



Federal Prosecutors: Ga. company schemed to avoid millions of dollars in import taxes on Chinese paper

McNabb Associates, P.C. (Federal Criminal Defense Lawyers)

Submitted at 11:00 AM October 23, 2012

The Washington Press on October 22, 2012 released the following:

“By Associated Press,

ATLANTA — A company in suburban Atlanta schemed to avoid paying millions of dollars in import taxes on cheap notebooks and loose-leaf paper from China by falsifying records and bribing customs officials in Taiwan, federal prosecutors said in an indictment.

Jennifer Chen, chief financial officer of Apego, Inc., entered a not guilty plea on Monday in federal court in Atlanta. The indictment handed down by a grand jury last week also charges her ex-husband, company CEO Chi Cheng “Curtis” Gung, and Apego with conspiracy and 12 counts of importing notebooks and filler paper from China using false documents.

A judge granted Chen \$25,000 cash bond on the condition that she surrender her passport and agree to electronic monitoring. A lawyer for Gung told prosecutors that his client traveled to Taiwan last week to be treated for a grave medical condition and plans to surrender voluntarily next month.

Three Chinese paper manufacturers, a Taiwanese company, and their CEOs are also named in the indictment and face conspiracy and fraudulent importation charges. They are: Forth Wu, 69, a Taiwanese citizen who owns and operates Fromus Psyche International, Inc.; and Zuoru He, 66, a Chinese citizen who controls and partly owns three companies that make up The Watanabe Group.

Wu and He are believed to be in Taiwan and China, respectively, prosecutors said. The U.S. does not have extradition treaties with either nation.

“They are accused of avoiding over 20 million dollars in ‘anti-dumping’ duties by shipping stationery made in China through Taiwan, bribing Taiwanese customs officials, and exporting the goods from there into the United States, falsely relabeled ‘Made in Taiwan,’” U.S. Attorney Sally Quillian Yates said.

In 2005, the U.S. Department of Commerce began investigating whether

Chinese companies that make notebooks, loose-leaf paper and other lined paper products were selling their goods at an artificially low price, sometimes even below cost. Foreign companies sometimes engage in the practice, known as dumping, with the aim of doing so long enough to put competitors out of business. Once the competition is eliminated, a foreign firm can then raise prices to recover the temporary cost of the scheme. Dumping is a prohibited and unfair trade practice under U.S. law.

The Department of Commerce and U.S. International Trade Commission determined in 2006 that Chinese manufacturers had been dumping certain lined paper products in the U.S. To offset the artificially low prices in the U.S. market, Chinese paper manufacturers were ordered to pay anti-dumping import tariffs of between 76 and 258 percent. There are no such duties on lined paper from Taiwan.

To skirt the anti-dumping tariffs, Apego, Fromus and the companies in The Watanabe Group came up with a scheme to move large shipments of paper from China through Taiwan, prosecutors say. Authorities allege that they hired temporary workers in Taiwan to put “Made in Taiwan” labels on loads of Chinese paper destined for an American national retailer that wasn’t named in court papers. As Apego gained more customers and large orders, company officials began paying bribes to Taiwanese customs officials to look the other way when containers full of paper from China came into ports already labeled “Made in Taiwan,” according to the indictment.

Prosecutors say the scheme began to fall apart in the summer of 2007 when U.S. container security officers based at a Taiwanese port noticed suspicious documentation on shipments of paper bound for the U.S. and alerted other customs officials in the U.S. and Taiwan. The full extent of the conspiracy was discovered when Apego fired Gung’s executive assistant, who gave a copy of the hard drive from her company laptop to the Department of Homeland Security,

authorities say.

Apego was incorporated under the laws of Texas and was based in the Georgia community of Lilburn until October 2006, when it moved its headquarters to Lawrenceville. Officials say that in 2007, the company began operating as Aclor, Inc., and relocated to the Texas-Mexico border.

The maximum penalty for a conviction on the conspiracy charge is 5 years in prison, a \$1 million fine for a corporation, a \$250,000 fine for an individual, and three years of supervised release. The maximum penalty for the fraudulent importation charges is 2 years in prison, a \$1 million fine for a corporation, a \$250,000 fine for an individual, and one year of supervised release for each count.”

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Ex-CIA man likely to plead guilty in leak case

McNabb Associates, P.C. (Federal Criminal Defense Lawyers)

Submitted at 10:29 AM October 23, 2012

The Associated Press on October 22, 2012 released the following:

“By MATTHEW BARAKAT

Associated Press

WASHINGTON (AP) — A former CIA officer accused of leaking the names of covert operatives to journalists is expected to enter a guilty plea as part of a plea deal.

A change of plea hearing was scheduled for Tuesday in U.S. District Court in Alexandria, Va., for John Kiriakou. He initially pleaded not guilty to the charges that he disclosed the names of two covert CIA operatives.

