

UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA
TAMPA DIVISION

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UNITED STATES OF AMERICA

v.

CASE NO. 8:23-cr-335-HSS-JSS
21 U.S.C. § 846

HEBEI SHENGHAO IMPORT AND EXPORT CO. LTD.,
QINGSHUN LI,
QINGSONG LI,
CHUNZHOU CHEN, and
CHUNHUI CHEN

SEAL

INDICTMENT

The Grand Jury charges:

INTRODUCTION

A. The Fentanyl Epidemic in America

1. Fentanyl is the deadliest drug threat facing the United States in its 247-year history. Not only is fentanyl 50 times more potent than heroin and 100 times more potent than morphine, a dose of as little as two milligrams can kill a grown adult. Fentanyl analogues are similar to fentanyl in chemical structure and effects.

2. Fentanyl is the leading cause of death for Americans ages 18 to 49. From February 2022 to January 2023, at least 105,263 Americans died of drug overdoses, the majority of which involved synthetic opioids such as fentanyl and fentanyl analogues. In Florida in 2021, fentanyl was present in approximately 6,417 deaths, an average of 17 fentanyl-related deaths per day.

B. The Role of Fentanyl Precursors

3. Fentanyl is a chemical that does not occur in nature. It and its analogues therefore need to be synthesized through raw chemicals known as precursors. The term “fentanyl” is intended in this indictment to include fentanyl hydrochloride.

4. The International Narcotics Control Board (INCB) is an independent, quasi-judicial expert body established by the Single Convention on Narcotic Drugs of 1961. INCB has 13 members, each elected for a period of five years. Ten of the members are elected from a list of persons nominated by participating Governments. The remaining three members are elected from a list of persons that the World Health Organization (WHO) nominated for their medical, pharmacological, or pharmaceutical experience. In or around 2018, the INCB established a list of fentanyl-related substances with no known legitimate uses. This list is continually updated.

5. Chemicals used in interstate and foreign commerce are often identified through a Chemical Abstracts Service (CAS) Registry Number. The CAS is a division of the American Chemical Society and it maintains the CAS Registry, a list of all CAS numbered chemicals and their chemical associations. A CAS Registry Number is a unique and unambiguous identifier for a specific substance.

6. CAS: 288573-56-8, CAS: 79099-07-3, CAS: 79-03-8, CAS: 103-63-9, and CAS: 38043-08-2 are the CAS Registry Numbers for tert-butyl-4-(4-fluoroanilino) piperidine-1-carboxylate, N-Boc-4-Piperidone, propionyl chloride, 2-

bromoethyl benzene, and N-(4-Fluorophenyl)piperidin-4-amine. These chemical compounds are some of the approximately 30 possible chemical reactants commonly used in the production of fentanyl and fentanyl analogues.

7. The INCB lists CAS: 288573-56-8 and CAS: 38043-08-2 as fentanyl-related substances with no known legitimate uses.

8. Each of the chemicals described herein can be used in the production of fentanyl. The amount of fentanyl that can be generated from a particular chemical is called a yield. Each yield is dependent upon a variety of factors, including the purities of the associated precursors, reagents, and solvents, as well as the expertise and experience of the laboratory operator. A theoretical yield is the maximum amount of fentanyl or fentanyl analogue a precursor could theoretically produce.

9. The above-described chemicals have theoretical yields of the following quantities:

- a. One kilogram of CAS: 79099-07-3 would theoretically yield up to 1.83 kilograms of fentanyl;
- b. One kilogram of CAS: 79-03-8 would theoretically yield up to four kilograms of fentanyl;
- c. One kilogram of CAS: 288573-56-8 would theoretically yield up to 1.26 kilograms of fluorofentanyl, an analogue of fentanyl; and
- d. One kilogram of CAS: 103-63-9 would theoretically yield up to two kilograms of fentanyl.

