



1 I. INTRODUCTION

2 At all times material to this Indictment:

3 1. Defendant DICKSON HUNG was a resident of San Francisco  
4 Bay-area, and a licensed California real estate agent employed as  
5 a realtor.

6 2. Defendant KAREN LEE was a resident of the San Francisco  
7 Bay-area.

8 3. Defendant NGAI CHUNG HUNG was a resident of San  
9 Francisco.

10 4. Defendant WAYNE FENG was a resident of Oakland,  
11 California and defendant WING CHAN was a resident of San  
12 Francisco.

13 5. An individual known to the Grand Jury was employed as a  
14 mortgage broker in San Bruno, California (hereinafter "Mortgage  
15 Broker").

16 II. THE SCHEME TO DEFRAUD

17 6. Beginning at a date no later than in or about March  
18 2006, and continuing to in or about October 2006, in the State  
19 and Eastern District of California and elsewhere, the defendants  
20 DICKSON HUNG, KAREN LEE, NGAI HUNG, WAYNE FENG and WING CHAN, and  
21 others known and unknown to the Grand Jury, did knowingly devise  
22 and intend to devise a scheme and artifice to defraud various  
23 financial institutions and mortgage lenders and to obtain  
24 property and money from the financial institutions and mortgage  
25 lenders by means of materially false and fraudulent pretenses,  
26 representations, and promises. As a result of the fraud, the  
27 defendants induced the financial institutions and mortgage  
28 lenders to issue approximately \$15,000,000 in residential home

1 loans with a resulting multi-million dollar loss to the financial  
2 institutions and mortgage lenders.

3 III. WAYS AND MEANS

4 7. The ways and means by which the scheme was accomplished  
5 are set out below:

6 8. Commencing no later than in or about March 2006,  
7 defendant DICKSON HUNG devised a scheme to recruit various  
8 individuals, including defendants herein and "straw purchasers,"  
9 to purchase residential properties in the Stockton, California  
10 area for use as indoor marijuana cultivation sites and to  
11 fraudulently obtain residential home loans related thereto.

12 9. Defendant DICKSON HUNG recruited his girlfriend,  
13 defendant KAREN LEE, to purchase two houses in her name and apply  
14 for loans related thereto.

15 10. Defendant KAREN LEE recruited others known to the Grand  
16 Jury to purchase eight additional houses and apply for loans  
17 related thereto. Defendant KAREN LEE and these other individuals  
18 were straw purchasers who did not intend to purchase these homes  
19 for the purpose of residency.

20 11. Defendant DICKSON HUNG recruited defendant NGAI HUNG to  
21 apply for loans to purchase two houses in his name and apply for  
22 loans related thereto. Defendant NGAI HUNG was a straw purchaser  
23 who did not intend to purchase these homes for the purpose of  
24 residency.

25 12. Defendant NGAI HUNG recruited others known to the Grand  
26 Jury to purchase four houses and apply for loans related thereto.  
27 These individuals were straw purchasers who did not intend to  
28 purchase these homes for the purpose of residency.

1 13. An individual known to the Grand Jury (hereinafter  
2 "Third Party Recruiter") recruited defendant WAYNE FENG to  
3 purchase two houses in his name and apply for loans related  
4 thereto. The Third Party Recruiter referred defendant WAYNE FENG  
5 to defendant DICKSON HUNG, who facilitated the home purchases.  
6 Defendant WAYNE FENG was a straw purchaser who did not intend to  
7 purchase these homes for the purpose of residency, and who was  
8 specifically advised that the residences would be used to  
9 cultivate marijuana.

10 14. The Third Party Recruiter recruited defendant WING CHAN  
11 to purchase two houses in his name and apply for loans related  
12 thereto. The Third Party Recruiter referred defendant WING CHAN  
13 to defendant DICKSON HUNG, who facilitated the home purchases.  
14 Defendant WING CHAN was a straw purchaser who did not intend to  
15 purchase these homes for the purpose of residency, and who was  
16 specifically advised that the residences would be used to  
17 cultivate marijuana.

