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15 UNITED STATES OF AMERICA

16 UNITED STATES DISTRICT COURT
17 FOR THE CENTRAL DISTRICT OF CALIFORNIA
18 EASTERN DIVISION

19 UNITED STATES OF AMERICA,	}	NO. 5:17-CV-1872
20 Plaintiff,		}
21 vs.	}	
22 REAL PROPERTY LOCATED AT		}
23 10681 PRODUCTION AVENUE,	}	
24 FONTANA, CALIFORNIA,		}
25 Defendant.	}	
26		

27 The United States of America brings this complaint against the above-
28 captioned asset, described more particularly below, and alleges as follows:

JURISDICTION AND VENUE

1. This is a civil forfeiture action brought pursuant to 19 U.S.C.
§ 1595a(a).

1 2. This Court has jurisdiction over this action pursuant to 28 U.S.C.
2 §§ 1345 and 1355.

3 3. Venue lies in this district pursuant to 28 U.S.C. § 1395(b).

4 PERSONS AND ENTITIES

5 4. The plaintiff is the United States of America.

6 5. The defendant is Real Property Located at 10681 Production Avenue,
7 Fontana, California, (hereinafter, the “Fontana Warehouse” or “defendant real
8 property”). The legal description of the defendant real property is set out in in
9 Attachment A.

10 6. As of September 11, 2017, the Fontana Warehouse is titled in the
11 name of 10681 Production Avenue, LLC, a Delaware limited liability company.
12 Plaintiff is unaware of any other persons or entities with an interest in the
13 defendant real property.

14 7. *Zhongtian Liu*

15 a. Zhongtian Liu, a Chinese national, is the founder and chairman
16 of China Zhongwang, one of the world’s largest industrial aluminum extrusion
17 companies. Zhongtian Liu controls and is effectively the owner of Perfectus
18 Aluminum, Inc. (“Perfectus”).¹

19 b. Between 2011 and at least 2014, Zhongtian Liu used Perfectus
20 to illegally import more than 2.1 million aluminum “pallets” from China into the
21 United States, as described in detail below.² The “pallets” were manufactured by
22

23 ¹ As detailed below, in paragraph 11(b), in 2014 seven separate entities
24 merged to form Perfectus. In this Complaint, unless otherwise specified, all
25 references to “Perfectus” include Perfectus Aluminum, Inc. and the seven
26 predecessor entities.

27 ² The word “pallets” appears in quotes when the reference applies to
28 aluminum extrusions cut-to-length and welded together in the shape of pallets.
These “pallets” were not marketable or suitable for use as pallets. Rather, they

1 China Zhongwang and/or its affiliates and “sold” to Perfectus by several
2 intermediary entities, including Dalian Liwang Trade Co., Ltd., Zhongwang
3 Investment Group, and Yingkou Quianxiang Trading. Many of these intermediary
4 entities are or were owned and operated during the relevant period by members of
5 Zhongtian Liu’s family or his close associates.

6 8. *Zhijie “Jasmine” Wang*

7 a. Zhijie “Jasmine” Wang (“Wang”) is believed to be Zhongtian
8 Liu’s wife and is the mother of Zuopeng Liu. Although immigration records
9 reflect that Wang divorced Zhongtian Liu in 1999, the government alleges on
10 information and belief that Wang and Zhongtian Liu are presently married, and
11 that Wang is still commonly referred to by others as “Mrs. Liu.”

12 b. California public records reflect that Wang is the agent for
13 Alston International, Inc., and Alston International Investment Group, Inc.
14 (collectively, the “Alston Entities,” described more particularly below), and the
15 following LLCs that hold title to the following real properties where Perfectus
16 harbored and concealed aluminum products, including the bogus “pallets”:

- 17 i. 1001 South Doubleday Ave., Ontario, CA (the “Ontario
18 Warehouse”), titled in the name of 1001 Doubleday LLC;
- 19 ii. 10681 Production Avenue, Fontana, CA (the “Fontana
20 Warehouse”), titled in the name of 10681 Production
21 Avenue LLC;
- 22 iii. 2323 Main Street, Irvine, CA (the “Irvine Warehouse”),
23 titled in the name of Von Karman – Main Street LLC;
24 and

25
26
27 _____
28 were manufactured as a ruse to avoid paying Customs duties upon importation into
the United States.

