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HONEY IMPORTER ARRESTED FOR ALLEGEDLY CONSPIRING TO EVADE U.S. IMPORT DUTIES FOR CHICAGO OFFICE OF GERMAN FOOD DISTRIBUTOR

CHICAGO — A Taiwanese executive of several honey import companies was arrested last night in Los Angeles on federal charges filed in Chicago for allegedly conspiring between 2004 and 2006 to illegally import honey that was falsely identified as originating in South Korea, Taiwan, and Thailand to avoid U.S. anti-dumping duties. The defendant, **Hung Ta Fan**, was arrested without incident when he arrived at Los Angeles International Airport on a flight from Taiwan, announced Patrick J. Fitzgerald, United States Attorney for the Northern District of Illinois, and Gary J. Hartwig, Special Agent-in-Charge of U.S. Immigration and Customs Enforcement in Chicago.

Fan, also known as “Michael Fan,” 41, of Taiwan, is president of Blue Action Enterprise, Inc., a California-based honey import company and was an executive of other similar companies, including 7 Tiger Enterprises, Inc., Honey World Enterprise Inc., both of which are now defunct, and Kashaka USA, Inc., all of which he allegedly used to import Chinese honey into the United States. Fan was charged with conspiracy to illegally import honey in a criminal complaint and was expected to appear later today in U.S. District Court in Los Angeles.

Between July 2004 and June 2006, Fan and others allegedly used Blue Action and 7 Tiger to fraudulently import approximately 96 shipments of Chinese honey falsely declared as originating in South Korea, Taiwan, and Thailand on behalf of and for the benefit of a German company and its worldwide affiliates, including an American subsidiary that operated in Chicago. The 96 shipments of honey had a total declared value of more than \$4.5 million, and avoided anti-dumping duties applicable to Chinese honey totaling nearly \$9.9 million by falsely identifying the honey as coming from South Korea, Taiwan, and Thailand.

On May 10-11, 2006, U.S. Customs and Border protection seized 384 drums of Chinese honey that were falsely declared as Korean by 7 Tiger, according to the complaint. After Fan and 7 Tiger sought permission to export the honey from the United States, it was ultimately forfeited without contest.

“Anyone who breaks our nation’s customs laws seeks an unfair financial advantage over law-abiding competitors,” said John Morton, Department of Homeland Security assistant secretary for ICE. “ICE will not tolerate products being illegally imported into the U.S. marketplace. We aggressively investigate those who thwart the laws and regulations that are put in place to protect U.S. businesses and the American public.”

According to the ICE affidavit filed in Chicago, the charges against Fan stem from an ongoing investigation of the honey importing practices of Alfred L. Wolff, Inc. (ALW), and other corporate affiliates of Wolff & Olsen, headquartered in Hamburg, Germany. Two Chicago-based executives of ALW, Stefanie Giesselbach and Magnus Von Buddenbrock, were arrested in Chicago on federal conspiracy charges in May 2008, and are cooperating while the charges against them

remain pending, the affidavit states. ALW's Chicago office imported millions of dollars of honey into the United States, it adds.

In May 2009, Yong Xiang Yan, the president of a honey manufacturer in China was arrested and he pleaded guilty last October to conspiring to illegally import Chinese honey that was falsely identified as coming from the Philippines to avoid a total of nearly \$4 million in domestic anti-dumping duties. Yan is also cooperating in the ongoing investigation while awaiting sentencing, according to the affidavit against Fan.

In December 2001, the U.S. Commerce Department determined that Chinese honey was being sold in the United States at artificially low prices and imposed anti-dumping duties. The duties on Chinese honey ranged between approximately 212 and 221 percent between June 2004 and October 2005, and then were imposed in the amount of \$2.06 per net kilogram through at least June 2006. Honey originating in South Korea, Taiwan and Thailand was not subject to any anti-dumping duties.

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

If convicted, the conspiracy charge carries a maximum penalty of five years in prison and a \$250,000 fine. The Court, however, would determine a reasonable sentence to be imposed under the advisory United States Sentencing Guidelines.

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

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