18 15. Defendants DICKSON HUNG, KAREN LEE, NGAI HUNG, WAYNE  
19 FENG, and WING CHAN, entered into contracts to purchase or caused  
20 other straw purchasers to enter into contracts to purchase  
21 various residential properties including residences located at:

- 22 a. 3313 Granite Court, Stockton;
- 23 b. 2433 Wesley Lane, Stockton;
- 24 c. 5444 Beardsley Lane, Stockton;
- 25 d. 5512 Hennesey Drive, Stockton;
- 26 e. 10816 Arrowood Drive, Stockton;
- 27 f. 4113 Mist Trail Drive, Stockton;
- 28 g. 9731 Tommaso Lane, Stockton;

- 1 h. 2150 Swainson Hawk Street, Stockton;
- 2 i. 5850 Dresden Way, Stockton;
- 3 j. 10314 Lanier Lane, Stockton;
- 4 k. 10226 Noyo Lane, Stockton;
- 5 l. 10324 Reflection Lane, Stockton;
- 6 m. 10511 Big Oak Circle, Stockton;
- 7 n. 10325 Almanor Circle, Stockton;
- 8 o. 5926 Rayanna Drive, Stockton;
- 9 p. 3205 Tenaya Lane, Stockton;
- 10 q. 5656 Havencrest Circle, Stockton;
- 11 r. 10615 Willow Glen Circle, Stockton;
- 12 s. 10647 Hidden Grove Circle, Stockton;
- 13 t. 10117 Tiziano Drive, Stockton;
- 14 u. 10350 Galveston Way, Stockton;
- 15 v. 3239 Salvatore Lane, Stockton;
- 16 w. 1822 Amarillo Way, Stockton;
- 17 x. 3728 Silvana Lane, Stockton;
- 18 y. 2324 Lonnie Beck Way, Stockton; and
- 19 z. 3704 Rimini Lane, Stockton.

20 16. Defendant DICKSON HUNG obtained personal identification  
21 information from defendants KAREN LEE, NGAI HUNG, WAYNE FENG,  
22 WING CHAN and other "straw buyers" and transmitted the  
23 information to the Mortgage Broker for use in the mortgage loan  
24 application packages associated with the above-noted property  
25 transactions.

26 17. Defendant DICKSON HUNG, the Mortgage Broker, and others  
27 assisted defendants KAREN LEE, NGAI HUNG, WAYNE FENG, WING CHAN  
28 and the straw purchasers obtain loans to finance the entirety of

1 real estate transactions described above. Defendant DICKSON HUNG  
2 and the Mortgage Broker caused materially false loan applications  
3 and other related loan documents to be prepared and submitted to  
4 the financial institutions and mortgage lenders on behalf of  
5 defendants KAREN LEE, NGAI HUNG, WAYNE FENG, WING CHAN and the  
6 straw purchasers in connection with the real property  
7 transactions described above. Such loan applications and other  
8 documents contained false material representations and omissions  
9 including, among other things:

10 a. False representations/omissions regarding the  
11 buyer/borrower's monthly income;

12 b. False representations/omissions regarding the  
13 buyer/borrower's employment or self-employment history;

14 c. False representations/omissions regarding  
15 buyer/borrower's rental history;

16 d. False representations/omissions regarding the  
17 buyer/borrower's assets including deposits in financial  
18 institutions;

19 e. False letters of reference related to the buyer/borrower;  
20 and false representations regarding the buyer/borrower's intent  
21 to reside at the residence.

22 18. Defendants KAREN LEE, NGAI HUNG, WAYNE FENG and WING  
23 CHAN signed, submitted and caused to be submitted loan and  
24 related loan documents to the financial institutions and mortgage  
25 lenders which contained the material false representations and  
26 omissions noted above.

