

Federal Authorities Active in Policing the Honey Trade

by Troy Fore, ABF Director of Government Relations



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Federal authorities have recently indicted, arrested, taken pleas from, and levied sentences on a variety of persons involved in international honey trade.

The most far-reaching action was a 44-count indictment against the German-based worldwide honey trader Alfred

L. Wolff GmbH and 11 German and Chinese executives and five companies associated with Wolff. The indictment alleges that they engaged in conspiracies to defraud U.S. honey packers and consumers. Among other crimes, they are said to have brought in product that was not pure honey and called it pure honey, to have brought in pure honey and called it something else, and to have brought in honey from China while claiming it had other origins.

Two of the defendants, Stefanie Giesselbach and Magnus von Buddenbrock, both former executives of Alfred L. Wolff, Inc., the Chicago-based U.S. affiliate of the German corporation, were arrested in Chicago before leaving the country in May 2008 and are cooperating in the ongoing investigation. Since then, four Chinese or Republic of China nationals, three of whom are also cooperating, have pleaded guilty to related federal charges — two of them in federal court in Chicago and two others in Seattle. This indictment brings the total number of individual defendants charged in the investigation to 15, in addition to the six corporate defendants.

On April 1, charges had been brought against a Taiwanese honey importer known as Michael Fan. Operating out of California, he set up a string of shell companies to hide his fraudulent activities of transshipping honey. He pleaded guilty on August 4 to conspiring to avoid more than \$5 million in U.S. anti-dumping duties by illegally importing Chinese-origin honey that was falsely identified as coming from South Korea, Taiwan, Thailand, and India.

A Bellevue, Wash., honey importer, Chung Po Liu, pleaded guilty August 26 to transshipping honey. He admitted that he purchased honey from China and had it shipped to the Philippines or Thailand, where it was re-labeled to make it appear that it was a product from these countries on arrival in the United States. He was arrested back in May 2009.

Under the sentencing agreement he would spend up to 24 months in prison, pay \$400,000 restitution to the government and forfeit 1,056 drums of honey that had been seized. In addition, he faces a money judgment of \$400,000 and will have to sell real estate in Washington state and apply the proceeds to that judgment. Formal sentencing is pending.

Boa Zhong Zhang, a Chinese businessman involved with Liu, has pleaded guilty and will be deported back to China after being incarcerated 17 months. He shipped Chinese honey to the Philippines and to Thailand, where it was re-labeled and supplied to Liu as product of those countries rather than of Chinese origin.

A third person, Yong Xiang Yan, who was involved with Liu and Zhang, was arrested at Los Angeles International airport on May 6, 2009. He is the president of the Chinese honey company. Yan pleaded guilty October 29, 2009, and faces a maximum penalty of five years in prison and a \$250,000 fine.

An advertisement for Walter T. Kelley Co. The background is a close-up of a bee on a yellow flower. The text is in blue and black. At the top, it says "Walter T. Kelley Co." in a cursive font. Below that, it says "To market, to market To buy a ... Jar of Honey!!" in a bold, sans-serif font. At the bottom, it says "1-800-233-2899" and "www.kelleybees.com" in a bold, sans-serif font. On the right side, it says "Walter T. Kelley Co. can get you from the flower to the market!" in a smaller, sans-serif font.

