



## PRESS RELEASE

# China-Based Chemical Company, Its Director and Senior Employees Indicted for Alleged Fentanyl Manufacturing and Distribution

Thursday, November 7, 2024

**For Immediate Release**

U.S. Attorney's Office, Central District of California

**Law Enforcement in People's Republic of China indicated that defendants were arrested**

*LOS ANGELES* – A chemical company, its director and three senior employees have been charged in a 13-count federal grand jury indictment alleging they sold deadly fentanyl precursor chemicals and xylazine – known as “tranq” – globally, fueling the fentanyl crisis in the United States, the Justice Department announced today.

Hubei Aoks Bio-Tech Co. Ltd., a chemical company based in Wuhan, China, is charged with one count of conspiracy to manufacture and distribute fentanyl and to distribute listed chemicals for the manufacture of fentanyl, one count of conspiracy to distribute listed chemicals for importation to the United States, two counts of distribution of listed chemicals for importation, two counts of distribution of listed chemicals for manufacture into controlled substances, and seven counts of introduction of misbranded drugs into interstate commerce.

Also charged in the indictment returned on May 10 and announced today are:

- Xuening Gao, 38, Hubei Aoks' sole director, who is charged with two conspiracy counts;
- Guangzhao Gao, 36, the operator of Hubei Aoks' cryptocurrency wallets used for fentanyl precursor sales and who is charged with a total of six felonies, including four distribution-related counts;
- Yajing Li, 30, a Hubei Aoks sales manager who also is charged with six felonies, including conspiracy and distribution of a listed chemical; and
- A fifth defendant who uses the alias "Jessie Lee," a Hubei Aoks sales manager charged with two conspiracy counts.

The People's Republic of China's Ministry of Public Security recently informed the Justice Department that it took law enforcement action against the defendants in its own parallel investigation by dissolving the indicted Chinese company and arresting the four indicted Chinese national subjects. The Justice Department thanks the Ministry of Public Security for its assistance and coordinated efforts.

The Justice Department also recognizes the work done by the Ministry of Public Security in taking action to schedule two of the several chemicals that the indictment charges the defendants with distributing: the adulterant xylazine and the precursor 3,4-MDP-2-P Ethyl Glycidate. These two chemicals were not scheduled in the People's Republic of China at the time of this investigation, but have now been scheduled.

"This indictment alleges a corporation, its director and sales manager reaped financial benefits by knowingly exporting materials that helped fuel the fentanyl crisis in our nation," said United States Attorney Martin Estrada. "Synthetic drugs such as fentanyl have wreaked devastation in our country, and it is therefore critical that we hold accountable those behind this crisis. Rest assured, we will have no patience for those who profit off this poison and treat our youth as collateral damage."

"This company, its owner and criminal operatives have knowingly been involved in a deadly game, manufacturing parts that led to a destructive whole," said Matthew Allen, Special Agent in Charge of the Drug Enforcement Administration's (DEA) Los Angeles Field Division. "DEA will continue to focus on identifying the most prolific manufacturers and distributor organizations of the fentanyl precursor chemicals and these indictments are proof of our unwavering determination to bring these criminals to justice. Our investigators and all our partners' capabilities and skillful collaboration have made a difference. I couldn't be prouder."

"Today's announcement demonstrates the government's continued scrutiny of companies and individuals that subvert federal law by importing and distributing drugs and drug ingredients for illicit purposes," said Special Agent in Charge Robert Iwanicki, Food and Drug Administration Office of Criminal Investigations Los Angeles Office. "FDA remains committed to pursuing and

bringing to justice those who jeopardize the public health and profit off the sale of unlawful and potentially dangerous products.”

“Companies such as Hubei Aoks disguise their illicit activities as legitimate business operations yet continue to knowingly contribute to the fentanyl crisis in the United States,” said Special Agent in Charge Tyler Hatcher, IRS Criminal Investigation, Los Angeles Field Office. “This indictment highlights our commitment to partnering with other law enforcement agencies to combat this epidemic. IRS Criminal Investigation is the best in the world at following the money, whether it be within traditional banking systems or via cryptocurrency platforms, and we will tirelessly pursue the necessary evidence to bring suspects to justice.”

