

U.S. DISTRICT COURT
EASTERN DISTRICT OF WISCONSIN

2015 JUN -3 P 3:09

JON W. SANFILIPPO
CLERK

15-CR-113

UNITED STATES OF AMERICA,

Plaintiff,

v.

MAO PENG,

Defendant.

Case No. 15-CR-

[18 U.S.C. §§ 371 & 1349 &
13 U.S.C. § 305(a)(2)]

INFORMATION

Background Allegations Common To All Counts

THE UNITED STATES ATTORNEY CHARGES:

1. In or about October 2011, Mao Peng (“Peng”) began purchasing luxury vehicles for export to China.
2. Peng initially purchased vehicles for export in his own name but on the false and fraudulent pretenses that he was not purchasing the automobiles for any other persons or entities and that he did not intend to export the automobiles from the United States. Peng did so to conceal the fact that he intended to export the vehicles to ultimate purchasers in China.
3. After luxury vehicle manufacturers BMW, Mercedes, and Porsche learned that Peng had exported vehicles that Peng had purchased from dealerships affiliated with those manufacturers, all three of those manufacturers placed Peng on “auto-exporter” lists, by which those manufacturers prohibited their affiliated dealerships from selling new automobiles to Peng.

4. On or about December 21, 2011, by which date BMW, Mercedes, and Porsche had prohibited Peng from purchasing new automobiles himself, Peng created Longen Trading Limited Liability Company (“Longen Trading”), a Wisconsin-registered company that Peng owned and ran in Kenosha, Wisconsin, and elsewhere, until February 2014.

5. In or about December 2011, Peng began recruiting others to serve as straw buyers in order to facilitate, and to fraudulently conceal from vehicle manufacturers and dealerships, Peng’s continued purchases of new luxury automobiles for export to China. For example, Peng recruited Y.D., T.S., and J.K., initially to serve as straw buyers themselves and, later, to recruit others, including Native Americans residing within Wisconsin and New York, to serve as straw buyers who purchased luxury vehicles for Peng and Longen Trading for export to China.

6. Peng and Y.D. also formed other companies, including CN-Mart Limited Liability Company (“CN-Mart”) and DYX Auto Mart Limited Liability Company (“DYX Auto Mart”), and conducted business under the names United Auto Purchasers (“UAP”) and United Auto Brokers (“UAB”), in order to purchase and export luxury vehicles to China.

7. Between approximately October 2011 and June 2014, Peng and others, including Y.D., acting through Peng’s companies, Longen Trading, CN-Mart, DYX Auto Mart, UAP, and UAB, caused more than 400 new luxury automobiles, having a combined value exceeding \$29 million, to be purchased in the names of more than 100 straw buyers, on the false pretense that the straw buyer was the true buyer and often on the false pretense that the vehicle was not being purchased for the purpose of being

exported from the United States. In fact, Peng and Y.D. caused, or attempted to cause, substantially all the vehicles that they caused to be purchased through straw buyers to be exported from the United States to China.

8. As described below, in the course of conducting this luxury vehicle straw-buyer scheme, Peng conspired with Peng's company Longen Trading, and others to engage in federal criminal offenses, namely, wire fraud, in violation of 18 U.S.C. § 1343; identity theft, in violation of 18 U.S.C. § 1028(a)(7); and export fraud, in violation of 13 U.S.C. § 305(a)(2).

Count 1: Conspiracy to Commit Wire Fraud

THE UNITED STATES ATTORNEY FURTHER CHARGES:

9. Beginning in approximately May 2012, and continuing thereafter until approximately July 2013, in the State and Eastern District of Wisconsin, and elsewhere,

MAO PENG,

the defendant herein, and others, including J.K., and Peng's company Longen Trading, knowingly conspired, among themselves and with others, to commit an offense against the United States, namely wire fraud, in violation of 18 U.S.C. § 1343, by conspiring to defraud the State of Wisconsin of sales tax revenue through a scheme to defraud that involved material misrepresentations, the concealment of material facts, and the use of the interstate wires.

**Conspiracy to evade payment of state sales taxes
by using Native American straw buyers to purchase luxury vehicles**

10. The essence of this conspiracy was to defraud the State of Wisconsin of state and local sales tax revenue on Peng and Longen Trading's purchase of luxury vehicles for export by fraudulently using Native American straw buyers to make those purchases in a tax-exempt manner.