1 iv. 14600 Innovation Drive, Riverside, CA (the “Riverside
2 Warehouse”), titled in the name of Scuderia
3 Development LLC.

4 c. Wang is an authorized signer for at least three separate
5 Perfectus accounts, including Perfectus’s payroll account.

6 9. *Zuopeng Liu*

7 a. Zuopeng Liu is the son of Zhongtian Liu and Wang, and has a
8 son named “Alston,” for whom the Alston Entities (discussed below) are believed
9 to have been named.

10 b. Zuopeng Liu incorporated Perfectus in 2014.

11 c. Just prior to the merger of Perfectus’s predecessor entities
12 (described in paragraph 11(b), below) in 2014, Zuopeng Liu was listed as an
13 officer for each of the predecessor entities with the California Secretary of State.

14 d. Zuopeng Liu was, for a period in 2014 or 2015, in charge of an
15 entity called Aluminum Shapes, LLC, a privately held company in Delair, New
16 Jersey, registered with the New Jersey Secretary of State (“Aluminum Shapes”).

17 10. *Xiang Chun “Johnson” Shao*

18 a. Johnson Shao (“Shao”) is a naturalized United States citizen
19 originally from China.

20 b. From 2004 to 2014, Shao was the principal and manager of
21 Pengcheng Aluminum Enterprise, Inc. (“Pengcheng”). In 2010, Shao testified
22 before the United States International Trade Commission (“USITC”) and was
23 introduced by Pengcheng’s general counsel, Charles Pok (“Pok”), as Pengcheng’s
24 president.

25 c. At various times between 2008 and 2014, Shao was the listed
26 officer/agent for each of Perfectus’s seven predecessor entities.

27 d. Shao is believed to have left Perfectus in late 2014 or in 2015.
28 However, Shao stated in a declaration filed in this Court (the “Shao Declaration”)

1 that he was appointed “manager” of Perfectus in 2016, and oversaw Perfectus’s
2 “export program.”³ The export program was an attempt to remove from the United
3 States the millions of “pallets” illegally imported into the United States as part of
4 the conspiracy alleged herein. The purpose of the conspiracy was to avoid
5 antidumping and countervailing duties (“AD/CVD”) imposed by the United States
6 Department of Commerce (the “Commerce Department”) on certain types of
7 Chinese aluminum, including Series 6 aluminum.

8 11. *Perfectus Aluminum, Inc.*

9 a. Perfectus was incorporated in California in December 2014 by
10 Zuopeng Liu. At the time of incorporation, Perfectus’s corporate address was the
11 Ontario Warehouse, and its Chief Executive Officer was Zuopeng Liu.

12 b. In 2014, several entities (all co-located at the Ontario
13 Warehouse) merged into Perfectus, including: Pengcheng; Transport Aluminum,
14 Inc.; Century American Aluminum, Inc.; American Apex Aluminum, Inc.; Global
15 Aluminum (USA), Inc. (“Global”); Aluminum Source, Inc.; and Aluminum
16 Industrial, Inc. (collectively, the “predecessor entities”).

17 c. Until approximately 2011, the main business of the predecessor
18 entities was importing aluminum extrusions, that is, aluminum objects such as
19 bars, tubes, or other parts. Beginning in 2011 and continuing through 2014,
20 however, the predecessor entities (mainly Pengcheng) largely stopped importing
21 aluminum extrusions and instead began importing mass quantities of what were
22 purported to be aluminum pallets into the United States from China. In total, the
23 predecessor entities imported approximately 2,190,000 aluminum “pallets” into the
24 United States from China during this period in an effort to avoid AD/CVD.

25 ///

26 ///

27 ³ *Perfectus Aluminum, Inc. v. Sanchez, et al.*, EDCV 16-2640 DMG (SPx),
28 Docket No. 10-1.

1 12. *The Alston Entities*

2 a. Wang formed Alston International, Inc. in late 2013, and Alston
3 International Investment Group, Inc. in early 2014.

4 b. An entity called “Alston Asset Management,” located at the
5 Irvine Warehouse, paid taxes in 2015 and 2016 for the four warehouses described
6 in paragraph 8(b), above.

7 c. California employment records reflect that Zhongtian Liu was
8 employed by Alston International Inc. from 2014 to 2017.