C. Chinese Chemical Companies Supply Fentanyl Precursors to the United States and Mexican Drug Cartels

10. The primary distributors of fentanyl and fentanyl analogues in North America are the Sinaloa Cartel based in Sinaloa, Mexico and the Cartel Jalisco Nueva Generación based in Jalisco, Mexico. These two transnational criminal organizations have significant presences throughout Mexico, maintain distribution hubs in various cities across the United States, and control smuggling corridors into the United States. The United States is the largest consumer of fentanyl and fentanyl analogues manufactured in Mexico.

11. Organizations such as the Sinaloa Cartel and Cartel Jalisco Nueva Generación receive fentanyl precursors from China that are then synthesized within clandestine laboratories into finished fentanyl at scale. China-based precursor chemical manufacturers ship precursors from mainland China by, among other methods, mislabeling the products being shipped and using containers and other packaging to mask their illicit contents.

D. The Defendants

12. HEBEI SHENGHAO IMPORT AND EXPORT CO. LTD (“HEBEI SHENGHAO”) is a company incorporated in Shijiazhuang, Hebei Province, China. HEBEI SHENGHAO publicly represents, “We offer the best quality 79-03-8, 125541-22-2, 288573-56-8, 79099-07-3, BMK, PMK....” As described herein, CAS: 79-03-8, CAS: 288573-56-8, and CAS: 79099-07-3 are chemical compounds commonly used in the production of fentanyl.

13. QINGSHUN LI is a national of China who participates in the operation of HEBEI SHENGHAO. QINGSHUN LI negotiates the sale of precursor chemicals and authorizes shipment of precursor chemicals to HEBEI SHENGHAO customers in the United States and Mexico. QINGSHUN LI also maintains a bank account for the receipt of payments for precursor chemicals.

14. QINGSONG LI is a national of China who participates in the operation of HEBEI SHENGHAO. QINGSONG LI maintains cryptocurrency wallets for the remittance of payments for precursor chemicals.

15. CHUNZHOU CHEN is a national of China who participates in the operation of HEBEI SHENGHAO. CHUNZHOU CHEN receives Western Union payments on behalf of HEBEI SHENGHAO.

16. CHUNHUI CHEN is a national of China who participates in the operation of HEBEI SHENGHAO. CHUNHUI CHEN maintains cryptocurrency wallets for the remittance of payments for precursor chemicals.

E. Contact with Undercover

Summer 2022: HEBEI SHENGHAO Negotiates to Send Fentanyl Precursor to the United States with an Undercover Agent

17. Beginning in or around August 2022, HEBEI SHENGHAO began communicating with a purported broker over an encrypted application for the importation of chemicals on behalf of drug traffickers in Mexico. In reality, this person was an undercover DEA Special Agent (UC-1). The user of the HEBEI SHENGHAO telephone number in contact with UC-1 self-identified on at least one

occasion as QINGSHUN LI.

18. In a series of messages beginning in late-August 2022, HEBEI SHENGHAO quoted prices for CAS: 288573-56-8 and 79099-07-3. HEBEI SHENGHAO further offered prices for the shipment of chemicals to either the United States or Mexico, and further offered on or about August 24, 2022, that “[a] discount is available for large demand.”

19. Further negotiations between UC-1 and HEBEI SHENGHAO in August 2022 further described the pricing of various chemicals, methods of payments, and guarantees as to quality. For example, on or about August 25, 2022, UC-1 and HEBEI SHENGHAO had the following encrypted conversation:

UC-1:	Ok. What is price of 79099? How do you accept payment? We are interested in large quantities but would like to verify quality.
HEBEI SHENGHAO:	79,099 \$240 per kilogram We accept bitcoin, and money transfers Guarantee is the best quality
UC-1:	Ok. Western union o[r] money gram are ok? Do you have big quantities of 79099 available? If we like it are you able to provide discount on larger quantity of the 79099? Thank you for the information
HEBEI SHENGHAO:	I'm sure we'll give you a discount in case of high demand Will it be sent to the United States or Mexico? In the case of Mexico, the minimum order quantity is 25kg If sent to the United States, there is no quantity limit

UC-1: Ok. We would like 1 kg of 79099-07-3 and 1 kg sample of 288573-56-8. We can receive it at an address in the USA.

