

UNITED STATES DISTRICT COURT
for the
Eastern District of California

United States of America
v.

CHI MENG YANG and
GAOSHENG LAITINEN

Case No. 3:17-mj-0026 CMK

Defendant(s)

CRIMINAL COMPLAINT

I, Dennis F. Hale, the complainant in this case, state that the following is true to the best of my knowledge and belief.

On or about the date(s) of May 17, 2017 - August 31, 2017 in the county of Siskiyou in the Eastern District of California, the defendant(s) violated:

Table with 2 columns: Code Section, Offense Description. Rows include 18 U.S.C. § 371 (Conspiracy to Commit Bribery), 18 U.S.C. § 666(a)(2) (Bribery of a Public Official), and 21 U.S.C. §§ 846 and 841(a)(1) (Conspiracy to Manufacture Marijuana and Manufacturing Over 100 Plants of Marijuana).

This criminal complaint is based on these facts:

SEE ATTACHED AFFIDAVIT

[X] Continued on the attached sheet.

Signature of Dennis F. Hale
Complainant's signature
Dennis F. Hale, Special Agent, DEA
Printed name and title

Sworn to before me and signed in my presence.

Date: 8-30-2017

Signature of Craig M. Kellison
Judge's signature
Craig M. Kellison, U.S. Magistrate Judge
Printed name and title

City and state: Redding, California

AFFIDAVIT OF SPECIAL AGENT DENNIS F. HALE

I, Special Agent Dennis F. Hale, United States Department of Justice, Drug Enforcement Administration, being first duly sworn, hereby state as follows:

Introduction

1. This case was referred to federal authorities by Sheriff Jon Lopey after his meeting with Chi Meng Yang (YANG) on May 17, 2017.
2. This affidavit is submitted in support of (1) a criminal complaint charging YANG and Gaosheng Laitinen (LAITINEN) with violations of federal law, (2) arrest warrants for YANG and LAITINEN, and (3) eight search warrants for properties identified in Attachments A1 to A8.
3. The Drug Enforcement Administration (DEA) and the Federal Bureau of Investigation (FBI), along with the Siskiyou County Sheriff's Office (SCSO), hereafter collectively referred to as the "Investigating Agencies," have been actively investigating the criminal activities of YANG and LAITINEN since approximately May of 2017.
4. The facts and information set forth in this Affidavit are based upon my personal knowledge obtained during this investigation, information provided to me by other investigators, and documents and records obtained as a result of this investigation.
5. Since this Affidavit is submitted for the limited purpose of setting forth probable cause for the requested warrants and complaint, I have not included every fact known to me concerning this investigation. Accordingly, contained herein are facts establishing probable cause to believe that YANG and LAITINEN have committed the following violations: 18 U.S.C. § 371 (Conspiracy to Commit Bribery); 18 U.S.C. § 666(a)(2)

(Bribery of a Public Official); and 21 U.S.C. §§ 846 and 841(a)(1) (Conspiracy to Manufacture Marijuana and Manufacturing Over 100 Plants of Marijuana). I believe evidence of these crimes will be found at the premises to be searched (Attachments A-1 to A-8).

Affiant's Background

6. I, Dennis Hale, am a Special Agent with the United States Department of Justice, Drug Enforcement Administration (DEA) and have been so employed since March 2005. I am currently assigned to the DEA's Redding Post of Duty.
7. I graduated from the DEA Basic Agent Academy at Quantico, Virginia. I have received specialized training in narcotic investigation matters including, but not limited to, drug identification, drug interdiction, drug detection, money laundering techniques and schemes, and asset identification and removal, from the DEA.
8. During my law enforcement career I have managed and participated in numerous investigations, including but not limited to, homicide, rape, robbery, assault, larceny, traffic offenses, and numerous narcotic related offenses. During the course of these investigations, I have conducted numerous interviews with victims, witnesses, and suspects. These interviews have helped form the basis for my opinions.
9. I have also assisted in the execution of numerous search warrants to search premises for controlled substances and/or related paraphernalia, indicia, and other evidence of violations of federal narcotics statutes. As a result, I have encountered and become familiar with various tools, methods, trends, and paraphernalia and related articles used by traffickers in their efforts to import, conceal, manufacture, and distribute controlled substances, including marijuana.