9 13. *Aluminum Shapes, LLC*

10 a. Aluminum Shapes is a privately held New Jersey company.

11 b. In or about December 2012, Shao, on behalf of Global,
12 purchased Aluminum Shapes.

13 c. As of 2015, Aluminum Shapes was owned by Jacky Cheung
14 (“Cheung”). Cheung has also served as Perfectus’s Chief Executive Officer and
15 registered agent since at least January 2017.

16 d. Plaintiff alleges on information and belief that Aluminum
17 Shapes was purchased, at least in part, for the purpose of melting Zhongtian Liu’s
18 and Perfectus’s stockpile of bogus aluminum “pallets” into aluminum billet, for
19 sale in the United States.

20 FACTS SUPPORTING FORFEITURE

21 **Customs Framework and Antidumping**
22 **and Countervailing Duties Orders**

23 14. The Harmonized Tariff Schedule of the United States (“HTS”) is the
24 primary source for determining tariff classifications on goods imported into the
25 United States. The HTS lists thousands of classification codes from which
26 Customs brokers, acting as an importer’s agent, must choose, and each unique code
27 informs United States Customs and Border Protection (“CBP”), the government
28

1 agency charged with monitoring the entry of goods into the United States, of the
2 correct duty or penalty that applies to a particular imported good.

3 15. A company importing goods into the United States is required to
4 complete a CBP Form 7501, also known as an Entry Summary. This is typically
5 done through a Customs broker acting as the company's agent. The Form 7501
6 includes, among other things, the importer of record, country of origin, description
7 of imported goods, and HTS classification codes for the imported goods.

8 16. The USITC and the Commerce Department are responsible for
9 conducting AD/CVD investigations. "Dumping" is the practice of importing
10 goods into the United States and selling those goods at less than fair value.
11 "Countervailing duties" are duties imposed on imported goods that have been
12 subsidized by the exporting country.

13 17. If an AD/CVD duty investigation reveals that a U.S. industry is being
14 injured or threatened by dumping, the Commerce Department may issue AD/CVD
15 orders to level the playing field for U.S. firms.

16 18. In April 2010, the USITC and Commerce Department initiated
17 AD/CVD investigations of imports of aluminum extrusions from the People's
18 Republic of China. The investigations determined that aluminum extrusions from
19 China materially injured the U.S. domestic aluminum industry. As a result, the
20 Commerce Department issued two AD/CVD Orders on May 26, 2011.⁴ The order
21 imposed import duties of up to 400% on certain aluminum extrusions, including
22 extrusions made of Series 6 aluminum imported from China.⁵

23
24 ⁴ These AD/CVD Orders followed several preliminary determinations by the
25 USITC and Commerce Department throughout 2010 and 2011.

26 ⁵ The AD/CVD Orders, consisting of AD case number A-570-967 and CVD
27 case number C-570-968, were issued following a Commerce Department finding
28 that Chinese producers/exporters were able to sell extruded aluminum for less than
fair market value, and that the Chinese government was unfairly subsidizing

1 19. In June 2017, the Commerce Department issued a scope ruling in
2 which it determined that certain aluminum extrusions from China made of Series 6
3 aluminum alloy, cut-to-length and welded together in the form of pallets, fell
4 within the scope of the AD/CVD Orders. In reaching this determination, the
5 Commerce Department rejected arguments that such pallets were “finished
6 merchandise” and therefore outside the scope of the AD/CVD Orders. The
7 “pallets” described in this complaint fall within this scope ruling.

8 20. The government’s claims herein arise from a conspiracy amongst the
9 persons and entities described above, and others, to evade the duties imposed by
10 the AD/CVD Orders by disguising Series 6 aluminum extrusions as aluminum
11 pallets or “finished products.” Specifically, the defendant real property was
12 involved in a conspiracy to (1) unlawfully import aluminum into the United States,
13 in violation of Title 18, United States Code, Sections 542 (entry of goods by means
14 of false statement), 545 (smuggling goods into the United States), and 371
15 (conspiracy); and (2) export aluminum from the United States, in violation of Title
16 13, United States Code, Section 305 (unlawful export information activities) and
17 Title 18, United States Code, Section 371. The defendant real property is subject
18 to forfeiture pursuant to 19 U.S.C. § 1595a(a) because it was used to aid in or
19 facilitate the commission of these violations in that it was used to conceal and
20 harbor the bogus aluminum “pallets” that were illegally entered into the United
21 States.