27 19. Defendant DICKSON HUNG and the Mortgage Broker  
28 submitted and caused to be submitted loan applications and

1 related loan documents executed by the straw purchasers which  
 2 contained the material false representations and omissions noted  
 3 above.

4 20. As part of loan closing, defendants caused the San  
 5 Joaquin County Recorder's Office to record and mail grant deeds  
 6 and deeds of trust to defendants, the straw purchasers and the  
 7 various financial institutions and mortgage lenders,  
 8 respectively.

9 **IV. THE MAILINGS**

10 21. On or about the dates set forth below, in the Eastern  
 11 District of California and elsewhere, for the purpose of  
 12 executing the aforementioned scheme and artifice to defraud, the  
 13 defendants, as charged in the counts below, did knowingly cause  
 14 to be placed in an authorized mail depository for mail matter,  
 15 the matters specified below, to be delivered by the United States  
 16 Postal Service:

<u>COUNT</u>	<u>DEFENDANT (S)</u>	<u>DATE</u>	<u>FROM</u>	<u>TO</u>	<u>ITEM SENT</u>
17 1	DICKSON HUNG NGAI HUNG	5-2-06	San Joaquin County Recorder's Office	NGAI HUNG	Grant Deed re: 3313 Granite Court
18 2	DICKSON HUNG WING CHAN	5-9-06	San Joaquin County Recorder's Office	WING CHAN	Grant Deed re: 2433 Wesley Lane
19 3	DICKSON HUNG KAREN LEE	5-12-06	San Joaquin County Recorder's Office	KAREN LEE	Grant Deed re: 5444 Beardsley Lane
20 4	DICKSON HUNG WING CHAN	5-12-06	San Joaquin County Recorder's Office	WING CHAN	Grant Deed re: 5512 Henesey Drive

<u>COUNT</u>	<u>DEFENDANT (S)</u>	<u>DATE</u>	<u>FROM</u>	<u>TO</u>	<u>ITEM SENT</u>
5	DICKSON HUNG NGAI HUNG	5-16-06	San Joaquin County Recorder's Office	NGAI HUNG	Grant Deed re: 10816 Arrowood Drive
6	DICKSON HUNG WAYNE FENG	5-23-06	San Joaquin County Recorder's Office	WAYNE FENG	Grant Deed re: 4113 Mist Trail Drive
7	DICKSON HUNG KAREN LEE	5-26-06	San Joaquin County Recorder's Office	KAREN LEE	Grant Deed re: 9731 Tommaso Lane
8	DICKSON HUNG WAYNE FENG	6-2-06	San Joaquin County Recorder's Office	WAYNE FENG	Grant Deed re: 2150 Swainson Hawk Street
9	DICKSON HUNG NGAI HUNG	6-2-06	San Joaquin County Recorder's Office	K.Y.	Grant Deed re: 5850 Dresden Way
10	DICKSON HUNG NGAI HUNG	6-7-06	San Joaquin County Recorder's Office	K.Y.	Grant Deed re: 10314 Lanier Lane
11	DICKSON HUNG KAREN LEE	6-8-06	San Joaquin County Recorder's Office	"10226 Noyo Lane"	Grant Deed re: 10226 Noyo Lane
12	DICKSON HUNG KAREN LEE	6-8-06	San Joaquin County Recorder's Office	M.L.	Grant Deed re: 10324 Reflection Lane
13	DICKSON HUNG	6-9-06	San Joaquin County Recorder's Office	V.K.Y.C.	Grant Deed re: 10511 Big Oak Circle
14	DICKSON HUNG	6-12-06	San Joaquin County Recorder's Office	V.K.Y.C.	Grant Deed re: 10325 Almanor Circle
15	DICKSON HUNG KAREN LEE	6-14-06	San Joaquin County Recorder's Office	L.L.	Grant Deed re: 5926 Rayanna Drive