The apparent change comes shortly after Kiriakou lost a key pre-trial ruling that established a lower legal burden for prosecutors to prove their case. Kiriakou’s lawyers had argued unsuccessfully that prosecutors should have to prove that Kiriakou intended to harm the United States through his alleged leaks. Such a strict legal standard had been imposed recently on a leaks prosecution against two pro-Israel lobbyists.

But U.S. District Judge Leonie Brinkema ruled last week that such a high standard should not apply to Kiriakou, a government employee with top-secret security clearances who knew well the dangers of disclosing classified information.

Instead, prosecutors would only have to show that Kiriakou had “reason to believe” that the information could be used to injure the U.S.

Court records do not make clear exactly what charges Kiriakou would plead to. When he was indicted in April, he was charged with one count of disclosing classified information identifying a covert

agent, three counts of illegally disclosing national defense information and one count of making false statements. He faced up to 45 years in prison if convicted on all counts in the indictment.

Kiriakou, who wrote a book detailing his CIA career, had tried to argue after the charges were filed that he was a victim of vindictive prosecution by government officials who believed he portrayed the CIA negatively, but the judge rejected those arguments as well.

Peter Carr, a spokesman for U.S. Attorney for the Eastern District of Virginia Neil MacBride, whose office is prosecuting the case, declined comment Monday. Kiriakou’s attorney, Robert Trout, also declined comment.

Kiriakou was a CIA veteran who played a role in the agency’s capture of al-Qaida terrorist Abu Zubaydah in Pakistan in 2002. Abu Zubaydah was waterboarded by government interrogators and eventually revealed information that led to the arrest of “dirty bomb” plotter Jose Padilla and exposed Khalid Sheikh Mohamed as the mastermind of the Sept. 11, 2001 terror attacks.

Accounts conflict, though, over whether the waterboarding was helpful in gleaning intelligence from Zubaydah. Kiriakou, who did not participate in the waterboarding, expressed ambivalence in news media interviews about use of the tactic.

Court papers indicate that the investigation of Kiriakou began in 2009 when authorities became alarmed after discovering that detainees at Guantanamo Bay possessed photographs of CIA and FBI personnel. The investigation eventually led back to the alleged leaks by Kiriakou, according to a government affidavit.

The papers indicate prosecutors believe Kiriakou leaked the name of one covert operative to a journalist, who subsequently disclosed the name to an investigator working for the lawyer of a Guantanamo detainee.

Kiriakou had planned to subpoena three journalists connected to the case. Those journalists had filed motions to quash the subpoenas, but that issue will now be rendered moot by the apparent plea deal.”

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Justice Department Reaches Proposed Agreement with the Town of East Haven, Connecticut, to Resolve Allegations of Misconduct by the East Haven Police Department

(USDOJ: Justice News)

Submitted at 10:39 AM October 23, 2012

The Justice Department today announced that the town of East Haven, Conn., memorialized its intention to enter into a settlement agreement to resolve the department’s civil investigation of allegations that the East Haven Police Department (EHPD) engaged in a pattern or practice of unlawful discrimination

against Latinos on account of their race, color or national origin. The proposed agreement also resolves allegations that EHPD engaged in a pattern or practice of use of excessive force, unconstitutional searches and seizures and retaliation against persons who witnessed police misconduct or criticized EHPD’s practices.

Deputy Attorney General James M. Cole Speaks at the National Alliance for Drug Endangered Children Conference

(USDOJ: Justice News)

Submitted at 2:29 PM October 23, 2012

“At the Department of Justice, we are fully aware of how critically important, and oftentimes life-saving, this work really is for countless children nationwide,” said Deputy Attorney General Cole.

President of Costa Rican Company Sentenced to 60 Years in Prison for Half-Billion Dollar Fraud Scheme with Thousands of Victims Worldwide

(USDOJ: Justice News)

Submitted at 2:38 PM October 23, 2012

Minor Vargas Calvo, 61, a citizen and

resident of Costa Rica, is the majority owner of Provident Capital Indemnity (PCI) Ltd., an insurance and reinsurance

company registered in the Commonwealth of Dominica and doing business in Costa Rica.



Ohio man acquitted on federal gun charge

McNabb Associates, P.C. (Federal Criminal Defense Lawyers)

Submitted at 1:30 PM October 23, 2012

The Herald-Dispatch on October 23, 2012 released the following:

“CURTIS JOHNSON

The Herald-Dispatch

HUNTINGTON — A federal jury has acquitted a Columbus, Ohio, man on an allegation that he illegally possessed a firearm.

The jury disagreed with federal prosecutors, who argued Deshawn King had possession of a .357 caliber pistol, even though authorities found the weapon in a woman’s apartment at a time when King was outside of the residence.

Jurors returned their verdict Friday after two and half hours of deliberation. The case had stemmed from a June 20 incident in the 900 block of 11th Avenue.

King had been prohibited from possessing any firearm due to a May 30, 2002, conviction for aggravated robbery in Franklin County, Ohio.

