG devised and executed a scheme and artifice to defraud individuals



United States v. Seng Xiong

of Hmong descent by promising to obtain a new country specifically for Hmong people to live in, and then soliciting victims to invest in that future Hmong country in order to secure their spot and to receive certain guaranteed benefits from the future government of that country, including a free house and government assistance.

4. At all times relevant to the Indictment, XIONG's Hmong Tebchaws organization had a website, www.hmongtebchaws.net, through which it communicated information about the organization. The website listed the "mission" of the organization as "Pursue Hmong self-ruled (sic) in the mainland of Asia in accordance with international law." The website solicited "donations" toward the cause and contained links to YouTube videos where more information would be provided. The website also listed a telephone number that individuals could call to learn more information.

5. In furtherance of the scheme to defraud, XIONG offered two different options for "enrollment" in the future Hmong country, which he described in a YouTube video posted in or about May 2015, as follows:

a. The "founder" option would guarantee the investor, and his or her future generations, the following benefits in the new country: a five-bedroom house with land, free healthcare, free education, and government financial assistance for persons over 65 years of age. In addition, founders would get a return on their investment because, according to XIONG, 25 percent of the income of the new Hmong country would be returned to the founders on a yearly basis. According to XIONG, the founders program was limited to 3,000 people who could choose between investing either \$3,000, \$4,000, or \$5,000. Depending on the amount they invested, founders would receive a return on their investment as follows:

i. Founders who joined at the \$3,000 level of investment would share, between themselves, five (5) percent of funds that would be distributed by the government each year;

United States v. Seng Xiong

- ii. Founders who joined at the \$4,000 level of investment would share, between themselves, eight (8) percent of the funds being distributed from the government each year; and
- iii. Founders who made a \$5,000 investment would share, between themselves, the remaining 12 percent of the funds being distributed by the government each year.

b. The “regular” membership was for those who could not afford to join at the “founders” level. A person could obtain a “regular” membership by contributing \$20 per month, or \$240 per year, until the new country was operational. This option would give the investor citizenship in the new Hmong country as well as the free house, education, and other benefits laid out in the “founder” option. However, a “regular” member would not receive a share of the income of the new Hmong country.

6. In furtherance of the scheme to defraud, XIONG represented that he was personally working with the United Nations and high ranking government officials from the United States and elsewhere in order to secure a country for Hmong people. XIONG represented that the new Hmong country had been authorized and/or approved by the United Nations and the United States government, that land had been set aside for the Hmong country, and that the final word allowing XIONG and the founders and members to move to the new Hmong country was imminent. Among other misrepresentations, XIONG claimed:

- a. A piece of land had been set aside for the new Hmong country somewhere in Southeast Asia, but XIONG could not say publicly where the land was located;
- b. Their (the Hmong’s) own land and country had already been secured, and they were just waiting for the word to move; and
- c. The White House was deciding on the proposal and they were telling us Hmong to “get ready.”

7. It was also part of the scheme to defraud that XIONG created a sense of urgency by setting a deadline for those who wanted to enroll in the new country. For

United States v. Seng Xiong

example, on multiple occasions XIONG represented, either personally or through others, that the door would be closing soon and that after a certain date there would be no further opportunity to enroll or join the Hmong country. In multiple YouTube videos, XIONG made statements indicating that those who did not “enroll” by a certain date would either be denied access to the new country altogether or would have to go through the new country’s “immigration policy,” whereas those who had already signed up were guaranteed admission and the benefits described above. In one video, XIONG stated that “unbelievers” (those who did not believe that the Hmong would get their own country and presumably did not send him any money) would be denied access even if they offered to pay later on.

8. It was also part of the scheme to defraud that XIONG made false material representations about his personal and professional background to lend credibility to XIONG’s representations that he was working together with the United Nations and the United States government to obtain a country for Hmong people. For example:

- a. XIONG falsely represented that he had many connections in the United Nations and the White House, such that he would be called upon by these high ranking officials to consult with them about matters affecting Hmong people;
- b. XIONG falsely represented that he had “submitted” the Hmong Tebchaws “proposals” for a new country to the proper authorities, including the United Nations, the Geneva Convention, and the United States government; and
- c. XIONG misrepresented the nature of previous meetings he had attended while affiliated with legitimate organizations that were advocating on behalf of the Hmong community, as being efforts focused on obtaining a new country for Hmong people, when in fact getting a separate country for the Hmong was not part of the efforts of those other organizations.