22 **The Scheme to Defraud**

23 21. As noted above, prior to the issuance of the AD/CVD Orders in May
24 2011, the predecessor entities had been in the business of importing aluminum
25 _____
26 Chinese producers/exporters of aluminum extrusions. These duties apply to
27 specific types of extruded aluminum made from certain aluminum alloys. The
28 Zhongwang Group was specifically targeted for enhanced duties of 374.15% in the
countervailing duties order.

1 extrusions into the United States from China. Following the issuance of the
2 AD/CVD Orders, Zhongtian Liu sought to find a way to continue to import
3 aluminum extrusions into the U.S. while avoiding the substantial duties imposed as
4 a result of the Orders. The conspirators ultimately decided to continue importing
5 aluminum extrusions into the U.S. and evade the AD/CVD by disguising the
6 extrusions as aluminum pallets. These “pallets” were largely tack-welded (or spot-
7 welded), heavy, and made of expensive aluminum, making them impractical for
8 real-world use and too expensive to be sold for use as pallets.

9 22. Shao, acting on behalf of Pengcheng, was aware that the extrusions
10 Perfectus had been importing prior to the AD/CVD Orders would fall within the
11 scope of the Orders. In or about June 2011, Shao, knowing that his representation
12 was false, advised a Customs broker who had worked with Perfectus since 2009
13 that, going forward, Perfectus’s imports would consist of aluminum pallets that
14 should be considered “finished product” within the meaning of the HTS, putting
15 them outside the scope of the AD/CVD Orders. The broker relied upon Shao’s
16 false representation and completed the Customs paperwork accordingly, resulting
17 in the submission of materially false Customs forms that prevented the collection
18 of proper duties on the imported aluminum “pallets.” Specifically, the broker
19 designated “pallet” imports as “01” on the Form 7501, rather than “03,” which
20 would have triggered the AD/CVD.⁶

21 23. Between November 2011 and February 2012, another Perfectus
22 employee communicated by email with the Customs broker, who asked whether
23 Pengcheng’s imports were “antidumping regulated.” The employee falsely
24 advised the Customs broker that the imports, including some of the “pallets,” were

25 ⁶ The CBP Form 7501 Instructions (Updated July 24, 2012) indicate that
26 for “Block 2) Entry Type,” the code “01” represents an entry that is “free and
27 dutiable,” while code “03” represents an item subject to
28 “Antidumping/Countervailing Duty (AD/CVD).” The “pallets” were imported
using the code “01.”

1 not subject to the duties, causing the broker to continue to submit false entry
2 documents to CBP. However, the “pallets” imported by Perfectus were not
3 pallets, but merely Series 6 extrusions cut-to-size and welded together in the shape
4 of pallets.

5 24. The submission of materially false Customs forms continued
6 throughout the period between the issuance of the AD/CVD Orders and at least
7 2014, during which time Perfectus and its co-conspirators, with knowledge and
8 understanding of the AD/CVD Orders, illegally imported approximately 2.1
9 million of these bogus aluminum “pallets,” mischaracterizing them on U.S.
10 Customs forms as not being subject to the Orders.

11 25. Plaintiff estimates that Perfectus avoided payment of more than \$1.5
12 billion in tariffs by passing off these aluminum extrusions as finished products.

13 26. Perfectus had no intention of using or selling the “pallets,” which
14 were too heavy and otherwise unsuitable for use as pallets. Instead, the illegally-
15 imported “pallets” were stockpiled by the conspirators in, at least, the four
16 Warehouses. The conspirators planned to melt the “pallets” into aluminum billet,
17 which would then be sold in the U.S. market, precisely the conduct the AD/CVD
18 Orders were intended to prevent. Plaintiff alleges on information and belief that
19 Zhongtian Liu, acting through others, also attempted to develop a new facility in
20 Barstow, California that could be used to melt the “pallets.”