10. As a DEA agent, I have participated in investigations involving individuals and organizations trafficking heroin, cocaine, cocaine base (“crack”), marijuana, methamphetamine, and other controlled substances as defined in Title 21, United States Code, Section 801. I have also participated in the seizure and/or eradication of more than 500,000 marijuana plants cultivated both indoors and outdoors. During these activities, I have personally viewed, touched, examined, and detected the odor from the marijuana plants. I know that marijuana is a Schedule I controlled substance.
11. I have been a case agent in many drug investigations and have talked with confidential informants involved in the trafficking of narcotics. These conversations have helped form the basis of my opinions.
12. Central to most drug trafficking efforts, regardless of the drug, is the trafficker’s goal to make a profit from his or her drug transactions. Accordingly, investigators often find information regarding the financial aspects of drug transactions on premises used by traffickers for the purpose of manufacturing or trafficking in various drugs. Furthermore, because large sums of cash (regularly exceeding \$2,000) are often involved in drug transactions, I believe drug traffickers often possess firearms to protect their proceeds and drugs.
13. It is my opinion that the items listed in Attachment B to the search warrants can be used to manufacture or distribute marijuana, or can constitute evidence of those crimes.
14. I am an “investigative or law enforcement officer of the United States” within the meaning of 18 U.S.C. § 2510(7), that is, an officer of the United States who is authorized by law to conduct investigations and make arrests for the offenses set out in 18 U.S.C. § 2516.

Relevant Facts

YANG attempted to recruit the Sheriff

15. Sheriff Jon Lopey referred this case to federal authorities after his meeting with YANG on May 17, 2017.
16. On May 17, 2017, YANG met with Sheriff Jon Lopey, the elected Sheriff of Siskiyou County (hereinafter Sheriff) at the Sheriff's office in Yreka, California, which is in Siskiyou County and the Eastern District of California. YANG requested the meeting. During the meeting, YANG explained his involvement in a multi-state commercial cannabis (i.e., marijuana) production effort and solicited the Sheriff's support. YANG explained his role to be that of a representative for several families, himself included, that are currently cultivating marijuana in Siskiyou County. During the meeting, YANG offered the Sheriff a donation of \$1,000,000 to the Sheriff's non-profit organization or to a charity of the Sheriff's choosing in exchange for the Sheriff's support in YANG's marijuana cultivation efforts. One of the Sheriff's captains was present during this meeting. After the meeting, the Sheriff reported this encounter to the Investigating Agencies. In response, the Investigating Agencies asked the Sheriff to schedule another meeting with YANG in order to understand the exact nature of YANG'S request/offer.

Yang offered to pay the Sheriff for protection

17. On June 5, 2017, the Sheriff met with YANG at the Sheriff's office for a second time. YANG explained his efforts to obtain commercial cannabis production/distribution permits in Missouri in anticipation of a November 2017 vote to legalize marijuana in that state. YANG was seeking the Sheriff's support regarding his efforts. In essence, it appeared that YANG was growing marijuana in California for distribution in Missouri.

