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CLERK, U.S. DISTRICT COURT
EASTERN DISTRICT OF CALIFORNIA
BY DEPUTY CLERK

SEALED

IN THE UNITED STATES DISTRICT COURT FOR THE

EASTERN DISTRICT OF CALIFORNIA

UNITED STATES OF AMERICA, Plaintiff, v. DICKSON WING KEI HUNG, KAREN N. LEE, NGAI CHUNG HUNG, WAYNE RONG ZHI FENG, and WING CHOU CHAN, Defendants.	No. 2:09-CR-00438 GEB VIOLATIONS: 18 U.S.C. § 1341 - Mail Fraud (26 Counts)

I N D I C T M E N T

COUNTS ONE THROUGH TWENTY-SIX: [18 U.S.C. § 1341 - Mail Fraud]

The Grand Jury charges:

DICKSON WING KEI HUNG,
KAREN N. LEE,
NGAI CHUNG HUNG,
WAYNE RONG ZHI FENG, and
WING CHOU CHAN,

defendants herein, as follows:

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I. INTRODUCTION

At all times material to this Indictment:

1. Defendant DICKSON HUNG was a resident of San Francisco Bay-area, and a licensed California real estate agent employed as a realtor.

2. Defendant KAREN LEE was a resident of the San Francisco Bay-area.

3. Defendant NGAI CHUNG HUNG was a resident of San Francisco.

4. Defendant WAYNE FENG was a resident of Oakland, California and defendant WING CHAN was a resident of San Francisco.

5. An individual known to the Grand Jury was employed as a mortgage broker in San Bruno, California (hereinafter "Mortgage Broker").

II. THE SCHEME TO DEFRAUD

6. Beginning at a date no later than in or about March 2006, and continuing to in or about October 2006, in the State and Eastern District of California and elsewhere, the defendants DICKSON HUNG, KAREN LEE, NGAI HUNG, WAYNE FENG and WING CHAN, and others known and unknown to the Grand Jury, did knowingly devise and intend to devise a scheme and artifice to defraud various financial institutions and mortgage lenders and to obtain property and money from the financial institutions and mortgage lenders by means of materially false and fraudulent pretenses, representations, and promises. As a result of the fraud, the defendants induced the financial institutions and mortgage lenders to issue approximately $15,000,000 in residential home

loans with a resulting multi-million dollar loss to the financial institutions and mortgage lenders.

III. WAYS AND MEANS

7. The ways and means by which the scheme was accomplished are set out below:

8. Commencing no later than in or about March 2006, defendant DICKSON HUNG devised a scheme to recruit various individuals, including defendants herein and "straw purchasers," to purchase residential properties in the Stockton, California area for use as indoor marijuana cultivation sites and to fraudulently obtain residential home loans related thereto.

9. Defendant DICKSON HUNG recruited his girlfriend, defendant KAREN LEE, to purchase two houses in her name and apply for loans related thereto.

10. Defendant KAREN LEE recruited others known to the Grand Jury to purchase eight additional houses and apply for loans related thereto. Defendant KAREN LEE and these other individuals were straw purchasers who did not intend to purchase these homes for the purpose of residency.

11. Defendant DICKSON HUNG recruited defendant NGAI HUNG to apply for loans to purchase two houses in his name and apply for loans related thereto. Defendant NGAI HUNG was a straw purchaser who did not intend to purchase these homes for the purpose of residency.

12. Defendant NGAI HUNG recruited others known to the Grand Jury to purchase four houses and apply for loans related thereto. These individuals were straw purchasers who did not intend to purchase these homes for the purpose of residency.

13. An individual known to the Grand Jury (hereinafter "Third Party Recruiter") recruited defendant WAYNE FENG to purchase two houses in his name and apply for loans related thereto. The Third Party Recruiter referred defendant WAYNE FENG to defendant DICKSON HUNG, who facilitated the home purchases. Defendant WAYNE FENG was a straw purchaser who did not intend to purchase these homes for the purpose of residency, and who was specifically advised that the residences would be used to cultivate marijuana.

14. The Third Party Recruiter recruited defendant WING CHAN to purchase two houses in his name and apply for loans related thereto. The Third Party Recruiter referred defendant WING CHAN to defendant DICKSON HUNG, who facilitated the home purchases. Defendant WING CHAN was a straw purchaser who did not intend to purchase these homes for the purpose of residency, and who was specifically advised that the residences would be used to cultivate marijuana.