<u>COUNT</u>	<u>DEFENDANT (S)</u>	<u>DATE</u>	<u>FROM</u>	<u>TO</u>	<u>ITEM SENT</u>
16	DICKSON HUNG KAREN LEE	6-19-06	San Joaquin County Recorder's Office	L.L.	Grant Deed re: 3205 Tenaya Lane
17	DICKSON HUNG NGAI HUNG	6-26-06	San Joaquin County Recorder's Office	R.H.	Grant Deed re: 5656 Havencrest Circle
18	DICKSON HUNG NGAI HUNG	7-10-06	San Joaquin County Recorder's Office	R.H.	Grant Deed re: 10615 Willow Glen Circle
19	DICKSON HUNG KAREN LEE	7-11-06	San Joaquin County Recorder's Office	Y.H.D.	Grant Deed re: 10647 Hidden Grove Circle
20	DICKSON HUNG	7-25-06	San Joaquin County Recorder's Office	J.L.	Grant Deed re: 10117 Tiziano Drive
21	DICKSON HUNG KAREN LEE	8-10-06	San Joaquin County Recorder's Office	Y.H.D.	Grant Deed re: 10350 Galveston Way
22	DICKSON HUNG KAREN LEE	8-11-06	San Joaquin County Recorder's Office	X.W.	Grant Deed re: 3239 Salvatore Lane
23	DICKSON HUNG KAREN LEE	8-11-06	San Joaquin County Recorder's Office	X.W.	Grant Deed re: 1822 Amarillo Way
24	DICKSON HUNG	8-17-06	San Joaquin County Recorder's Office	T.L. S.L.	Grant Deed re: 3728 Silvana Lane
25	DICKSON HUNG	8-22-06	San Joaquin County Recorder's Office	S.L.	Grant Deed re: 2324 Lonnie Beck Way

<u>COUNT</u>	<u>DEFENDANT(S)</u>	<u>DATE</u>	<u>FROM</u>	<u>TO</u>	<u>ITEM SENT</u>
26	DICKSON HUNG	9-8-06	San Joaquin County Recorder's Office	T.L.	Grant Deed re: 3704 Rimini Lane


All in violation of Title 18, United States Code, Sections  
1341 and 2.

DATED: October 15, 2009

A TRUE BILL.

/s/ Signature on file w/AUSA

FOREPERSON

  
LAWRENCE G. BROWN  
United States Attorney

**UNITED STATES DISTRICT COURT**

*Eastern District of California*

*Criminal Division*

**THE UNITED STATES OF AMERICA**

vs.

**DICKSON WING KEI HUNG,  
KAREN N. LEE,  
NGAI CHUNG HUNG,  
WAYNE RONG ZHI FENG, and  
WING CHOU CHAN,**

**INDICTMENT**

**VIOLATION: 18 U.S.C. § 1341 - Mail Fraud**

*A true bill,*

*15/*

Foreman.

Filed in open court this *15* day

of *OCTOBER*, A.D. 20 *09*

*[Signature]*  
Clerk.

Bail, \$ **WARRANT: NO BAIL PENDING HEARING** *As to all As*

*[Signature]*

## **PENALTY SLIP**

**DICKSON WING KEI HUNG:** Counts 1 - 26

**KAREN N. LEE:** Counts 3, 7, 11, 12, 15, 16, 19, 21, 22, and 23

**NGAI CHUNG HUNG:** Counts 1, 5, 9, 10, 17 and 18

**WAYNE RONG ZHI FENG:** Counts 6 and 8

**WING CHOU CHAN:** Counts 2 and 4

<b>COUNTS 1-26</b>	18 U.S.C. § 1341 - Mail Fraud	<b>PENALTY:</b>	NMT \$250,000 Fine OR Twice the gain or loss NMT 20 years imprisonment; or Both NMT 3 Years TSR
<b>SPECIAL ASSESSMENT:</b> \$100.00 for each count			