21 27. At no time during the relevant period of importation or beyond were
22 there existing customers for the “pallets,” and the “pallets” were not suitable to be
23 sold in the existing aluminum pallet market. After some early, unsuccessful efforts
24 by sales representatives employed by Perfectus or its related entities to market the
25 “pallets,” the employees were instructed to discontinue any efforts to sell them.
26 Indeed, as set forth in paragraph 48 below, Perfectus has admitted that none of its
27 aluminum “pallets” were ever sold or leased in the United States.

28

1 **Perfectus Conceals and Harbors the Bogus Aluminum “Pallets” at**
2 **the Irvine, Ontario, Fontana and Riverside Warehouses**

3 28. The illegally-imported “pallets” were delivered to the Irvine, Fontana
4 and Ontario Warehouses, and stockpiled there until the warehouses reached full
5 capacity. Some of the illegally-imported “pallets” from the Irvine, Fontana and
6 Ontario Warehouses were subsequently transferred to and stored at the Riverside
7 Warehouse.

8 29. Fire Inspector Maurice Moore of the Fontana Fire Authority
9 conducted multiple inspections of the Fontana Warehouse, beginning in 2013.
10 During a routine fire inspection in 2015, Inspector Moore began seeing aluminum
11 “pallets” stored at the premises. By late 2015, so many “pallets” were being stored
12 in the exterior area of the property that a citation was issued for blocking
13 emergency vehicle access.

14 30. In April 2016, Inspector Moore issued a citation at the Fontana
15 Warehouse because of the height of the stacked aluminum “pallets.” He noted
16 during this time period that the warehouse was filled to capacity with “pallets” and
17 other aluminum products. Plaintiff alleges that the “pallets” in the Fontana
18 Warehouse were a portion of the illegally-imported “pallets” imported by
19 Perfectus. When Inspector Moore returned to inspect the Fontana Warehouse
20 property in January 2017, he discovered it was empty. He was advised by
21 personnel working at the location that the “pallets” had been removed in late
22 summer 2016 and sent to Vietnam.

23 31. During November and December of 2016, Perfectus moved more than
24 6.5 million pounds of “pallets” to the Riverside Warehouse from the Fontana and
25 Ontario Warehouses. A total of 186 shipping containers of “pallets” were moved
26 from Fontana, and 253 were moved from Ontario. Plaintiff alleges that the
27 “pallets” moved from the Ontario and Fontana Warehouses to the Riverside
28 Warehouse were a portion of the “pallets” illegally imported by Perfectus.

1 32. On February 2, 2017, Assistant Fire Marshal Bryan Healey of the
2 Orange County Fire Authority (“OCFA”) conducted an inspection at the Irvine
3 Warehouse. Healey spoke with Howard Chen (“Chen”), who identified himself as
4 the office manager of the Irvine warehouse, and stated that he had been employed
5 by Alston for approximately four years. Chen further advised Healey that Alston
6 was the accounting firm for Chen’s “boss’s investments.”

7 33. Healey observed both the (Alston) front office area and the storage
8 area of the Irvine Warehouse during his inspection. Healey estimated that
9 approximately 80-90% of the Irvine Warehouse was filled with aluminum “pallets”
10 stacked approximately 16 feet high. The rest of the warehouse contained
11 aluminum bars and tubes. When asked about the “pallets,” Chen told Healey that
12 they were already at the warehouse when he started working for the company, and
13 that his boss was storing the “pallets” “for somebody.” Plaintiff alleges that the
14 “pallets” in the Irvine Warehouse were a portion of the illegally-imported
15 “pallets.”

16 **Perfectus Attempts to Export the Bogus Aluminum “Pallets”**

17 34. The plan to melt down the “pallets” into billet and sell it in the U.S.
18 market was frustrated when, among other things, an entity called Dupré Analytics
19 published a report in 2015 (the “Dupré Report”), in which it alleged that Zhongtian
20 Liu and China Zhongwang, together with others, were engaged in market fraud
21 both in China and the United States. The publication of the Dupré report and the
22 ensuing publicity caused Zhongtian Liu to abandon his plan to melt down the
23 imported aluminum pallets in the United States. Thereafter, Zhongtian Liu, by and
24 through Perfectus, began exporting Perfectus’s U.S. stockpile of illegally-entered,
25 bogus aluminum “pallets” to Vietnam, having decided to melt down the “pallets”
26 in Vietnam and reintroduce the aluminum into the U.S. market as Vietnamese
27 aluminum, which would not be subject to the AD/CVD Orders. As part of this
28

1 plan, Perfectus would eventually export 6,337 containers of bogus “pallets” out of
2 the U.S. during 2016.