15. Defendants DICKSON HUNG, KAREN LEE, NGAI HUNG, WAYNE FENG, and WING CHAN, entered into contracts to purchase or caused other straw purchasers to enter into contracts to purchase various residential properties including residences located at:

a. 3313 Granite Court, Stockton;

b. 2433 Wesley Lane, Stockton;

c. 5444 Beardsley Lane, Stockton;

d. 5512 Hennesey Drive, Stockton;

e. 10816 Arrowood Drive, Stockton;

f. 4113 Mist Trail Drive, Stockton;

g. 9731 Tommaso Lane, Stockton;

h. 2150 Swainson Hawk Street, Stockton;

i. 5850 Dresden Way, Stockton;

j. 10314 Lanier Lane, Stockton;

k. 10226 Noyo Lane, Stockton;

l. 10324 Reflection Lane, Stockton;

m. 10511 Big Oak Circle, Stockton;

n. 10325 Almanor Circle, Stockton;

o. 5926 Rayanna Drive, Stockton;

p. 3205 Tenaya Lane, Stockton;

q. 5656 Havencrest Circle, Stockton;

r. 10615 Willow Glen Circle, Stockton;

s. 10647 Hidden Grove Circle, Stockton;

t. 10117 Tiziano Drive, Stockton;

u. 10350 Galveston Way, Stockton;

v. 3239 Salvatore Lane, Stockton;

w. 1822 Amarillo Way, Stockton;

x. 3728 Silvana Lane, Stockton;

y. 2324 Lonnie Beck Way, Stockton; and

z. 3704 Rimini Lane, Stockton.

16. Defendant DICKSON HUNG obtained personal identification information from defendants KAREN LEE, NGAI HUNG, WAYNE FENG, WING CHAN and other "straw buyers" and transmitted the information to the Mortgage Broker for use in the mortgage loan application packages associated with the above-noted property transactions.

17. Defendant DICKSON HUNG, the Mortgage Broker, and others assisted defendants KAREN LEE, NGAI HUNG, WAYNE FENG, WING CHAN and the straw purchasers obtain loans to finance the entirety of

real estate transactions described above. Defendant DICKSON HUNG and the Mortgage Broker caused materially false loan applications and other related loan documents to be prepared and submitted to the financial institutions and mortgage lenders on behalf of defendants KAREN LEE, NGAI HUNG, WAYNE FENG, WING CHAN and the straw purchasers in connection with the real property transactions described above. Such loan applications and other documents contained false material representations and omissions including, among other things:

a. False representations/omissions regarding the buyer/borrower's monthly income;

b. False representations/omissions regarding the buyer/borrower's employment or self-employment history;

c. False representations/omissions regarding buyer/borrower's rental history;

d. False representations/omissions regarding the buyer/borrower's assets including deposits in financial institutions;

e. False letters of reference related to the buyer/borrower; and false representations regarding the buyer/borrower's intent to reside at the residence.

18. Defendants KAREN LEE, NGAI HUNG, WAYNE FENG and WING CHAN signed, submitted and caused to be submitted loan and related loan documents to the financial institutions and mortgage lenders which contained the material false representations and omissions noted above.

19. Defendant DICKSON HUNG and the Mortgage Broker submitted and caused to be submitted loan applications and

related loan documents executed by the straw purchasers which contained the material false representations and omissions noted above.

20. As part of loan closing, defendants caused the San Joaquin County Recorder's Office to record and mail grant deeds and deeds of trust to defendants, the straw purchasers and the various financial institutions and mortgage lenders, respectively.

IV. THE MAILINGS

21. On or about the dates set forth below, in the Eastern District of California and elsewhere, for the purpose of executing the aforementioned scheme and artifice to defraud, the defendants, as charged in the counts below, did knowingly cause to be placed in an authorized mail depository for mail matter, the matters specified below, to be delivered by the United States Postal Service:

COUNT	DEFENDANT(S)	DATE	FROM	TO	ITEM SENT
1	DICKSON HUNG NGAI HUNG	5-2-06	San Joaquin County Recorder's Office	NGAI HUNG	Grant Deed re: 3313 Granite Court
2	DICKSON HUNG WING CHAN	5-9-06	San Joaquin County Recorder's Office	WING CHAN	Grant Deed re: 2433 Wesley Lane
3	DICKSON HUNG KAREN LEE	5-12-06	San Joaquin County Recorder's Office	KAREN LEE	Grant Deed re: 5444 Beardsley Lane
4	DICKSON HUNG WING CHAN	5-12-06	San Joaquin County Recorder's Office	WING CHAN	Grant Deed re: 5512 Hennesey Drive