11. As a part of this conspiracy and the underlying scheme to defraud, Peng, Longen Trading, J.K., and others used, as straw buyers, persons who identified themselves as Native Americans and who, under appropriate circumstances, would have been exempt from paying sales taxes on the vehicle purchases had those straw buyers in fact made those purchases on their own behalf and within the State of Wisconsin. Peng, Longen Trading, and J.K. did so on the false pretense that the Native American straw

buyer was the true purchaser of each of the approximately 154 luxury vehicles purchased as a part of this conspiracy when, in fact, Peng and his company Longen Trading were the true buyers of those luxury vehicles.

12. As a part of this conspiracy, Peng, Longen Trading, and J.K. created email accounts in the names of some of the Native American straw buyers and used those email accounts to communicate to vehicle dealerships in a way that would deceive the dealerships into believing that the dealership was communicating with the named straw buyer. Peng and coconspirators also used these email addresses to transmit images of straw buyers' driver's licenses, Native American tax exemption documents, and in many cases, fraudulently created documents such as altered bank statements and altered vehicle insurance certificates bearing the straw buyers' personal identifying information, sometimes without those straw buyers' knowledge and permission.

13. As a part of this conspiracy, Peng and Longen Trading used Native American straw buyers in connection with the purchase of approximately 154 luxury vehicle purchase transactions, having a total purchase price of approximately \$9,132,106.94. Peng and Longen Trading thereby evaded Longen Trading's payment to the Wisconsin Department of Revenue of a total of approximately \$515,964.04 in state and local sales taxes, which Longen Trading, as the true buyer, was legally obligated to pay in connection with the purchase of those approximately 154 luxury vehicles.

14. Through this conspiracy, Peng and Longen Trading caused the Wisconsin Department of Revenue to suffer a loss of approximately \$515,964.04 in state and local sales tax receipts that it was lawfully owed.

**Acts in furtherance of conspiracy to evade payment of state sales taxes
by using Native American straw buyers to purchase luxury vehicles**

In furtherance of the conspiracy, and to effect its objects, Defendant Mao Peng, Longen Trading, and others, known and unknown to the grand jury, committed acts in the Eastern District of Wisconsin and elsewhere, including but not limited to:

15. On or about June 27, 2012, Peng and Longen Trading caused straw buyer O.A., a self-identified Native American, to purchase a 2013 BMW X5 bearing Vehicle Identification Number (“VIN”) 5UXZV4C52D0B05363 at International Autos in West Allis, Wisconsin, on which purchase no state or local sales taxes were ultimately collected.

16. On or about October 24, 2012, Peng and Longen Trading caused straw buyer A.D., a self-identified Native American, to purchase a 2013 BMW X5 bearing VIN 5UXZV4C50D0B16748 at International Autos in West Allis, Wisconsin, on which purchase no state or local sales taxes were ultimately collected.

17. On or about October 24, 2012, Peng and Longen Trading caused straw buyer A.D., a self-identified Native American, to purchase a 2013 BMW X5 bearing VIN 5UXZV4C56D0B16723 at International Autos in West Allis, Wisconsin, on which purchase no state or local sales taxes were ultimately collected.

18. On or about November 13, 2012, Peng and Longen Trading caused straw buyer D.K., a self-identified Native American, to purchase a 2013 Porsche Cayenne bearing VIN WP1AA2A20DLA05330 at International Autos in Waukesha, Wisconsin, on which purchase no state or local sales taxes were ultimately collected.

All in violation of Title 18, United States Code, Section 1349.

Count 2: Conspiracy to Commit Identity Theft

THE UNITED STATES ATTORNEY FURTHER CHARGES:

19. Beginning in approximately June 2012, and continuing thereafter until approximately June 2014, in the State and Eastern District of Wisconsin, and elsewhere,

MAO PENG,

the defendant herein, and others, including Y.D., J.K., and Peng's company Longen Trading, knowingly conspired, among themselves and with others, to commit an offense against the United States, namely, identity theft, in violation of 18 U.S.C. § 1028(a)(7), by conspiring to knowingly transfer, possess, and use, without lawful authority, means of identification of other persons with the intent to commit a violation of federal law, namely, wire fraud, in violation of 18 U.S.C. § 1343, in connection with the purchase of luxury vehicles in the names of other persons, and using the means of identification of those other persons, without lawful authority.