9. In furtherance of the scheme to defraud, XIONG made or caused to be made the above-described false and misleading representations, and many others, on nationwide conference calls that were hosted by XIONG and others, and in YouTube videos that were posted on the Internet. Through those conference calls and YouTube videos, XIONG provided phone numbers for individuals to call to obtain information about how to “enroll” in the new country. When victims called the number they had been given, they spoke with “S.M.” who would instruct them how to pay their money to XIONG.

10. In furtherance of the scheme to defraud, from at least September 2014 until mid-September 2015, S.M. would instruct investors to deposit funds directly into XIONG’s Wells Fargo checking account, either through wire transfers or by making a deposit in a branch store. Between September 2, 2014, and September 22, 2015, cash deposits totaling \$1,150,838.60 were made to XIONG’s Wells Fargo checking account. Another \$77,725.00 in deposits were made from wire transfers, and \$129,921.05 was deposited in the form of checks (personal checks, cashier’s checks, business checks, and money orders), for a total of \$1,358,484.65. Xiong had opened the account at a Wells Fargo branch in New Brighton, Minnesota, on July 15, 2013; but the deposits were made at Wells Fargo Bank locations in several states, including but not limited to Minnesota, California, and Wisconsin. Numerous deposits were made in the amounts of \$3,000, \$4,000 or \$5,000. Wells Fargo froze Xiong’s checking account on or about September 19, 2015, and law enforcement seized the account pursuant to a federal seizure warrant on October 19, 2015.

United States v. Seng Xiong

11. It was also part of the scheme to defraud that after Wells Fargo and then law enforcement disabled XIONG's Wells Fargo account, S.M. began directing victims to send their funds to XIONG at one of several post office boxes around the country, including a post office box in Brooklyn Center, Minnesota, that had been rented by "C.C."

12. In furtherance of his scheme to defraud, immediately after his Wells Fargo account was frozen, XIONG opened a checking account at Citibank on September 23, 2015. By November 20, 2015, XIONG had deposited over \$40,000 into the account, and \$21,900 remained in the account on that date. The Government obtained a federal seizure warrant for the funds in that account on December 30, 2015.

13. In furtherance of his scheme to defraud, after the Government seized his Citibank account XIONG opened a checking and savings account at Chase Bank on February 11, 2016. By March 24, 2016, the balance in XIONG's Chase checking account was \$61,062.94 and the balance on XIONG's Chase savings account was \$200,004.78. Additionally, XIONG had resumed using the Citibank account that had previously been seized, and had deposited several thousand dollars into that account during February and March, 2016.

14. At all times relevant to this Indictment, XIONG has been unemployed.

15. "M.V." is an individual who resides in Minneapolis, Minnesota, who listened to multiple conference calls during April 2015 and then decided to enroll in Hmong Tebchaws. M.V. was told to contact S.M. to learn details about how to make his payment. S.M. then provided M.V. with XIONG's Wells Fargo checking account

United States v. Seng Xiong

number and instructed him to make a deposit into that account. M.V. subsequently deposited a cashier's check in the amount of \$3,000 into XIONG's account at Wells Fargo. The check was made payable to "Seng Xiong" and drawn from M.V.'s TCF checking account. Approximately two months after making the deposit, M.V. received a letter in the mail that was in the form of a receipt. The document was titled, "Hmong Tebchaws ... Special Class 25% Enrollment Form." It listed M.V.'s "enrollment date" as April 20, 2015, his "Enrollment Type" as "\$3,000 Cat. 3," and it was acknowledged with XIONG's signature dated June 11, 2015.

16. "S.V." is an individual who mailed a payment to XIONG on or about October 6, 2015, from San Jose, California. Although the envelope was addressed to "C.C." at a P.O. box in Brooklyn Park, Minnesota, inside the envelope was a MoneyGram money order in the amount of \$300 made payable to XIONG, and a letter addressed to Xiong stating the following:

On the attached document is the money order for \$300.00. Two hundred are the monthly fee for each of the \$5k accounts – 5250 and 9840. One hundred is for your lunch and drink. Thank you so much for everything. I appreciate you for everything you had done and will do for the Hmong people. Keep in mind, I am here to support you and I will do my best to do whatever I can.

