

Name: Alert ID: TMML2024033079374 SAN DIEGO – Bing Han and Lei Zhang pleaded guilty in federal court today for operating unlicensed money transmitting businesses. Their guilty pleas are believed to be the first in the United States for a developing form of unlawful underground financial institution that transfers money between the United States and China, thereby circumventing domestic and foreign laws regarding monetary transfers and reporting, including United States anti-money laundering scrutiny and Chinese capital flight controls. Special Agents from Homeland Security Investigations, IRS Criminal Investigation Las Vegas Financial Crimes Task Force, and the Drug Enforcement Administration led the investigation into Han's and Zhang's financial operations. As admitted in the plea agreements entered today before U.S. Magistrate Judge William V. Gallo, Han and Zhang would collect U.S. dollars (in cash) from various third-parties in the United States and deliver that cash to a customer, typically a gambler from China who could not readily access cash in the United States due to capital controls that limit the amount of Chinese yuan an individual can convert to foreign currency at \$50,000 per year. Upon receipt of the U.S. dollars, the customer (i.e., the gambler) would transfer the equivalent value of yuan (using banking apps on their cell phones in the United States) from the customer's Chinese bank account to a Chinese bank account designated by defendant Han or Zhang. For facilitating these transactions, Zhang and Han were paid a commission based on the monetary value illegally transferred. U.S. Attorney Robert S. Brewer, Jr. said, "The United States stands vigilant against the constantly evolving ways in which individuals and organizations seek to operate outside the conventional financial system. Violating United States anti-money laundering laws not only endangers the integrity of the global financial system, but doing so hinders the ability of law enforcement officers to confront criminal conduct including money laundering and narcotics trafficking." Han and Zhang further admitted today that they were regularly introduced to customers by casino hosts, who sought to increase the gambling play of the casino's customers. By connecting cash-starved gamblers in the United States with illicit money transmitting businesses, like those operated by Han and Zhang, the casinos increased the domestic cash play of their China-based customers. All a gambler needed was a mobile device that had remote access a China-based bank account. As a result, Han and Zhang managed to transmit and convert electronic funds in China into hard currency in the United States; all while circumventing the obstacles imposed both by China's capital controls, and the anti-money laundering scrutiny imposed on all United States financial institutions. For their efforts, the casino hosts often received a cut of Han's or Zhang's commission. "This case demonstrates that those who attempt to use underground or unregulated money transfer systems cannot evade detection and punishment," said Cardell T. Morant, acting Special Agent in Charge for HSI San Diego. "HSI and our domestic and foreign partners will continue to work together aggressively to investigate and prosecute those who seek to hide their involvement in transnational crime by employing such international money laundering schemes." "Criminals keep trying to find ways to circumvent our financial system by laundering money," said Tara Sullivan, Special Agent in Charge of IRS Criminal Investigation Las Vegas. "Unfortunately for Han and Zhang, the IRS Criminal Investigation Las Vegas Financial Crimes Task Force was relentless in seeking out and disrupting their underground banking network and will continue to work with our law enforcement partners to uphold anti-money laundering laws". "Although Mr. Han and Mr. Zhang did not admit to transacting narcotics proceeds in their unlicensed money transmitting businesses, we know that drug trafficking organizations are willing to use a variety of businesses to launder proceeds from the sales of drugs," said DEA Special Agent in Charge John W. Callery. "DEA and our outstanding partners will continue to investigate illicit financial transactions and anyone who may operate businesses that stand to profit from illegal drug sales." U.S. Attorney Brewer commended the diligence and dedication of Assistant U.S. Attorneys Daniel Silva and Mark W. Pletcher, the prosecutors on this case. Sentencing for Mr. Han is scheduled to occur on May 1, 2020 before Hon. Janis L. Sammartino. Sentencing for Mr. Zhang is scheduled to occur on May 4, 2020 before Hon. William Q. Hayes. Han and Zhang both face a maximum of 5 years in prison. DEFENDANTS Case Numbers 20-CR-369-JLS (Han) Case Number 20-CR-370-WQH (Zhang) Bing Han Las Vegas, NV Age: 44 Lei Zhang Las Vegas, NV Age: 40 SUMMARY OF CHARGES* Operation of Unlicensed Money Transmitting Business – Title 18, U.S.C., Section 1960 Maximum penalty: Five years in prison and \$250,000 fine AGENCIES Homeland Security Investigations IRS Criminal Investigation Las Vegas Financial Crimes Task Force Drug Enforcement Administration *The charges and allegations contained in an indictment or

information are merely accusations, and the defendants are considered innocent unless and until proven guilty.