YANG said he would pay the Sheriff a total of \$1,000,000 once he received his revenue from the Missouri cannabis production effort. YANG explained that he wanted “a head start” to be able to supply marijuana in Missouri, which he expected to be able to do upon a vote for legalization. YANG also proposed that he would collect protection fees for the Sheriff from growers in Siskiyou County, and he wanted no law enforcement actions conducted against the operation of two water trucks used to service various outdoor marijuana gardens. YANG acknowledged that Siskiyou County had banned outdoor marijuana grows, and he sought the Sheriff’s protection from others who might report him to law enforcement. YANG offered \$5,000 in cash to the Sheriff for each parcel the Sheriff protected. At the time, YANG discussed a need to protect 10 parcels. He further requested that the parcels (with approximately 99 marijuana plants on each), would not be the subject of any county marijuana enforcement operations. In addition, YANG said he would ensure the families responsible for each of the 10 parcels would later donate an additional \$5,000 per parcel towards the Sheriff’s re-election campaign. This second meeting with YANG at the Siskiyou County Sheriff’s Office was audio and video recorded. At the direction of the Investigating Agencies, the Sheriff later contacted YANG and agreed to accept YANG’S offer.

YANG introduced his sister, LAITEN, to the Sheriff

18. On June 9, 2017, the Sheriff met with YANG and his sister, LAITINEN, at the Sheriff’s office. During the meeting, the Sheriff asked YANG if LAITINEN knew about their agreement. YANG said, he “mentioned some stuff,” but wanted LAITINEN to meet the Sheriff in person so he could explain what they had discussed previously. YANG then told LAITINEN that he asked the Sheriff for protection from law enforcement for “the

families.” The Sheriff and YANG then explained the expectations set forth in their agreement. The Sheriff confirmed to LAITINEN that he would provide protection.

LAITINEN asked, “When you say protection, what does that mean? What does that cover?” After the SHERIFF further clarified that the protection extended to the identified properties, LAITINEN asked, “Are we talking about protection from being raided?” The SHERIFF agreed and LAITINEN said, “Okay.”

19. During the meeting on June 9, 2017, YANG and LAITINEN again offered \$5,000 to the Sheriff for protection against county marijuana enforcement operations. However, they discussed protecting only five parcels, rather than 10 parcels. LAITINEN went on to say that the families responsible for each of the parcels were not comfortable paying the entire \$5,000 up front. LAITINEN proposed that each family pay \$1,000 per parcel initially, with the balance of \$4,000 per parcel paid in December 2017 or January 2018. LAITINEN also proposed that the additional \$5,000-per-parcel donation to the Sheriff’s re-election campaign be paid around the same time (December 2017 or January 2018). LAITINEN told the Sheriff, “Nobody needs to know that we came here today, that we’ve talked to you.” This third meeting at the Siskiyou County Sheriff’s Office was audio and video recorded.

YANG and LAITINEN identify the first set of parcels for the Sheriff to protect

20. On June 13, 2017, YANG and his sister LAITINEN met with the Sheriff again in the Sheriff’s office. During this meeting, YANG gave \$5,000 in cash to the Sheriff for the five parcels they previously discussed. This payment of \$5,000 represented five initial payments for the protection of five parcels. YANG provided the Sheriff a handwritten note with five parcel numbers (APNs). YANG indicated that the following parcels were

the ones he wanted the Sheriff to protect against county marijuana enforcement operations:

- 039-360-480-000 (Premises described in Attachment 2, owner: YANG)
- 100-352-070-000 (Premises described in Attachment 4)
- 100-411-050-000 (Premises described in Attachment 5)
- 100-451-060-000 (Premises described in Attachment 6, owner: LAITINEN)
- 019-050-030-000 (Invalid APN; see below)

YANG also identified one of the watering trucks (mentioned above) as a GMC bearing CA license plate 491553. Finally, YANG gave the Sheriff an additional \$1,000 in US currency as a bonus, which YANG sometimes referred to as a donation. This fourth meeting at the Siskiyou County Sheriff's Office was audio and video recorded.

21. Investigators queried the above parcel numbers online through Siskiyou County records. All the parcel locations were identified with the exception of 019-050-030-000, which did not appear to be a valid automated parcel number (APN).
22. On June 28, 2017, in an unrelated investigation in Siskiyou County, deputies from the Siskiyou County Sheriff's Office executed a state search warrant on APN 109-050-030-000. During the execution of the warrant, they eradicated numerous marijuana plants, and seized approximately 65 pounds of processed marijuana. They detained one of the apparent caretakers of the marijuana garden, who was later identified as one of YANG's parents. While the search warrant was being executed, YANG arrived at the site in a vehicle. The deputies identified him and conducted a search of the vehicle. The search resulted in the seizure of an additional pound of marijuana. YANG was later released from the scene.

