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Press Release

Justice Department announces first ever indictments against designated Chinese manufacturers of deadly fentanyl and other opiate substances

WASHINGTON – The Justice Department announced today that federal grand juries in the Southern District of Mississippi and the District of North Dakota returned indictments, unsealed yesterday, against two Chinese nationals and their North American based traffickers and distributors for separate conspiracies to distribute large quantities of fentanyl and fentanyl analogues and other opiate substances in the United States. The Chinese nationals are the first manufacturers and distributors of fentanyl and other opiate substances to be designated as Consolidated Priority Organization Targets (CPOTs). CPOT designations are those who have “command and control” elements of the most prolific international drug trafficking and money laundering organizations.

On Sept. 7, Xiaobing Yan, 40, of China, was indicted in the Southern District of Mississippi on two counts of conspiracy to manufacture and distribute multiple controlled substances, including fentanyl and fentanyl analogues, and seven counts of manufacturing and distributing the drugs in specific instances. Yan, a distributor of a multitude of illegal drugs, used different names and company identities over a period of at least six years and operated websites selling acetyl fentanyl and other deadly fentanyl analogues directly to U.S. customers in multiple cities across the country. Yan also operated at least two chemical plants in China that were capable of producing ton quantities of fentanyl and fentanyl analogues. Yan monitored legislation and law enforcement activities in the United States and China, modifying the chemical structure of the fentanyl analogues he produced to evade prosecution in the United States. Over the course of the investigation, federal agents identified more than 100 distributors of synthetic opioids involved with Yan’s manufacturing and distribution networks. Federal investigations of the distributors are ongoing in 10 judicial districts, and investigators have traced illegal proceeds of the distribution network. In addition, law enforcement agents intercepted packages mailed from Yan’s Internet pharmaceutical companies, seizing multiple kilograms of suspected acetyl fentanyl, potentially enough for thousands of lethal doses.

On Sept. 20, Jian Zhang, 38, of China, five Canadian citizens, two residents of Florida, and a resident of New Jersey were indicted in the District of North Dakota for conspiracy to distribute fentanyl and fentanyl analogues in the United States, conspiracy to import the drugs from Canada and China, a money laundering conspiracy, an international money laundering conspiracy, and operation of a continuing criminal enterprise. Zhang ran an organization that manufactured fentanyl in at least four known labs in China and advertised and sold fentanyl to U.S. customers over the Internet. Zhang’s organization would send orders of fentanyl or other illicit drugs, or pill presses, stamps, or dies used to shape fentanyl into pills, to customers in the United States through the mail or international parcel delivery services. Federal law enforcement agents determined that Zhang sent many thousands of these packages since January of 2013.

On Oct. 11, Elizabeth Ton, 26, and Anthony Gomes, 33, both of Davie, Florida were arrested. On Oct. 12, Darius Ghahary, 48, of Ramsey, New Jersey was arrested. Ton, Gomes, and Ghahary are charged with drug trafficking conspiracy in the Zhang indictment.

The investigations of Yan and Zhang revealed a new and disturbing facet of the opioid crisis in America: fentanyl and fentanyl analogues are coming into the United States in numerous ways, including highly pure shipments of fentanyl from factories in China directly to U.S. customers who purchase it on the Internet. Unwary or inexperienced users often have no idea that they are ingesting fentanyl until it is too late. The Centers for Disease Control estimates that over 20,000 Americans were killed by fentanyl and fentanyl analogues in 2016, and the number is rising at an exponential rate.

Zhang was charged with conduct resulting in the deaths of four individuals in North Carolina, New Jersey, North Dakota, and Oregon in 2014 and 2015 and the serious bodily injuries related to five additional individuals.

These recent law enforcement efforts to keep fentanyl and fentanyl analogues from entering the United States were announced by Deputy Attorney General Rod J. Rosenstein; Acting Administrator Robert W. Patterson of the Drug Enforcement Administration (DEA), Acting Deputy Director Peter T. Edge of U.S. Immigration and Customs Enforcement (ICE) and Assistant Commissioner Joanne Crampton of the Royal Canadian Mounted Police (RCMP).

