SECTION 1

PROSECUTION OF CRIMINAL OFFENSES

Illegal Drugs
Violent Crime
Immigration
Child Exploitation
Firearms
Organized Crime
White Collar Crime
Public Corruption
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PROSECUTION OF CRIMINAL OFFENSES

The responsibility to prosecute criminal violations of the laws of the United States requires that we work closely with investigative agencies to ensure a coordinated and effective law enforcement response to the problems of crime and violence in the district. Prosecution priority is on crime threats that have exclusive federal jurisdiction or are uniquely national or international in dimension. These cases involve drug trafficking, organized crime, terrorism, white-collar crime, civil rights, environmental and immigration violations, and gang related violence. In 2000, the office initiated a record number of narcotics cases, expanded prosecution of firearms offenses through the district-wide Gun Violence Reduction Initiative and the Texas Exile Project, and continued to prosecute elected and appointed officials at all levels of government who abuse their office and the public's trust.

This district has consistently managed one of the busiest criminal litigation dockets in the nation. In 2000 this caseload grew to record levels. The attorneys and support staff managed this exceptionally demanding litigation responsibility with caseloads of over 3700 indictments and criminal informations involving over 4800 defendants through hard work and efficiency, and with the effective cooperation of investigative agencies.

ORGANIZED CRIME

The office has an Organized Crime Strike Force Unit which investigates and prosecutes traditional organized crime elements.

A growing area of organized crime involvement is in the smuggling of immigrants into the United States. The following two cases represent the international organized crime aspects in illegal immigration.

> ***Human trafficking is the fastest growing form of organized crime.***
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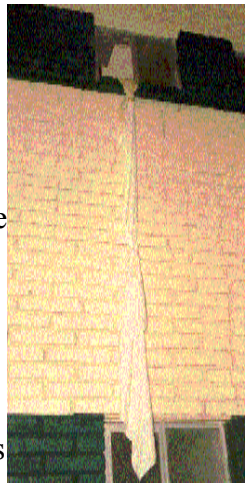
> **UN Office for Drug Control and Crime Prevention**

Leader of Immigrant Smuggling Operation Sentenced to 27 Years For Hostage-taking

Yung-Ming Chen, 39, was charged with taking an undocumented alien hostage in Houston and demanding payment from relatives for her release. The female victim was part of a group that was smuggled from China by ship to Guatemala where they were placed in drop houses before being transported over land through Mexico to the Rio Grande River border with Texas. The Chinese would-be immigrants were smuggled over the border and taken to a Houston drop house, and later to a motel where they were held until they paid a "freedom fee." They expected to pay $15,000, but the smugglers demanded $40,000 each before they would be freed to travel on to New York.

A female victim was sexually assaulted while being held hostage. In an attempt to escape, the victim tied several bed sheets together and jumped from the second story window of the motel where she was being held hostage. The victim's back was broken while trying to escape. Chen pled guilty and was sentenced to 327 months by U.S. District Judge Melinda Harmon. He was also fined $100,000 and ordered to pay restitution of over $98,000. Two other defendants were also charged and sentenced. All defendants face deportation after their prison terms. AUSA: Edward Gallagher & Joseph Magliolo; AGENCY: FBI, INS & HPD.



Bangkok-based Ring Specialized in Smuggling Females for Prostitution

An international smuggling ring based in Bangkok, Thailand, led by a woman and two men, specialized in illegally transporting young women from Thailand and China into the United States. Kuok Tiong Lim used corrupt immigration officials in Bangkok to smuggle Chinese nationals into the U.S. and to fraudulently obtain documents and facilitate the movement of immigrants fromThailand. Teenage girls smuggled from Thailand were forced to work at modeling studios in Houston until their smuggling fees were paid in full.

Last year, an undercover INS agent gained the trust of the ring by posing as a smuggler with connections with a corrupt American INS official. The investigation showed how the ring imported people into the U. S. for approximately $18,000 each. One group of Chinese nationals was flown to Houston and picked up by one of the smugglers who transferred them to relatives in New York City. Two other smugglers managed brothels in Houston and purchased immigration documents for $3,000 from the undercover INS agent. The investigation also led to the arrest of two Houston-based Social Security Administration officials. The two SSA officials were charged with conspiring to provide social security cards to over 200 people based on fraudulent information. The smuggling operation was broken up, and the three identified smugglers were charged with conspiracy and immigration offenses.

Feds bust alleged smuggling scheme

By EDWARD HEGSTROM
Houston Chronicle

Federal authorities brought charges Monday against seven people who allegedly smuggled Thai women into Houston where they were forced to work locally as prostitutes.

The charges filed in U.S. district court came as the result of a ground-breaking international sting operation run by the Immigration and Naturalization Service. Undercover INS officers traveled to Bangkok, Thailand, and Santiago, Chile, to investigate the ring, according to court papers.

Assistant U.S. Attorney Edward F. Gallagher III described the investigation as "one of the most significant of its kind ever done."

The indictment alleges that the Bangkok-based operation included two elements. Chinese immigrants paid a smuggling fee and were brought to the United States and set free. Additionally, Thai women were brought to Houston and forced to work as prostitutes in local establishments known as "modeling studios." The women were required to work until the cost of their smuggling was paid off.