Defense attorney R. Lee Booten and his client were relieved by the jury’s verdict. The attorney described the case as complicated. It was never a matter of King having the gun in his hands, pocket or personal residence, but instead it being stored inside someone else’s apartment that he had access to.

Booten praised U.S. District Judge Robert C. Chambers for his use of prior case law to fairly instruct the jury as to the complexities of the case.

A criminal complaint, filed at the beginning of the case, alleged that King admitted to having purchased the pistol in Columbus. Booten said that statement was part of the prosecution’s case, however he argued King made up that story as he went along.

Prior to last week’s trial, federal prosecutors had dismissed another count of the indictment. It alleged King had possessed a .22 caliber pistol, a .45 caliber pistol and a 9 mm pistol Dec. 9, 2011, in Huntington. That dismissal was upon Chambers deciding some of King’s statements to police were inadmissible at trial, according to court documents.

Despite Friday’s acquittal, King remained in custody Monday morning at the Carter County Detention Center in Grayson, Ky.

The continued incarceration stems from a probation revocation in the state of Ohio. It involves allegations that King left Ohio without permission to stay with a woman at her 11th Avenue residence in Huntington, Booten said.

Friday’s result marks the second not-guilty verdict in a federal firearms case since August for the U.S. Attorney’s Office in Huntington. The first verdict followed defense arguments indicating that defendant, also a prior felon, had possessed his weapon in self-defense.

Booten placed no significance in the two acquittals, instead saying both were the result of rare, atypical and complex firearms cases.

The greatest majority of felon-in-

possession cases end with a guilty verdict as defendants typically come to an agreement with prosecutors to avoid trial.”

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Official: FBI agents search Sioux Center, Iowa, business

McNabb Associates, P.C. (Federal Criminal Defense Lawyers)

Submitted at 2:00 PM October 23, 2012

SiouxCityJournal.com on October 23, 2012 released the following:

By: MOLLY MONTAG

“SIOUX CENTER, Iowa | A Sioux Center, Iowa, manufacturing business has been searched by FBI agents, an official says.

Agents searched Sioux Automation Center on Monday, said Sandy Breault, spokeswoman for the FBI’s Omaha bureau.

Breault would not comment on the nature of the search. She also would not say if anything was taken, or if any charges were filed as a result of the search.

The business at 877 First Avenue Northwest manufactures, repairs and sells

livestock equipment.

It was unclear Tuesday if the Sioux Automation Center was open for business.

A call to the company at 12:30 p.m.

Tuesday went straight to an after-hours voicemail message.”

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Federal Prosecutor: Paleontologist May Have Access, Be Able To Sell Other Fossils

McNabb Associates, P.C. (Federal Criminal Defense Lawyers)

Submitted at 1:02 PM October 23, 2012

The Wall Street Journal on October 23, 2012 released the following:

“By Chad Bray

A commercial paleontologist accused of illegally importing dinosaur fossils, including a Tyrannosaurus bataar skeleton from Mongolia, may have access to additional fossils that could sell for more than a half-million dollars, prosecutors said Monday.

The existence of additional dinosaur bones, including possibly another Tyrannosaurus bataar skeleton, was a key point of contention Monday as federal prosecutors argued that bail should be increased for Eric Prokopi. He was released on \$100,000 bail after his arrest in Florida last week and ordered confined in his home.

Prosecutors in Manhattan accused Mr. Prokopi, a Gainesville, Fla., commercial paleontologist, of repeatedly misrepresenting the contents of shipments to the U.S. of dinosaur fossils from overseas between 2010 and 2012, including a Tyrannosaurus bataar skeleton.

The Tyrannosaurus bataar skeleton was

Assistant Attorney General Lanny A. Breuer Speaks at IBC Legal’s World Bribery & Corruption Compliance Forum

(USDOJ: Justice News)

Submitted at 10:19 AM October 23, 2012

"As a result both of increased FCPA enforcement and increased policing of corporate conduct in general, I think that the culture of corporate compliance has improved in recent years," said Assistant Attorney General Breuer.

seized by federal agents following an auction in New York earlier this year and has been the subject of a civil lawsuit.

At a bail hearing Monday, Assistant U.S. Attorney Martin Bell noted that an additional shipment containing 400 pounds of fossils arrived at Mr. Prokopi’s home while it was being searched by federal agents following his arrest last Wednesday. The fossils included the skeleton of another Mongolian dinosaur, Mr. Bell said.

However, Georges Lederman, Mr. Prokopi’s lawyer, argued that his client, even if he had access to additional fossils, wouldn’t be able to sell them given the publicity following the government’s probe.

“The notion that anybody would buy a dinosaur fossil from him is absurd,” Mr. Lederman said. “My client is radioactive when it comes to trying to earn a living in his business.”

On Monday, U.S. Magistrate Henry Pittman ordered Mr. Prokopi’s bail be increased to \$250,000, but also eliminated the condition that he be confined to his home.”

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