If quality is good my clients will place large orders.

November 2022: HEBEI SHENGHAO Sends CAS: 79909-07-3 and 288573-56-8 to the Middle District of Florida

20. Following the request to purchase kilograms of CAS: 79909-07-3 and CAS: 288573-56-8, HEBEI SHENGHAO sent UC-1 on or about August 26, 2022, personal banking information as well as correspondent banking information in the United States in order to wire money to China for the purchase of precursor chemicals. HEBEI SHENGHAO further sent UC-1 information regarding a Western Union account, offshore account, and Bitcoin wallet (BTC Wallet 1). The registered user of the Bitcoin wallet provided to UC-1 was QINGSONG LI. The banking information provided to UC-1 was in the name of QINGSHUN LI.

21. On or about September 14, 2022, HEBEI SHENGHAO sent Western Union payment request information for the first purchase of one kilogram of CAS: 79099-07-3 and one kilogram of CAS: 288573-56-8. HEBEI SHENGHAO sent Western Union account information for CHUNZHOU CHEN. Between September 14 and 16, 2022, law enforcement wired two payments to CHUNZHOU CHEN and one payment to QINGSHUN LI to fulfill the fentanyl precursor chemical order. In response to difficulties receiving the money, the following exchange occurred:

HEBEI SHENGHAO: Friend, I have received the 240 dollars, but I cannot receive the 1000 dollars

You tell your client to call the bank. Return the \$1,000, and then repay each account \$500

You let your customer choose between these two accounts and send \$500 to each account

UC-1: Friend I will see what options my client has to return the money. They are not going to be satisfied if this is the way business will continue

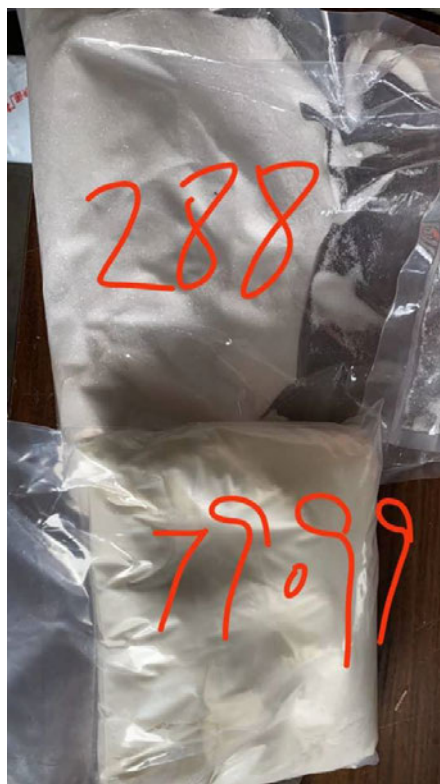
HEBEI SHENGHAO: Because the bank requires that the amount exceeds \$1000, I need to provide some invoices or contracts. So please ask your customer to pay 500 dollars for each account. I will arrange the delivery immediately after receiving the payment

UC-1: Ok. I understand. \$1,000 is the maximum to send without attracting attention in this country as well... This is only a sample I just want to make sure the (sic) receive the highest quality so that our business with you can increase. Thank you

HEBEI SHENGHAO: I promise to be of the best quality to my friends because I want to establish a long-term relationship

The best quality, surely will not let you down

22. In a series of messages beginning in September 2022, HEBEI SHENGHAO continued discussing different chemicals for purchase in U.S. dollars. For example, on or about September 21, 2022, HEBEI SHENGHAO transmitted a photo of CAS: 288573-56-8 and CAS: 79099-07-3, both fentanyl precursors, shown below:



Following the receipt of this picture, HEBEI SHENGHAO represented the following to UC-1:

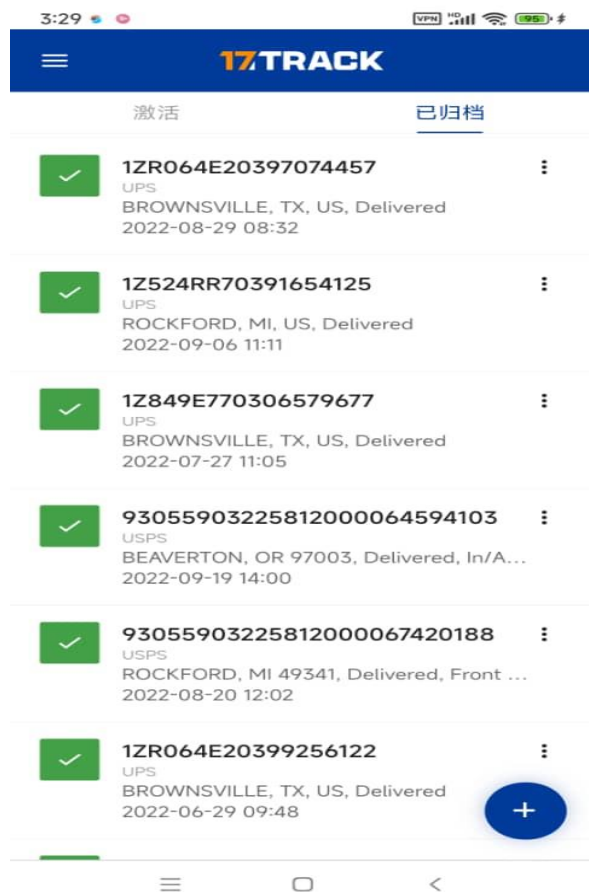
HEBEI SHENGHAO: Currently the most popular ones in Mexico are 79099 and 288573 and 79-03-8 including 103-63-9

I also do a lot of deliveries to Mexico, where I also have some customers

I have a few clients in Culiacan, [Sinaloa], Mexico, and other areas, old clients that I've been working with for years

23. By mid-October 2022, the order from HEBEI SHENGHAO had not been received by UC-1. HEBEI SHENGHAO assured UC-1 the order had been shipped. On or about October 26, 2022, UC-1 asked, "Have you shipped to the United States before? With Success? The USPS and my clients believe this may be a

scam. I want to continue to do business but I'm concerned about your shipping company." HEBEI SHENGHAO responded, "This is definitely not a scam, my friend[,]” and sent a screenshot depicting packages shipped to various locations throughout the United States. HEBEI SHENGHAO further represented, "I've sent a lot of packages and signed for them, and this is really the first time this happened[.]” The screenshot depicting packages sent to various location throughout the United States is depicted below:



24. On or about November 17, 2022, law enforcement received a shipment sent to Tampa, within the Middle District of Florida, of 1.06 kilograms of CAS: 79909-07-3 and 994.8 grams of CAS: 288573-56-8. After confirming receipt, HEBEI

SHENGHAO told UC-1, “I’m sure your customers will love these two products.” A picture of the shipment received in Tampa is depicted below:



December 2022: Seizure of HEBEI SHENGHAO’s Parcel Containing CAS: 79909-07-3 and 288573-56-8 Sent to the Middle District of Florida

25. On or about December 14, 2022, law enforcement recovered the initial shipment of CAS: 79909-07-3 and CAS: 288573-56-8 that HEBEI SHENGHAO sent in September 2022. The contents of the package were approximately 1.08 kilograms of CAS: 79909-07-3 and 1.06 kilograms of CAS: 288573-56-8. The shipping box and its contents are depicted below:



January 2023

26. In a series of communications in January 2023, UC-1 discussed chemicals with the word “fentanyl” in them:

UC:

[The clients] are asking me for this product specifically or something similar. If you have it available I can let them know and price. Thank you friend.

Molecular Formula
C19H24N2
Synonyms

21409-26-7
1-phenethyl-N-phenylpiperidin-4-amine
Despropionylfentanyl
Depropionylfentanyl
ANPP

HEBEI SHENGHAO: Let me see

It's a holiday. We'll get back to work in a week, my friend. It's New Year in China

[Nine days later]

HEBEI SHENGHAO You can try this

38043-08-2

The reference to "38043-08-2" is N-(4-Fluorophenyl)piperidin-4-amine, CAS: 38043-08-2. It is listed on the International Narcotics Control Board list as having no currently known legitimate use.