Conspiracy to purchase luxury vehicles via identity theft

20. The essence of this conspiracy was for Peng and Longen Trading to cause luxury vehicles to be purchased for their benefit and for export, via identity theft, that is, by using means of identification that belonged to a past or prospective straw buyer, without that person's permission to purchase the vehicle using his or her identity.

21. The various means of identification unlawfully used as a part of this conspiracy included names, dates of birth, Social Security numbers, and driver's license numbers.

22. Specifically, between in or about June 2012 and June 2014, Peng and Longen Trading conspired with Y.D., J.K., and others to purchase approximately 71

luxury vehicles, having a total purchase price of approximately \$4,212,945.06, using a means of identification belonging to another person, without that person's knowledge or permission and without lawful authority, in connection with a vehicle-purchase transaction that involved a scheme to defraud that Peng had devised and executed as well as the use of interstate wirings.

23. In connection with each of those 71 identity-theft purchases made as a part of this conspiracy, Peng made material misrepresentations, and caused material misrepresentations to be made, as to the true identity of the buyer and as to whether the named buyer had in fact authorized the purchase of the vehicle.

24. Peng also made those material misrepresentations, and caused those material misrepresentations to be made, with intend to defraud the purported buyer and identity-theft victims, the automobile dealerships where the vehicles were purchased, and the manufacturers of the vehicles purchased.

25. As a part of this conspiracy to purchase vehicles by engaging in identify theft, Peng, Y.D., Longen Trading and others conspired to purchase vehicles, for the benefit of Peng and Longen Trading, via such identify theft transactions at dealerships that did not require the purported buyer to be physically present at the dealership in order to consummate the vehicle-purchase transaction.

26. Peng and Longen Trading, and other companies that Peng controlled, then caused, or attempted to cause, those vehicles to be exported from the United States for sales to overseas buyers.

Acts in furtherance of conspiracy to purchase luxury vehicles via identity theft

In furtherance of the conspiracy, and to effect its objects, Defendant Mao Peng, Longen Trading, and others, known and unknown to the grand jury, committed acts in the Eastern District of Wisconsin and elsewhere, including but not limited to:

27. On or about July 31, 2012, Peng and Longen Trading caused a 2013 BMW X6 bearing VIN 5UXFG2C51DL783437 to be purchased in A.D.'s name and using a means of identification that belonged to A.D., without A.D.'s permission, at Zimbrick BMW in Madison, Wisconsin.

28. On or about August 17, 2012, Peng and Longen Trading caused a 2013 Porsche Cayenne bearing VIN WP1AA2A23DLA01966 to be purchased in O.A.'s name and using a means of identification that belonged to O.A., without O.A.'s permission, at Suburban Imports in Farmington Hills, Michigan.

29. On or about December 10, 2012, Peng and Longen Trading caused a 2013 BMW X5 bearing VIN 5UXZ4C55D0B21749 to be purchased in S.C.'s name and using a means of identification that belonged to S.C., without S.C.'s permission, at Concours Motors in Glendale, Wisconsin.

30. On or about February 18, 2014, Peng and Longen Trading caused a 2014 BMW X6 bearing VIN 5UXFG2C54E0H11024 to be purchased in A.S.'s name and using a means of identification that belonged to A.S., without A.S.'s permission, at Husker Auto Group in Lincoln, Nebraska.

31. On or about February 18, 2014, Peng and Longen Trading caused a 2014 BMW X6 bearing VIN 5UXFG2C57E0H10983 to be purchased in A.J.'s name and using

a means of identification that belonged to A.J., without A.J.'s permission, at Husker Auto Group in Lincoln, Nebraska.

All in violation of Title 18, United States Code, Section 371.