3 35. In May 2016, Perfectus hired a freight forwarding company, Leader
4 International Express, for an export project that included moving the illegally-
5 entered “pallets” to the Port of Los Angeles/Long Beach (the “Port”). Shao was
6 the freight forwarding company’s point of contact. As Perfectus’s freight
7 forwarder, Leader was responsible for filing paperwork with Customs indicating
8 the type and nature of the products being exported. Plaintiff alleges on information
9 and belief that Shao directed Leader to use the terms “aluminum extrusions” and
10 “alloyed aluminum extrusions” for the export documents filed with Customs.

11 36. On or about September 14, 2016, the government received a tip that
12 the Irvine Warehouse was being emptied of “pallets.” According to the tip, trucks
13 with sea containers that appeared to be loaded with aluminum pallets were moving
14 the “pallets” to a different location.

15 37. Subsequently, agents conducted surveillance at the Irvine Warehouse
16 and saw trucks lined up there. From their position, the agents could see into the
17 Warehouse, whose bay doors were open, and they saw aluminum products stored
18 inside.

19 38. Over the next two to three days, agents learned that Perfectus or its
20 agents had hired trucks for approximately one week to move shipping containers
21 from the Irvine Warehouse to the Port.

22 39. According to shipper export declarations (“SEDs”) submitted to CBP
23 by Leader, 580 containers delivered to the Port by or at the request of Perfectus
24 contained “Alloyed Aluminum Extrusions” destined for Vietnam.

25 40. On or about September 19, 2016, agents and CBP officers conducted
26 a cargo inspection of approximately 22 of the Perfectus containers delivered to the
27 Port. The inspection disclosed that seven of the 22 containers contained aluminum
28 extrusions or other aluminum parts, but the remaining 15 contained aluminum

1 extrusions disguised as “pallets.” Had the “pallets” been authentic pallets, and not
2 aluminum extrusions disguised as pallets, the 15 containers would have been
3 falsely manifested as “extrusions” on the Customs export paperwork.

4 41. Suspecting that these “pallets” were connected to the scheme
5 described above, agents took additional investigative steps, including requesting
6 that a CBP laboratory test the chemical composition of one of the “pallets.” The
7 purpose of the laboratory tests was to determine whether the type of aluminum
8 used to create the “pallets” was one of the types of aluminum subject to the
9 AD/CVD Orders. The remaining Perfectus containers were detained pending
10 further investigation.

11 42. A few weeks later, a CBP laboratory determined that the sample
12 aluminum “pallet” removed from one of the Perfectus containers was made of
13 Series 6 aluminum, making it subject to the AD/CVD Orders because the “pallet”
14 was simply a collection of aluminum extrusions assembled in the shape of a pallet,
15 and was not in fact a “finished product.” The “pallet” tested weighed about 170
16 pounds (as compared to an authentic aluminum pallet, which would weigh about
17 50 pounds) and was spot-welded. The test “pallet” did not appear to be designed
18 for industrial use.

19 43. In September 2016, CBP identified approximately 140 additional
20 containers at the Port that were scheduled for export by Perfectus, bringing the
21 total number of containers that Perfectus planned to export to 720.

22 44. In November and December 2016, the government completed a visual
23 inspection of all of the shipping containers detained at the port.

24 45. On January 9, 2017, the government formally seized 549 of
25 Perfectus’s shipping containers at the Port (of the 720 delivered to the Port by
26 Perfectus – the remainder were released), after having made an initial
27 determination that the contents of the seized containers had been falsely entered
28 into the United States as 01 Consumption entries with the intent to circumvent

1 AD/CVD. The documents relating to those containers disclosed that their contents
2 were entered between April and September of 2012. The containers contained
3 approximately 130,000 bogus aluminum “pallets” that had been illegally imported
4 into the U.S. as part of the scheme described herein.

5 46. The government subsequently expanded its investigation to determine
6 whether and when Perfectus (or its predecessor entities) imported other aluminum
7 “pallets,” ultimately finding that Perfectus or its predecessor entities imported
8 approximately 2,190,000 bogus aluminum “pallets” into the United States between
9 2011 and at least 2014.