COUNT	DEFENDANT(S)	DATE	FROM	TO	ITEM SENT
5	DICKSON HUNG NGAI HUNG	5-16-06	San Joaquin County Recorder's Office	NGAI HUNG	Grant Deed re: 10816 Arrowood Drive
6	DICKSON HUNG WAYNE FENG	5-23-06	San Joaquin County Recorder's Office	WAYNE FENG	Grant Deed re: 4113 Mist Trail Drive
7	DICKSON HUNG KAREN LEE	5-26-06	San Joaquin County Recorder's Office	KAREN LEE	Grant Deed re: 9731 Tommaso Lane
8	DICKSON HUNG WAYNE FENG	6-2-06	San Joaquin County Recorder's Office	WAYNE FENG	Grant Deed re: 2150 Swainson Hawk Street
9	DICKSON HUNG NGAI HUNG	6-2-06	San Joaquin County Recorder's Office	K.Y.	Grant Deed re: 5850 Dresden Way
10	DICKSON HUNG NGAI HUNG	6-7-06	San Joaquin County Recorder's Office	K.Y.	Grant Deed re: 10314 Lanier Lane
11	DICKSON HUNG KAREN LEE	6-8-06	San Joaquin County Recorder's Office	"10226 Noyo Lane"	Grant Deed re: 10226 Noyo Lane
12	DICKSON HUNG KAREN LEE	6-8-06	San Joaquin County Recorder's Office	M.L.	Grant Deed re: 10324 Reflection Lane
13	DICKSON HUNG	6-9-06	San Joaquin County Recorder's Office	V.K.Y.C.	Grant Deed re: 10511 Big Oak Circle
14	DICKSON HUNG	6-12-06	San Joaquin County Recorder's Office	V.K.Y.C.	Grant Deed re: 10325 Almanor Circle
15	DICKSON HUNG KAREN LEE	6-14-06	San Joaquin County Recorder's Office	L.L.	Grant Deed re: 5926 Rayanna Drive

COUNT	DEFENDANT(S)	DATE	FROM	TO	ITEM SENT
16	DICKSON HUNG KAREN LEE	6-19-06	San Joaquin County Recorder's Office	L.L.	Grant Deed re: 3205 Tenaya Lane
17	DICKSON HUNG NGAI HUNG	6-26-06	San Joaquin County Recorder's Office	R.H.	Grant Deed re: 5656 Havencrest Circle
18	DICKSON HUNG NGAI HUNG	7-10-06	San Joaquin County Recorder's Office	R.H.	Grant Deed re: 10615 Willow Glen Circle
19	DICKSON HUNG KAREN LEE	7-11-06	San Joaquin County Recorder's Office	Y.H.D.	Grant Deed re: 10647 Hidden Grove Circle
20	DICKSON HUNG	7-25-06	San Joaquin County Recorder's Office	J.L.	Grant Deed re: 10117 Tiziano Drive
21	DICKSON HUNG KAREN LEE	8-10-06	San Joaquin County Recorder's Office	Y.H.D.	Grant Deed re: 10350 Galveston Way
22	DICKSON HUNG KAREN LEE	8-11-06	San Joaquin County Recorder's Office	X.W.	Grant Deed re: 3239 Salvatore Lane
23	DICKSON HUNG KAREN LEE	8-11-06	San Joaquin County Recorder's Office	X.W.	Grant Deed re: 1822 Amarillo Way
24	DICKSON HUNG	8-17-06	San Joaquin County Recorder's Office	T.L. S.L.	Grant Deed re: 3728 Silvana Lane
25	DICKSON HUNG	8-22-06	San Joaquin County Recorder's Office	S.L.	Grant Deed re: 2324 Lonnie Beck Way

COUNT	DEFENDANT(S)	DATE	FROM	TO	ITEM SENT
26	DICKSON HUNG	9-8-06	San Joaquin County Recorder's Office	T.L.	Grant Deed re: 3704 Rimini Lane

All in violation of Title 18, United States Code, Sections 1341 and 2.

DATED: October 15, 2009

A TRUE BILL.

/s/ Signature on file w/AUSA

FOREPERSON

LAWRENCE G. BROWN
United States Attorney

UNITED STATES DISTRICT COURT

Eastern District of California

Criminal Division

THE UNITED STATES OF AMERICA

vs.

DICKSON WING KEI HUNG,
KAREN N. LEE,
NGAI CHUNG HUNG,
WAYNE RONG ZHI FENG, and
WING CHOU CHAN,

INDICTMENT

VIOLATION: 18 U.S.C. § 1341 - Mail Fraud

A true bill,

/s/ *Foreman.*

Filed in open court this 15 *day*

of OCTOBER, *A.D. 20* 09

Clerk.

Bail, $ WARRANT: NO BAIL PENDING HEARING As to all As

GPO 863 525

PENALTY SLIP

DICKSON WING KEI HUNG: Counts 1 - 26

KAREN N. LEE: Counts 3, 7, 11, 12, 15, 16, 19, 21, 22, and 23

NGAI CHUNG HUNG: Counts 1, 5, 9, 10, 17 and 18

WAYNE RONG ZHI FENG: Counts 6 and 8

WING CHOU CHAN: Counts 2 and 4

COUNTS 1-26	18 U.S.C. § 1341 - Mail Fraud	**PENALTY:**	NMT $250,000 Fine OR Twice the gain or loss NMT 20 years imprisonment; or Both NMT 3 Years TSR
SPECIAL ASSESSMENT:	$100.00 for each count		