Count 3: Conspiracy to Use Automated Export System to Further Illegal Activity

THE UNITED STATES ATTORNEY FURTHER CHARGES:

32. Beginning in approximately June 2012, and continuing thereafter until approximately June 2014, in the State and Eastern District of Wisconsin, and elsewhere,

MAO PENG,

the defendant herein, and others, including Y.D and Peng's company Longen Trading, knowingly conspired, among themselves and with others, to commit an offense against the United States, namely, to use the Automated Export System ("AES") to further illegal activity, in violation of 13 U.S.C. § 305(a)(2).

Conspiracy to use Automated Export System to further illegal activity

33. Under applicable federal export laws, exporters, shippers, and freight forwarders are required to file certain forms and declarations concerning exports of goods and technology, including vehicles, from the United States. For all exports of any commodity valued at or above \$2,500 or for which an export license is required for shipment outside of the United States, an exporter is required to file either a Shipper's Export Declaration ("SED") or enter Electronic Export Information ("EEI") on the Automated Export System ("AES"). This document requests information regarding the identities and addresses of the U.S. shipper/exporter, the ultimate consignee/end-user, any intermediary consignee or forwarding agent, the country of ultimate destination, the export route including ports of export and unloading, and a complete description of the items being shipped, including, for vehicles, the vehicle's VIN and value.

34. The essence of this conspiracy was for Peng and Longen Trading to use the AES system to further and conceal the wire fraud conspiracy and identity-theft conspiracy offenses described in Counts One and Two above.

35. In short, Peng and Longen Trading used the AES to export vehicles that they had caused to be purchased using Native American straw buyers for the purpose of evading state and local sales taxes, as a part of the wire fraud conspiracy, committed in violation of 18 U.S.C. § 1349, as charged in Count One, as well as the vehicles that they had purchased and caused to be purchased as a part of the identity-theft conspiracy, committed in violation of 18 U.S.C. § 371, as charged in Count Two.

36. By using AES, Peng and Longen Trading were able to export those vehicles to overseas buyers; profit from the crimes charged in Counts One and Two; and use those profits to continue engaging in, and thereby further, those crimes.

37. By using AES to export those vehicles, Peng and Longen Trading were also able to conceal, and thereby further, those crimes in that the overseas buyers did not need to re-title the vehicles in the United States. Had those vehicles been re-sold and re-titled within the United States, the Wisconsin Department of Revenue might more readily have discovered the wire fraud conspiracy charged in Count One, and the affected identity-theft victims might more readily have discovered the identity theft conspiracy charged in Count Two.

Acts in furtherance of conspiracy to use the AES to further illegal activities

In furtherance of this conspiracy, and to effect its objects, Defendant Mao Peng, Longen Trading, and others, known and unknown to the grand jury, committed acts in the Eastern District of Wisconsin and elsewhere, including but not limited to:

38. On or about August 22, 2012, Peng and Longen Trading caused the AES to be used in connection with the export of a 2013 BMW X6 bearing VIN 5UXFG2C51DL783437, which had been purchased in the name of A.D. and using a means of identification that belonged to A.D., without A.D.'s permission, at Zimbrick BMW in Madison, Wisconsin.

39. On or about September 2, 2012, Peng and Longen Trading caused the AES to be used in connection with the export of a Porsche Cayenne bearing VIN WP1AA2A23DLA01966, which had been purchased in the name of O.A. and using a means of identification that belonged to O.A., without O.A.'s permission, at Suburban Imports in Farmington Hills, Michigan

40. On or about November 11, 2012, Peng and Longen Trading caused the AES to be used in connection with the export of a 2013 BMW X5 bearing VIN 5UXZV4C50D0B16748, which had been purchased using straw buyer A.D., a self-identified Native American, at International Autos in West Allis, Wisconsin, and on which purchase no state or local sales taxes were ultimately collected.

41. On or about November 11, 2012, Peng and Longen Trading caused the AES to be used in connection with the export of a 2013 BMW X5 bearing VIN 5UXZV4C56D0B16723, which had been purchased using straw buyer A.D., a self-

identified Native American, at International Autos in West Allis, Wisconsin, and on which purchase no state or local sales taxes were ultimately collected.

42. On or about November 23, 2012, Peng and Longen Trading caused the AES to be used in connection with the export of a 2013 Porsche Cayenne bearing VIN WP1AA2A20DLA05330, which had been purchased using straw buyer D.K., a self-identified Native American, at International Autos in Waukesha, Wisconsin, on which purchase no state or local sales taxes were ultimately collected.