10 47. The investigation further revealed that following importation, the
11 bogus “pallets” were stored at the Ontario, Fontana, Irvine and Riverside
12 Warehouses, and possibly others.

13 48. In the Shao Declaration, he stated that “Perfectus is in the business of
14 purchasing and distributing aluminum products, and conducts its operations out of
15 its headquarters located in Ontario, California.” Shao admitted that Perfectus’s
16 “predecessor entities” had “imported aluminum pallets into the United States
17 between 2012 and 2014” and that “none of the pallets were sold or leased here.”
18 He stated that the government had detained 547 containers of aluminum pallets and
19 five containers of alloyed aluminum profiles, and that the value of those goods was
20 approximately \$25 million.⁷ Shao further stated that Perfectus had since made a
21 business decision to export the pallets to Vietnam.

22 49. On June 30, 2017, agents interviewed representatives of UNIS, a
23 third-party storage company, who advised that the aluminum products previously
24 stored in Perfectus’s Irvine and Riverside Warehouses, including tens of thousands

25 ⁷ Shao admitted that, prior to the September 2016 detention of containers at
26 the Port, Perfectus had exported 6,337 containers of “pallets” in 2016. Based on
27 Shao’s valuation of the contents of the detained containers, the prior exports
28 represented hundreds of millions of dollars worth of aluminum.

1 of the imported “pallets,” had been moved to three separate UNIS facilities,
2 located at 218 Machlin Court, Walnut, CA (the “Walnut location”); 15830 E.
3 Valley Blvd., City of Industry, CA (the “Industry (Valley) location”); and 900
4 Turnbull Canyon Road, City of Industry, CA. (the “Industry (Turnbull) location”).⁸

5 50. The transfer of the bogus “pallets” and other aluminum products from
6 the Perfectus Warehouses to the UNIS locations began in May 2017, and continued
7 to June 2017.⁹

8 51. UNIS’s point of contact for Perfectus was Shao.

9 52. Agents examined the Perfectus products stored at all three UNIS
10 locations, and observed large quantities of aluminum “pallets” stacked in the
11 exterior lot of all three locations.

12 **CLAIM FOR RELIEF**

13 53. Based on the facts set out above, plaintiff alleges that the “pallets”
14 seized in January 2017 at the Port and those stored at the three UNIS locations
15 represent a portion of the more than 2.1 million bogus “pallets” imported by
16 Perfectus and its predecessor entities between 2011 and 2014. Plaintiff further
17 alleges that all of said “pallets,” as well as the “pallets” that were stored at the
18 Warehouses before being exported to Vietnam or elsewhere, constitute property
19 involved in a conspiracy to violate Title 18, United States Code, Sections 542
20 (entry of goods by means of false statement) and 545 (smuggling goods into the
21 United States), and Title 13, United States Code, Section 305 (unlawful export
22 information activities). Plaintiff further alleges that each of the Irvine, Ontario,
23 Fontana and Riverside Warehouses was used to conceal and harbor the illegally-

24
25 _____
26 ⁸ This was corroborated through surveillance of the Irvine and Riverside
27 Warehouses where agents saw trucks moving aluminum products from those
warehouses to the UNIS locations.

28 ⁹ By June 2017, the Ontario and Fontana warehouses had been emptied.

1 entered “pallets,” rendering the Warehouses subject to forfeiture to the United
2 States pursuant to 19 U.S.C. § 1595a(a).

3 WHEREFORE, plaintiff United States of America prays that:

4 (a) due process issue to enforce the forfeiture of the defendant real
5 property;

6 (b) due notice be given to all interested parties to appear and show cause
7 why forfeiture should not be decreed;

8 (c) this Court decree forfeiture of the defendant real property to the
9 United States of America for disposition according to law; and

10 (d) this Court order such other and further relief as the Court may deem
11 just and proper, together with the costs and disbursements of this action.