COUNT 1
(Wire Fraud)

17. The grand jury re-alleges and incorporates paragraphs 1 through 16 as if fully set forth herein.

18. From at least in or about September 2014 through in or about March 2016, in the State and District of Minnesota and elsewhere, the defendant,

SENG XIONG,

did knowingly devise and execute a scheme and artifice to defraud and to obtain money and property by means of materially false and fraudulent pretenses, representations, promises, and material omissions, which scheme and artifice is described above in paragraphs 1 through 16.

19. On or about September 26, 2015, for the purpose of executing and attempting to execute the above-described scheme and artifice to defraud, SENG XIONG knowingly transmitted and caused to be transmitted by means of wire communications in interstate and foreign commerce, certain writings, signs, signals, and sounds, described as follows: a YouTube video posted to the Internet, in which XIONG makes false material representations that several countries have agreed to acknowledge the Hmong people and have saved a piece of land for them, that XIONG cannot say publicly where that land is except to say that it has been “activated for occupancy,” and that discussions regarding a Hmong country are being “finalized” at the United Nations Security Council, all in violation of Title 18, United States Code, Section 1343.

COUNT 2
(Mail Fraud)

20. The grand jury re-alleges and incorporates paragraphs 1 through 19 as if fully set forth herein.

21. From at least in or about September 2014 through in or about March 2016, in the State and District of Minnesota and elsewhere, the defendant,

United States v. Seng Xiong

SENG XIONG,

did knowingly devise and execute a scheme and artifice to defraud and to obtain money and property by means of materially false and fraudulent pretenses, representations, promises, and material omissions, which scheme and artifice is described above in paragraphs 1 through 20.

On or about October 6, 2015, in the State and District of Minnesota and elsewhere, for the purpose of executing and attempting to execute the above-described scheme and artifice to defraud, the defendant,

SENG XIONG,

knowingly caused to be sent, delivered, and moved by the United States Postal Service, items including a letter from S.V. in California to XIONG in Minnesota, making payments toward an interest in the fraudulently promised Hmong Country, in violation of Title 18, United States Code, Section 1341.

FORFEITURE ALLEGATIONS

Counts 1 and 2 of this Indictment are hereby realleged and incorporated as if fully set forth herein by reference, for the purpose of alleging forfeitures pursuant to Title 18, United States Code, Section 981(a)(1)(C), and Title 28, United States Code, Section 2461(c).

As the result of the offenses alleged in Counts 1 and 2 of this Indictment, the defendant shall forfeit to the United States pursuant to Title 18, United States Code, Section 981(a)(1)(C), and Title 28, United States Code, Section 2461(c), any property, real or personal, which constitutes or is derived from proceeds traceable to the violations

United States v. Seng Xiong

of Title 18, United States Code, Sections 1341 and 1343. The property subject to forfeiture includes, but is not limited to, the following:

- a. \$1,186,829.56 in funds seized from Wells Fargo Bank account ending 4810;
- b. \$90,999.85 in funds seized from Wells Fargo Bank account ending 3958;
- c. \$11,899.58 in funds seized from CitiBank account ending 2571;
- d. \$28,465.86 in funds seized from CitiBank account ending 2571;
- e. \$200,004.78 in funds seized from JPMorgan Chase account ending 1999;
- f. \$61,062.94 in funds seized from JPMorgan Chase account ending 9102; and
- g. \$12,329.00 in funds seized from Seng Xiong on or about March 24, 2016.

If any of the above-described forfeitable property is unavailable for forfeiture, the United States intends to seek the forfeiture of substitute property as provided for in Title 21, United States Code, Section 853(p), as incorporated by Title 28, United States Code, Section 2461(c).

All in violation of Title 18, United States Code, Sections 981(a)(1)(C), 1341, 1343, and Title 28, United States Code, Section 2461(c).

A TRUE BILL

UNITED STATES ATTORNEY

FOREPERSON