23. Shortly after being released from the site of the search warrant, YANG used his cell phone to attempt to communicate with the Sheriff. The Sheriff, however, was unavailable. YANG called and sent text messages. The Sheriff did not return YANG's call until July 3, 2017. The call was recorded. During the call, the Sheriff explained to YANG that parcel number APN 019-050-030-000, which YANG gave to him on June 13, could not be verified or located. The Sheriff questioned YANG about it being a mistake. The Sheriff went on to tell YANG that his deputies did not know that APN 109-050-030-000 was one of the protected properties, as it was not one of the numbers given to him. YANG confirmed the property should have been protected and asked for the seized marijuana to be returned. The Sheriff then asked how much was seized and YANG told him the deputies seized 65 pounds of processed marijuana from the property, and one pound from YANG. YANG went on to say nothing could be done about the marijuana plants, but that he would like the 65 pounds of processed marijuana returned. The Sheriff did not agree to return the marijuana.

YANG and LAITINEN identify a second set of parcels for the Sheriff to protect

24. On July 4, 2017, YANG and LAITINEN again met with the Sheriff in his office. LAITINEN confirmed that the APN previously provided as 019-050-030-000 was incorrect and should have been 109-050-030-000. LAITINEN provided the Sheriff with three additional APNs for protection from marijuana eradication as follows:

- 100-321-140-000 (Premises described in Attachment 3)
- 100-631-030-000 (Premises described in Attachment 7)
- 100-602-140-000 (Premises described in Attachment 8, owner LAITINEN)

LAITINEN indicated that based, in part, on the recent search of 109-050-030-000 (Premises described in Attachment 1) more people were interested in the Sheriff's protection. LAITINEN paid \$3,000 in cash to the Sheriff to protect these three additional parcels from any county marijuana enforcement operations, in addition she provided the Sheriff with a separate envelope that contained an additional \$500 in cash as a second "bonus". The envelope containing the \$3,000 had the three APNs annotated on the outside of it. LAITINEN also provided the street names for all eight parcels that were part of the protection agreement with the Sheriff. The three new parcels, when combined with the parcels provided by YANG during the meeting on June 13, brought the total number of parcels to eight. I will refer to these eight parcels as the "Subject Properties." This fifth meeting at the Siskiyou County Sheriff's Office was audio and video recorded.

YANG expanded his manufacturing operation; more bonuses for the Sheriff

25. On July 25, 2017, YANG met with the Sheriff in the Sheriff's office. YANG explained that he was expanding the marijuana grow on his property (see Attachment 2) to 200 marijuana plants. YANG paid the Sheriff a third bonus of \$500 in cash. YANG asked the Sheriff to have his deputies make personal contact with a marijuana grower at a separate parcel in an apparent effort to get that grower to participate in YANG's protection plan. This sixth meeting at the Siskiyou County Sheriff's Office was audio and video recorded.
26. On August 2, 2017, the Investigating Agencies conducted aerial surveillance at the Subject Properties. A video camera was used to document and record activities at each of the Subject Properties. I later reviewed the video footage and observed that each of the Subject Properties had an outdoor marijuana garden with a significant number of

marijuana plants. The parcel searched on June 28, (Attachment A-1) had been replanted by this time.

27. On August 8, 2017, YANG met with the Sheriff in the Sheriff's office. YANG paid the Sheriff a fourth bonus of \$500 in cash. YANG told the Sheriff he planned to expand the marijuana growing operation at his residence by adding an extra 100 plants in green houses, in addition to the 200 or so plants he is currently suspected to have. YANG told the Sheriff that he plans to harvest his marijuana crop in October or November. YANG told the Sheriff he monitors the marijuana growing at the other seven parcels in addition to monitoring his own plants. YANG also urged the Sheriff to expand the protection agreement to include 40 to 50 parcels the following year. Yang said that larger payments to the Sheriff in the year to come would not be an issue. This seventh meeting at the Siskiyou County Sheriff's Office was audio and video recorded.