12
13 DATED: September 14, 2017 SANDRA R. BROWN
14 Acting United States Attorney
15 LAWRENCE S. MIDDLETON
16 Assistant United States Attorney
17 Chief, Criminal Division

18 /s/ Steven R. Welk
19 STEVEN R. WELK
20 Assistant United States Attorney
21 Chief, Asset Forfeiture Section

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VERIFICATION

I, Jay Huang, hereby declare that:

1. I am a Special Agent with the U.S. Department of Homeland Security, United States Immigration and Customs Enforcement, Homeland Security Investigations and am the case agent for the forfeiture matter entitled *United States of America v. Real Property Located at 10681 Production Avenue, Fontana, California.*

2. I have read the above Verified Complaint for Forfeiture *In Rem* and know its contents. It is based upon my own personal knowledge and reports provided to me by other law enforcement agents.

3. Everything contained in the Complaint is true and correct, to the best of my knowledge and belief.

I declare under penalty of perjury that the foregoing is true and correct.

Executed September 13, 2017 in Los Angeles, California.



JAY HUANG

ATTACHMENT A

1
2
3 All that real property situated in the City of Fontana, County of San Bernardino,
4 State of California, and more particularly described as follows:

5 PARCEL 1:

6 PARCEL B AS SHOWN ON LOT LINE ADJUSTMENT NO. 04-032 AS
7 EVIDENCED BY DOCUMENT RECORDED MARCH 03, 2005 AS
8 INSTRUMENT NO. 2005-0151639 OF OFFICIAL RECORDS, BEING MORE
9 PARTICULARLY DESCRIBED AS FOLLOWS:

10 PARCEL 14 OF PARCEL MAP NO. 16264, IN THE CITY OF FONTANA,
11 COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER MAP
12 FILED IN BOOK 203 PAGES 67 TO 71 INCLUSIVE, OF PARCEL MAPS,
13 RECORDS OF SAID COUNTY.

14 EXCEPTING THEREFROM THE NORTHERLY 289.37 FEET OF SAID
15 PARCEL 14.

16 TOGETHER WITH PARCEL 15 OF SAID PARCEL MAP NO. 16264.

17 EXCEPTING THEREFROM THE SOUTHERLY 70.63 FEET OF SAID
18 PARCEL 15.

19 EXCEPTING THEREFROM THE ENTIRE MINERAL ESTATE IN THE
20 PROPERTY DESCRIBED LYING NOT LESS THAN 500 FEET BENEATH
21 THE NATURAL SURFACE RESERVED IN THE DEED FROM SOUTHERN
22 PACIFIC LAND COMPANY, A CALIFORNIA CORPORATION, RECORDED
23 DECEMBER 18, 1987 AS INSTRUMENT NO. 87-442421 OFFICIAL
24 RECORDS AND RESERVED BY FONTANA PARTNERS, A CALIFORNIA
25 GENERAL PARTNERSHIP, IN GRANT DEED RECORDED DECEMBER 18,
26 1987, AS INSTRUMENT NO. 37-442746, OFFICIAL RECORDS.

27 PARCEL 2:

28 NON-EXCLUSIVE EASEMENTS AS SET FORTH IN THAT CERTAIN
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR SIERRA BUSINESS PARK RECORDED AUGUST 18, 2004 AS
INSTRUMENT NO. 2004-0599434 OFFICIAL RECORDS.

1 PARCEL 3:

2 NON-EXCLUSIVE ROAD AND DRIVEWAY EASEMENTS FOR ACCESS,
3 INGRESS AND EGRESS OVER THE WESTERLY 40.00 FEET OF THE
4 EASTERLY 45.00 (ROAD), AND OVER THE EASTERLY 5 FEET
5 (DRIVEWAY) OF THOSE CERTAIN PARCELS OF LAND DESCRIBED IN
6 THAT CERTAIN LOT LINE ADJUSTMENT RECORDED MARCH 3, 2005 AS
7 INSTRUMENT NO. 2005-151639, OFFICIAL RECORDS (SAID EASEMENT
8 PROVIDES ACCESS, INGRESS AND EGRESS TO AND FROM SANTA ANA
9 AVENUE), ALL AS MORE PARTICULARLY PROVIDED IN THAT
10 CERTAIN "GRANT AND DECLARATION OF EASEMENTS AND
11 MAINTENANCE AGREEMENT" RECORDED AUGUST 1, 2006 AS
12 INSTRUMENT NO. 2006-0523344, OFFICIAL RECORDS OF SAN
13 BERNARDINO COUNTY CALIFORNIA.

14 TAX ID: 0255-061-29-0000
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