**April 2023: HEBEI SHENGHAO Agrees to Send 25 Liters of
CAS: 79-03-8**

27. In a series of communications in late-September 2022, HEBEI SHENGHAO represented that it was capable of supplying between 500 to 1,000 liters of propionyl chloride, CAS: 79-03-8. HEBEI SHENGHAO sent a photo of barrels purported to be CAS: 79-03-8, but required a minimum order of one barrel [25 Liters], "[b]ecause this is dangerous goods, we cannot send small samples...." The photo is depicted below:



28. In a later conversation on or about November 18, 2022, HEBEI SHENGHAO represented that it could deliver CAS: 79-03-8 in Mexico at any time and that it “had a warehouse in Mexico with 800 liters of 79-03-8.” Moreover, HEBEI SHENGHAO claimed it had “a lot of clients in Mexico and have been working with them for 6-7 years. Has been stable supply[.]”

29. On or about December 16, 2022, UC-1 notified HEBEI SHENGHAO that, “[m]y clients are still testing your products but so far they are very happy with the yield and purity of their finished product. We will place another order soon.”

30. On or about February 10, 2023, HEBEI SHENGHAO quoted a price of \$3,500 per barrel (25 liters) of CAS: 79-03-8. HEBEI SHENGHAO sent a Bitcoin wallet address (BTC Wallet 2) and bank account information. The registered user of BTC Wallet 2 is CHUNHUI CHEN. The bank account information was in the name of QINGSHUN LI. The theoretical yield of 25 liters of CAS: 79-03-8 is 100 kilograms of fentanyl.

31. On or about April 4, 2023, HEBEI SHENGHAO said, “You should know that we will deal with all kinds of emergencies. Just like your last order of 288573 and 79099 was seized by the customs, we will resend the goods free of charge. my friend.” UC-1 asked, “The barrel will be packed to avoid problems with customs, correct?” HEBEI SHENGHAO went on to say, “Please rest assured about the packing. We are very experienced in it.”

32. By on or about April 5, 2023, HEBEI SHENGHAO agreed to lower the price of a barrel to \$2,500 and that the money would be wired to an offshore account. From on or about April 13, 2023, to April 17, 2023, law enforcement wired \$2,500 for the purchase to China:

Transaction	From	To	Description
April 13, 2023	Tampa, FL	Miami, FL	\$2,500 to Miami account
April 17, 2023	Miami, FL	Zhejiang, China	\$2,500 from Miami, FL to Zhejiang Chouzhou Commercial Bank Account Ending in 1294

**HEBEI SHENGHAO Received Chemical Precursor
Payments Through Cryptocurrency**

33. The Bitcoin wallets HEBEI SHENGHAO provided to UC-1 were registered in the names of QINGSONG LI and CHUNHUI CHEN (BTC Wallet 1 and BTC Wallet 2). QINGSONG LI further had a wallet for the stablecoin “Tether” (USDT_TRX 1) and CHUNHUI CHEN had wallets for Tether over two different networks (USDT_TRX 2 and USDT_ETH 1). From at least as early as on or about December 20, 2021, through as recently as on or about April 10, 2023, these wallets

obtained the following cryptocurrencies in approximately 182 transactions. The dollar values of these transactions are based on the value of the cryptocurrencies as of on or about May 17, 2023:

Wallet	Date Range	Transactions	Amount	\$ Amount
BTC Wallet 1	12/20/21 to 3/15/23	109	5.61948922 BTC	\$141,395.47
BTC Wallet 2	1/17/22 to 4/8/23	42	1.79544851 BTC	\$51,389.71
USDT_TRX 1	1/25/2022 to 3/10/23	13	87,267.40 USDT	\$87,222.84
USDT_TRX 2	8/20/22 to 4/10/23	14	26,615.2824 USDT	\$26,623.71
USDT_ETH 1	2/12/23 to 3/3/23	4	\$6,900 USDT	\$6,900.55
TOTAL				\$313,532.28