Summary

28. YANG is the registered owner of the parcel described in Attachment 2, and LAITINEN is the registered owner of the parcels described in Attachments 6 and 8. During one of their meetings, LAITINEN made a statement to the Sheriff that she did not grow herself. It is unclear to me at this time whether her statement was true, false, or partially true. Based on overflights and the state search warrant executed on June 28, 2017, it appears YANG, LAITINEN, and possibly others are growing marijuana in violation of federal law. These individuals are also growing marijuana in violation of Siskiyou County's ban on outdoor marijuana grows.
29. YANG and LAITINEN ultimately offered \$80,000 to the Sheriff to protect the eight Subject Properties from Siskiyou County's outdoor marijuana enforcement operations


(\$5,000 per property in cash, and an additional \$5,000 contribution per property to the Sheriff's re-election campaign). YANG also offered \$1,000,000 to the Sheriff for the Sheriff's support in YANG's Missouri cannabis production efforts, assuming those efforts were successful. YANG and LAITINEN made two cash payments (totaling \$8,000) toward the promised \$80,000. YANG also gave the Sheriff four cash bonuses, which totaled an additional \$2,500. The Investigating Agencies have secured as evidence all of the cash provided to the Sheriff by YANG and LAITINEN.

30. On June 5, YANG acknowledged that Siskiyou County had banned outdoor marijuana grows, and he sought the Sheriff's protection from those who might report him to law enforcement. YANG also sought assurances that the parcels he discussed with the Sheriff would not be the subject of outdoor marijuana enforcement operations. On June 9, in the presence of the Sheriff and YANG, LAITINEN asked, "Are we talking about protection from being raided?" When the Sheriff agreed, LAITINEN said, "Okay." During the same meeting, LAITINEN told the Sheriff, "Nobody needs to know that we came here today, that we've talked to you." I believe YANG and LAITINEN knew what they were asking the Sheriff to do was illegal and they attempted to conceal their actions.
31. The Sheriff is the agent of a local government (Siskiyou County). Siskiyou County receives over \$10,000 every year in federal HIDTA (High Intensity Drug Trafficking Area) funding. Enforcement of Siskiyou County's outdoor marijuana ban is one of his official duties. Marijuana is currently selling for approximately \$800 to \$1,000 a pound in Siskiyou County, and for more money out of state.

Conclusion

32. Based upon the totality of the facts set forth in this affidavit, there is probable cause to believe that YANG, LAITINEN, and possibly others have committed the following offenses: 18 U.S.C. § 371 (Conspiracy to Commit Bribery); 18 U.S.C. § 666(a)(2) (Bribery of a Public Official); and 21 U.S.C. §§ 846 and 841(a)(1) (Conspiracy to Manufacture Marijuana and Manufacturing Over 100 Plants of Marijuana).
33. I also believe evidence or instrumentalities of these crimes (such as the items listed in Attachment B) will be found at the premises to be searched (Attachments A-1 to A-8).
34. This affidavit is submitted in support of (1) a criminal complaint charging YANG and LAITINEN with violations of federal law, (2) arrest warrants for YANG and LAITINEN, and (3) eight search warrants for properties identified in Attachments A1 to A8.

I declare under penalty of perjury that the statements above are true and correct to the best of my knowledge and belief.



Dennis Hale, Special Agent
Drug Enforcement Administration

Sworn and subscribed to before me this 30th day of August, 2017, at 3:00 a.m./p.m.



Craig M. Kellison
United States Magistrate Judge

APPROVED AS TO FORM BY:

/s/ Michael M. Beckwith

Michael M. Beckwith
Assistant United States Attorney