According to the indictment, for more than a decade, Xuening Gao and Guangzhou Gao have sold controlled substances and precursor chemicals, including fentanyl precursors, to customers throughout the United States. Both men are linked to chemical companies operating in China, including one that sold fentanyl and acetyl-fentanyl that was imported into the United States as far back as 2015.

Hubei Aoks exported chemicals to at least 100 countries, including the United States, and advertised online and through various social media platforms. Hubei Aoks sales representatives tailored their precursor recommendations depending on the customer’s geographical market and would suggest alternative chemicals if one was not available. Hubei Aoks claimed that fentanyl precursors were most popular in Mexico and sold them in 25-kilogram fiber drums, each of which can produce 10 million fentanyl pills. Representatives claimed that their profit on precursors sales to Mexico was worth the risk.

From at least November 2016 to November 2023, Hubei Aoks sold and imported to the United States 11 kilograms of fentanyl precursors, capable of producing millions of fentanyl pills, along with two kilograms of xylazine, a tranquilizer, used by veterinarians to sedate cattle, horses, and other large animals. The chemicals were falsely imported into the United States as furniture parts, vases, makeup, and other items, and were delivered to a person the conspirators believed was a fentanyl trafficking customer, but who actually was an undercover agent.

Sometimes, Hubei Aoks sales representatives attempted to entice the undercover agent by offering additional chemicals that they claimed would sell well, offering gifts, and guaranteeing that their chemicals would be successfully imported into the United States.

“HSI is dedicated to disrupting the flow of fentanyl, and the precursor chemicals necessary to produce this poison, entering our communities,” said Homeland Security Investigations Los Angeles Special Agent in Charge Eddy Wang. “Today’s announcement of charges is a warning to those who seek to profit from the sales of these precursor chemicals used to manufacture fentanyl and other manufactured narcotics.”

“This enforcement action reflects U.S. Customs and Border Protection’s (CBP) whole-of-government effort to anticipate, identify, mitigate, and disrupt illicit synthetic drug producers, suppliers, and traffickers,” said Cheryl M. Davies, CBP Director of Field Operations in Los Angeles. “This comprehensive approach brings the unique, formidable, and wide-ranging capabilities and authorities of CBP to bear on the illicit synthetic drug trade and build capacity and collaboration with our partners – domestic and international – to ensure the safety of the American public.”

“The shipment of dangerous substances like fentanyl precursor chemicals through the U.S. Mail helps to fuel a pandemic that affects many Americans today”, said Inspector in Charge of the United States Postal Inspection Service in Los Angeles, Matt Shields. “Precursor chemicals are extremely dangerous substances and pose a serious threat to the health and well-being of our society. The U.S. Postal Inspection Service stands proudly with our federal law enforcement partners as we continue to fight to protect the U.S. Postal Service and Americans from illegal and dangerous substances.”

*An indictment is merely an allegation. All defendants are presumed innocent until proven guilty beyond a reasonable doubt in a court of law.*

If convicted of all charges, each defendant would face a mandatory minimum of 10 years in prison and a maximum penalty of life in prison.

The Drug Enforcement Administration; the Food and Drug Administration Office of Criminal Investigations; IRS Criminal Investigation; Homeland Security Investigations, United States Customs and Border Protection; and the United States Postal Inspection Service are investigating this matter, with assistance from the California Department of Justice. This investigation was led by the Southern California Drug Task Force (SCDTF), a DEA-led multi-agency task force within the Los Angeles High Intensity Drug Trafficking Area (HIDTA) Program.

Assistant United States Attorneys Brittney M. Harris of the International Narcotics, Money Laundering, and Racketeering Section and Jenna G. Williams of the Corporate and Securities Fraud Strike Force are prosecuting this case.

This case is part of an Organized Crime Drug Enforcement Task Forces (OCDETF) operation. OCDETF identifies, disrupts, and dismantles the highest-level criminal organizations that threaten the United States using a prosecutor-led, intelligence-driven, multi-agency approach. Additional information about the OCDETF Program can be found at [www.justice.gov/OCDETF](https://www.justice.gov/OCDETF).

## Contact

Ciaran McEvoy  
Public Information Officer

[ciaran.mcevoy@usdoj.gov](mailto:ciaran.mcevoy@usdoj.gov)

(213) 894-4465

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### **Central District of California**

312 N. Spring St. Suite 1200

Los Angeles, CA 90012



Phone: (213) 894-2400

Fax: (213) 894-0141