All in violation of Title 18, United States Code, Section 371.

Forfeiture Notice


43. Upon conviction of the offense charging a conspiracy to violate Title 18, United States Code, Section 1343, set forth in Count One of this Information, the defendant, Mao Peng, shall forfeit to the United States of America, pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c), any property, real or personal, which constitutes or is derived from proceeds traceable to the offense. The property to be forfeited includes, but is not limited to a sum of money equal to the proceeds derived from the offense.

44. Upon conviction of the offense charging a conspiracy to violate Title 18, United States Code, Section 1028(a)(7), set forth in Count Two of this Information, the defendant, Mao Peng, shall forfeit to the United States of America, pursuant to Title 18, United States Code, Section 982(a)(2)(B), any property constituting, or derived from, proceeds obtained, directly or indirectly, as a result of such violation; pursuant to Title 18, United States Code, Section 1028(b)(5), any personal property used or intended to be used to commit the offense; and pursuant to Title 18, United States Code, Section 1028(h), any illicit identification documents and document-making implements. The property to be forfeited includes, but is not limited to a sum of money equal to the proceeds derived from the offense.

45. If any of the property described above, as a result of any act or omission by a defendant: cannot be located upon the exercise of due diligence; has been transferred or sold to, or deposited with, a third person; has been placed beyond the jurisdiction of the Court; has been substantially diminished in value; or has been commingled with other property which cannot be subdivided without difficulty, the

United States of America shall be entitled to forfeiture of substitute property, pursuant to Title 21, United States Code, Section 853(p), as incorporated by Title 28, United States Code, Section 2461(c).

Dated: May 29, 2015



JAMES L. SANTELLE
United States Attorney

U.S. Department of Justice
 Executive Office for United States Attorneys
 U.S. Attorneys

Name of Defendant: Mao Peng		Address: City, State and Zip Code: In Custody		
Date of Birth: XX-XX- 1989		Occupation: Business Owner		
Name of Defendant's Attorney: Patrick J. Eagan		Address of Defendant's Attorney: Fox Rothschild LLP 2000 Market St Philadelphia, PA 19103-3291 215-299-2825 /Fax: 215-299-2150 Email: pegan@foxrothschild.com		
Name of U.S. Attorney: Scott J. Campbell				
Has warrant been issued? <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO		When? 3/6/2015	By Whom? Magistrate Judge Nancy Joseph	
Has warrant been executed? <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO		When? 3/9/2015	Where?	
Has defendant appeared before a Magistrate? <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO		When? 3/24/2015	Who? Magistrate Judge Nancy Joseph	
Is the defendant in custody? <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO		Where? Kenosha		
Pretrial Scheduling Conference Necessary? <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO				
Issue: WARRANT	SUMMONS	NOTICE	MISDEMEANOR	FELONY
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Milwaukee Case <input checked="" type="checkbox"/> Green Bay Case <input type="checkbox"/> County: Kenosha				
Minor Offense				
Petty Offense				
Arraignment & plea before:		Judge:	Magistrate:	

(The above information to be furnished in duplicate (1 copy for file and 1 copy for Marshal with 2 conformed copies of indictment and/or information of defendant))

THE ABOVE INFORMATION TO BE FURNISHED IF KNOWN

Count	Date	Charge	Penalty
1	May, 2012- July, 2013	<i>18 U.S.C. § 1349 Conspiracy to commit wire fraud</i>	20 yrs. imprisonment, 3 yrs. SR, \$250,000 fine, \$100 SA
2	June 2012-June, 2014	<i>18 U.S.C. § 371 Conspiracy to commit identity left in violation of 18:1028(a)(7)</i>	5 yrs. imprisonment, 3 yrs. SR, \$250,000 fine, \$100 SA
3	June, 2012- June, 2014	<i>18 U.S.C. § 371 Conspiracy to commit identity left in violation of 18:1028(a)(7)</i>	5 yrs. imprisonment, 3 yrs. SR, \$250,000 fine, \$100 SA

Agency/Agent: Secret Service/Jeffrey Ferris

OCDEF: YES NO