"Zhang and Yan are the first Chinese nationals designated as Consolidated Priority Organization Targets (CPOTs)," said Deputy Attorney General Rosenstein. "CPOTs are among the most significant drug trafficking threats in the world. The defendants allegedly shipped massive quantities of deadly fentanyl and other synthetic opioids to communities throughout the United States, mostly purchased on the Internet and sent through the mail. The chemicals allegedly killed and injured people in several states, and surely caused misery to many thousands of people. Under the leadership of President Trump and Attorney General Sessions, we are taking back our communities by pursuing suppliers of deadly drugs wherever they are located."

"Xiaobing Yan, Jian Zhang and their respective associates represent one of the most significant drug threats facing the country – overseas organized crime groups capable of producing nearly any synthetic drug imaginable, including fentanyl, and who attempt to hide their tracks with web-based sales, international shipments and cryptocurrency transactions," said DEA Acting Administrator Patterson. "At a time when overdose deaths are at catastrophic levels, one of DEA's top priorities is the pursuit of criminal organizations distributing their poison to American neighborhoods. These indictments are a first step; our investigators remain relentless in their pursuit to dismantle these organizations and bring those responsible to justice. DEA, along with our global network of law enforcement partners, will go after these types of criminals wherever they operate."

"This case began when local police officers responded to what has become an all-too familiar tragedy in the United States: the heroin and fentanyl overdose of two young adults, one who survived and another who did not," said ICE Acting Deputy Director Edge. "Fentanyl is 50 times more potent than heroin and 100 times more potent than morphine. Drug trafficking organizations that deal in such a deadly game will have to face the combined resources of federal law enforcement agencies and our international partners. ICE Homeland Security Investigations is committed to helping combat this new and growing epidemic."

"We live in an increasingly global and interconnected world – crime has no borders," said Assistant Commissioner Crampton. "Law enforcement must respond accordingly by working beyond our borders together to detect and disrupt criminal activity. By fostering a solid integrated and coordinated law enforcement approach, we will continue to disrupt international drug trafficking networks."

The cases against Yan and Zhang are being investigated by the DEA, ICE Homeland Security Investigations, the Internal Revenue Service Criminal Investigation, the U.S. Postal Inspection Service and the RCMP. Valuable investigative assistance has also been provided by U.S. Customs and Border Protection and the Ministry of Public Security of China. The case against Yan is being prosecuted by Assistant U.S. Attorney John Meynardie in the Southern District of Mississippi. The case against Zhang is being prosecuted by U.S. Attorney Chris Myers and Assistant U.S. Attorney Scott Kerin in the District of North Dakota, along with Trial Attorney Adrienne Rose of the Criminal Division's Narcotic and Dangerous Drug Section. Substantial prosecutorial assistance has been provided by the U.S. Attorney's Office in the District of Oregon and the Quebec office of the Public Prosecution Service of Canada.

Both of the indictments announced today are the result of coordinated, multi-agency, multi-national investigations conducted by agents and investigators of the Organized Crime Drug Enforcement Task Forces

(OCDETF), and were further supported with national and international coordination led by the multi-agency Special Operations Division (SOD). The OCDETF Program is a partnership between federal, state, local, and international law enforcement agencies. The OCDETF mission is to target the most serious transnational organized crime threats facing the United States, including drug trafficking, weapons trafficking, and money laundering. Prior to the announcement of these indictments, Jian Zhang and Xiaobing Yan were designated as OCDETF Consolidated Priority Organization Targets (CPOTs), and are considered by the United States as some of the most significant drug trafficking threats in the world.

If convicted, Yan faces a maximum statutory penalty of 20 years in prison, a \$1 million fine, and three years of supervised release. Zhang faces up to life in prison and \$12.5 million in fines. Any sentences will be determined at the discretion of the district courts after considering any applicable statutory factors and the Federal Sentencing Guidelines. The charges are only allegations; the defendants are presumed innocent until and unless proven guilty beyond a reasonable doubt.

Twenty-one individuals in total have been indicted on federal drug charges in both North Dakota and Oregon as part of the investigation.

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