

Ex-Honey Import Worker Gets 2 Years For Skirting Duties

Megan Stride

Law360, Chicago (June 22, 2012, 4:16 PM ET) -- An Illinois federal judge sentenced a former honey import worker to two years in prison Friday for participating in a scheme to avoid nearly \$1.5 million in anti-dumping duties by falsely declaring the origin of Chinese honey, a charge stemming from a larger probe into an alleged honey smuggling ring.

U.S. District Judge Rebecca R. Pallmeyer issued Shu Bei "Kathy" Yuan's sentence roughly two months after the Chinese national inked a plea deal with the government copping to entry of goods into the U.S. by making false statements on documents. Yuan has been in custody since her arrest in Los Angeles in February 2011, and will be credited for time served.

Yuan is one of a slew of defendants to face charges over Chinese honey duties. Her former boss Hung Ta Fan has already been sentenced for scheming to duck more than \$5 million in duties, and in 2010 German international trading company Alfred L. Wolff GmbH, several executives and other entities were indicted on charges they illegally avoided nearly \$80 million in anti-dumping duties.

At the time of Yuan's arrest, prosecutors said the charges against her related to an investigation of ALW's honey importing practices.

On Friday, Assistant U.S. Attorney William Hogan told Judge Pallmeyer that Yuan had played a role in an overall scheme that had a "devastating effect" on the multibillion-dollar U.S. honey industry, and said the defendant "was not some innocent pawn in this process."

Yuan was actively involved with Fan in the shipment of the Chinese-origin honey at issue, which was falsely declared as South Korean honey and shipped by order of an ALW unit, and personally signed the purchase order for that product, Hogan said.

The defendant's lawyer, Stephen Komie of Komie & Associates, told the judge that his client was not the mastermind of the plot.

"She was never the decision maker here," Komie said, asking that she be sentenced only to time served or probation.

Judge Pallmeyer called Yuan's involvement in the honey transactions "very significant" and said that a 24-month sentence, the maximum penalty for the charge, was appropriate. Yuan is also required to shell out nearly \$1.5 million in restitution, to be paid jointly and severally with Fan.

After the sentencing, Komie said that Yuan was disappointed with the punishment, and that she had been a victim of Fan's scheme.

Hogan declined to comment further.

According to her plea agreement, Yuan worked for Fan, who owned and operated several California-based honey import companies including Blue Action Enterprise Inc. and Honey World Enterprise Inc., from roughly June 2004 through September 2005.

In the spring of 2004, she introduced Fan to executives of ALW Inc., a unit of the larger German company, and in March 2005 that subsidiary issued a purchase order, which Yuan later signed, to Blue Action for 200 full container loads of "Taiwan White Honey" valued at roughly \$4.56 million, the agreement said.

But much of the honey imported for that order was rejected by ALW's customers thanks to sugar adulteration, so Fan arranged for an unnamed Chinese honey broker to start supplying Chinese honey, transshipped through South Korea and falsely imported to the U.S. as South Korean honey, to fulfill the order, the plea deal said.

Prosecutors alleged that between roughly August and November 2005, Fan, ALW, employees of that company and others caused Blue Action to fraudulently import roughly 26 entries of Chinese-origin honey falsely declared as South Korean honey for ALW.

Those imports had a total declared entry value of roughly \$808,000, meaning that the avoided anti-dumping duties totaled nearly \$1.5 million, the agreement said.

One of those entries occurred in August 2005, when Yuan introduced into U.S. commerce — and caused others to do the same — roughly 37,000 kilograms of Chinese-origin honey that was falsely declared as originating from South Korea, prosecutors said.

That entry caused losses to the U.S. of about \$58,000 in uncollected anti-dumping duties, the plea agreement said.

Fan was sentenced in 2010 to 30 months in prison in a related case. Several individual defendants in the ALW case have pled guilty, though earlier this month prosecutors dropped the charges against the corporate defendants, without prejudice, in the wake of an asset sale they said left the ALW entities without any viable assets.

In 2001, the [U.S. Department of Commerce](#) found that Chinese honey was being dumped into the U.S. at artificially low prices. The government imposed duties of 183 percent, a rate that increased to 212 percent in June 2006.

Yuan is represented by Stephen M. Komie of Komie & Associates.

The case is USA v. Yuan, case number 1:11-cr-00084, in the U.S. District Court for the Northern District of Illinois.

--Editing by Andrew Park.