The charges come as national attention increasingly focuses on the smug-

Mai & Sakyai managed brothels in Houston and had previously imported females from Thailand for prostitution.

The defendants pled guilty. One defendant received probation and two others received two-year prison terms. The young women brought to the Houston modeling studios were returned to Thailand. AUSA: Ed Gallagher and Arlene Reidy, DOJ Anti-Smuggling Task Force; AGENCY: INS.

Protection Racket Busted, Gang Leader Gets 35 Years

Hoa Duy Dinh, leader of a Houston street gang, was convicted of extortion, using a firearm during the commission of a crime of violence, and retaliating against a witness. The jury convicted Dinh on evidence that he and his associates extorted protection money from Vu Bida Billiards, a pool hall that opened in Houston in 1999. The jury found that Dinh entered the new business a month after it opened and demanded monthly payments from the owner for protection. When the owner refused, Dinh fired several shots into the pool hall ceiling with a pistol. The gang returned a few days later and beat up a customer in the neighborhood pool hall. The intimidation worked and the owner began making $400-a-month payments to Dinh and three associates. When Dinh learned that the owner had contacted law enforcement about the extortion, Dinh called the owner to threaten him with retaliation.

When Dinh was arrested, one of his associates went to the pool hall, shot up the ceiling again and pointed the loaded pistol at the owner's head.

Feds use statute for first time here to prosecute Asian gang members

By DEBORAH TEDFORD
Houston Chronicle

A federal statute mainly reserved to prosecute mob bosses and Mafia henchmen is being used here for the first time to prosecute Asian gang members who allegedly victimize small business owners in the tightly knit refugee community.

Earlier this week, a federal grand jury indicted members of the Northside Chink Posse under the Hobbs Act, which targets criminal organizations that use threats to extort money from businesses engaged in interstate commerce.

Assistant U.S. Attorney Edward Gallagher said the Southern District of Texas has never before used the law to prosecute gang members, although it has been a successful tool in Los Angeles and Chicago.

Gallagher said gang activity in the Asian community here is a serious problem, with gangs targeting small, family-run businesses, like cafes or pool halls.

But business owners, he said, are often reluctant to report threats to police for fear the gangs will destroy their businesses or harm their families.

Hoa Duy Dinh, Lac Hong Tran, David Nguyen and Hien Tan Hoang are accused of extorting up to $200 per month from the owner of Vu Bida Billiards, 12078 Veterans Memorial Drive.

For about five months, the gang allegedly harassed the owner of the pool hall, which also sold food and alcohol. They looted the business of cigarettes, food and alcohol, threatening economic ruin and physical harm to ensure the owner's silence, Gallagher said.

When the owner realized he could not afford to continue making the payoffs and stopped, Gallagher said, their threats became a reality.

Gang members beat a customer at the pool hall, fired gunshots into the ceiling and threatened to damage the property, according to the indictment.

Gallagher said the violent episode spurred the owner to contact the Harris County Sheriff's Department, which installed a video camera that recorded the gang members' threats.

Nnguyen, who pleaded guilty, Dinh and Tran were arrested this month. The next evening, Hoang threatened to kill the owner's family and was charged with witness tampering, Gallagher said.

The Northside Chink Posse is said to have extorted as much as $400 per month from businesses.

Dinh and Tran are set for trial July 10.

The four were arrested. Ring leader Dinh was sentenced to 35 years, two other gang members received 3 and 10 year sentences. The fourth is awaiting sentencing and faces up to 30 years for the additional intimidation after Dinh's arrest. AUSA: Edward Gallagher & Larry Eastepp; AGENCY: FBI & Harris Co. Sheriff.

A Family Enterprise: Staged Auto Accidents

Nine family members were charged with defrauding various insurance companies through claims arising from staged automobile accidents. The scheme involved mail fraud and conspiracy in the submission of insurance claims documenting medical histories for treatment of non-existent or exaggerated injuries allegedly suffered by the accident participants. The treatment of purported patients was handled at four medical clinics set up by the defendants. The defendants recruited chiropractors and medical staff to treat the patients referred by runners who helped set up the staged accidents.

The defendants also recruited an attorney and leased and furnished a law office in order to handle the fraudulent settlements with various insurance companies including State Farm, Allstate, and GEICO. Of the 22 automobile accidents identified in the indictment, 12 involved Hoang family members as participants in the accident. The defendants set up a fictitious check-cashing business as a repository for the fraudulent insurance settlement checks. Subsequent withdrawals in amounts less than $10,000 were used to keep the scheme in operation and to purchase a family residence.

The defendants all pled guilty and received sentences from 30 to 57 months. Judgments were entered forfeiting $191,282 on the money laundering offense, ordering restitution to the defrauded insurance companies in the amount of $521,606, and payment of $584,632 in corporate taxes. In addition, two residences and a vehicle were forfeited on the finding that they had been purchased with the proceeds of the fraud. AUSA: Edward Gallagher & Jennifer Shasky, U.S. DOJ Organized Crime and Racketeering Section; AGENCY: IRS-CID & US Postal Service.