34. On or about April 24, 2023, HEBEI SHENGHAO offered CAS: 16648-44-5 to UC-1. HEBEI SHENGHAO asked, “16648-44-5 Do you know this product?” HEBEI SHENGHAO went on to offer it at a price of “\$100 a kilo.” HEBEI SHENGHAO said, “\$100 a kilo. You're right, my friend. Only big customers will order raw materials, like some small customers only like the end product. Because they don't have the technology to produce and process it themselves.” CAS: 16648-44-5 (Methyl 2-phenylacetoacetate) is a List I chemical. It is used in clandestine laboratories to illicitly manufacture the Schedule II Controlled Substances phenylacetone (also known as phenyl-2-propanone, P2P, or benzyl methyl ketone), methamphetamine, and amphetamine and is important to the manufacture of these controlled substances.

35. HEBEI SHENGHAO has never registered with the DEA to import regulated chemicals.

COUNT ONE
(Drug Trafficking Conspiracy)

Paragraphs 1 to 35 are realleged and incorporated by reference as though fully set forth herein.

Beginning on an unknown date and continuing until on or about the date of this indictment, in the Middle District of Florida, China, and elsewhere, the defendants,

HEBEI SHENGHAO IMPORT AND EXPORT CO. LTD.,
QINGSHUN LI,
QINGSONG LI,
CHUNZHOU CHEN, and
CHUNHUI CHEN,

did knowingly and willfully combine, conspire, and agree with each and others, both known and unknown to the Grand Jury, to manufacture, possess with intent to manufacture, distribute, and possess with intent to distribute a controlled substance, contrary to the provisions of 21 U.S.C. § 841(a)(1). The violation involved 400 grams or more of a mixture and substance containing a detectable amount of fentanyl, a Schedule II controlled substance; and 100 grams or more of a mixture and substance containing a detectable amount of an analogue of fentanyl, a Schedule I controlled substance.

All in violation of 21 U.S.C. §§ 846, 841(b)(1)(A), and 813(a).

FORFEITURE

1. The allegations contained in Count One of this Indictment are hereby realleged and incorporated by reference for the purpose of alleging forfeitures, pursuant to the provisions of 21 U.S.C. § 853.

2. Upon conviction of a violation of Count One of this Indictment, in violation of 21 U.S.C. § 846, punishable by imprisonment for more than one year, the defendants shall forfeit to the United States, pursuant to 21 U.S.C. §§ 853 and 970, any property constituting, or derived from, any proceeds obtained, directly or indirectly, as the result of such offense and any property used, or intended to be used, in any manner or part, to commit, or to facilitate the commission of, the offense.

3. The assets to be forfeited include, but are not limited to, an order of forfeiture in the amount of proceeds obtained from the offense.

4. If any of the property described above as being subject to forfeiture as a result of any act or omission of the defendant:

- a. cannot be located upon the exercise of due diligence;
- b. has been transferred, sold to, or deposited with a third party;
- c. has been placed beyond the jurisdiction of the Court;
- d. has been substantially diminished in value; or,
- e. has been commingled with other property which cannot be subdivided without difficulty,

the United States shall be entitled to forfeiture of substitute property under the provisions of 21 U.S.C. § 853(p).

A TRUE BILL.

[REDACTED]
Foreperson

ROGER B. HANDBERG
United States Attorney

By:

[REDACTED]

By:

[REDACTED]

No.

UNITED STATES DISTRICT COURT
Middle District of Florida
Tampa Division

THE UNITED STATES OF AMERICA

vs.

HEBEI SHENGHAO IMPORT AND EXPORT CO. LTD.,
QINGSHUN LI,
QINGSONG LI,
CHUNZHOU CHEN, and
CHUNHUI CHEN

INDICTMENT

Violations: 21 U.S.C. § 846

A true bill,

Robert White

Foreperson

Filed in open court this 27th day

of September 2023.

Lyndal Diko

Clerk

Bail \$