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IN THE UNITED STATES DISTRICT COURT
DISTRICT OF UTAH, CENTRAL DIVISION

<p>UNITED STATES OF AMERICA,</p> <p>Plaintiff,</p> <p>vs.</p> <p>CHAOHUI CHEN, WENYI ZHENG, & YU CHENG,</p> <p>Defendants.</p>	<p>INDICTMENT</p> <p>18 U.S.C. § 1349 (Count 1 – Conspiracy to Commit Wire Fraud)</p> <p>18 U.S.C. § 1343 (Counts 2-3 – Wire Fraud)</p> <p>Case: 2:20-cr-00128 Assigned To : Barlow, David Assign. Date : 3/12/2020 Description:</p>
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The Grand Jury Charges:

Count 1
18 U.S.C. §1349
(Wire Fraud Conspiracy)

At all times relevant to this indictment:

1. Defendants CHAOHUI CHEN, WENYI ZHENG, and YU CHENG are Chinese Nationals present in the United States.
2. Beginning at a date uncertain until on or about June 5, 2019, in the District of Utah, and elsewhere, the Defendants CHEN, ZHENG, and CHENG, and others, both known and unknown to the Grand Jury (the “Unnamed Coconspirators”), conspired with each other to defraud victims they contacted on the telephone

and via email communication and stole money from them using false and fraudulent pretenses.

OBJECT OF THE CONSPIRACY

3. The object of the conspiracy was to defraud victims by inducing them through false statements, misrepresentations, deception, fraudulent conduct, and omissions of material facts to purchase prepaid gift cards; and thereafter convincing these victims to share the 16-digit card number and the unique pin number for the gift cards (“gift card information”), then using the victims’ gift card information to purchase new Prepaid gift cards at various department stores in various locations, including Walmart in Utah, thereby causing the money to be diverted for their own personal use and benefit.

MANNER AND MEANS OF THE CONSPIRACY

4. The manner and means by which CHEN, ZHENG, and CHENG and others sought to accomplish the object and purposes of the conspiracy included, among other things, the following:
5. In the typical execution of the scheme, Unnamed Coconspirators made false and fraudulent telephone calls and sent false and fraudulent e-mail communications to victims using different false pretenses, and pretended to be with various legitimate organizations such as the Federal Bureau of Investigation, the Social Security Administration, and Microsoft Corporation.
6. These Unnamed Coconspirators falsely convinced the victims that there were problems with their services/status, convincing such individuals to purchase gift

cards in various denominations under the false pretense of protecting them from some financial harm.

7. These Unnamed Coconspirators then convinced the victims to provide the 16-digit card number and the unique pin number for the gift cards (“gift card information”) to the Unnamed Coconspirators, under the false pretense of satisfying their debt, or restoring their service/status with the organizations.
8. The Unnamed Coconspirators assured the victims that once their gift card information was shared, they would send a Cashier’s check in the amount of the gift card, thus purporting to protect the victims from external fraud.
9. In fact, once in control of these card numbers, the Unnamed Coconspirators contacted CHEN, ZHENG, and CHENG, and provided them with the gift card information so CHEN, ZHENG, and CHENG could convert the gift cards to their own use and benefit.
10. CHEN, ZHENG, and CHENG then redeemed the gift cards at various Walmart stores, by purchasing household items and additional prepaid Walmart gift cards, which they would convert to their own use, and neglected to return any money to the victims through Cashier’s checks or otherwise.
11. In furtherance of the conspiracy, Defendants and their Unnamed Coconspirators made one or more of the following false and fraudulent statements of material fact to the victims:
 - a. Claiming to be from the Social Security Administration calling victim D.S. in Arizona to inform her that her social security number was

compromised and that the FBI was investigating the criminal activity, and advising her to immediately transfer money from her bank accounts onto gift cards, including Walmart gift cards before her accounts would be “frozen” and inaccessible as part of the FBI investigation, which D.S. did.

- b. Claiming that they were from Microsoft Corporation calling victim D.G, who is 86 years old and a vulnerable adult, and representing that D.G.’s Microsoft Office 365 Personal subscription had expired, allowing hackers to access D.G.’s Microsoft account, then representing that in order to restore access to his account, D.G. needed to pay them using prepaid gift cards from Sam’s Club, which D.G. did.

12. Law enforcement was able to recover \$89,000 in unused gift card proceeds attributed to this conspiracy to defraud, while an actual loss amount is unknown.

OVERT ACTS

- 13. In furtherance of the conspiracy, and to effect the object thereof, the Defendants, aiding and abetting each other, caused the use of wire communications in interstate and foreign commerce, to communicate with each other, with banks, and with victims.
- 14. Members of the conspiracy used false pretenses to induce victims to purchase gift cards in various denominations.

15. D.G. used his debit card number ending in 5745 to purchase Walmart Gift Card Numbers ending in 2076, 4254, 6948, and 8131, which were used by CHEN, ZHENG, and CHENG to purchase new Walmart prepaid cards at Walmart stores in Albuquerque, New Mexico.
16. Defendants possessed the “Walmart” Application on their cell phones to make unauthorized purchases from victim D.S. in South Jordan, Utah.
17. Overt acts in furtherance of the conspiracy and attempts to further said conspiracy are also outlined below in the allegations and counts charged in this Felony Indictment.

All in violation of 18 U.S.C. § 1349.

COUNTS 2-3
18 U.S.C. §§ 1343 and 2
Wire Fraud

18. The prior paragraphs 1 – 16 are incorporated as though fully repeated and realleged herein.
19. From on or about a date unknown to the Grand Jury, and continuing to June 5, 2019, in the District of Utah and elsewhere

CHAOHUI CHEN,
WENYI ZHENG
and
YU CHENG,

Defendants herein and their Unnamed Coconspirators, devised a scheme to defraud, and acting with the intent to defraud, to obtain money and property by

means of materially false and fraudulent pretenses, representations, and promises.

20. On or about the dates set forth below, in the District of Utah and elsewhere Defendants, for the purpose of executing the scheme described above, caused to be transmitted by means of wire communication in interstate commerce the signals and sounds described below for each count, each transmission constituting a separate count.

Count	Date	Amount	Description
2	June 5, 2019	\$184.44	U.S. Bank Visa Debit Card number: ending in X928 belonging to victim D.S. was used to purchase Walmart Gift Card Number ending in 6061 in Arizona, which CHEN and ZHENG used to purchase items at Walmart in South Jordan, Utah on June 5, 2019.
3	June 5, 2019	\$200	Cash belonging to victim D.S. was added to Walmart Gift Card Number ending in 6061 in Arizona, which CHEN and ZHENG used to purchase items using a telephone application at Walmart in South Jordan, Utah on June 5, 2019.

All in violation of Sections 1343 and 2 of Title 18 of the United States Code.

NOTICE OF INTENT TO SEEK FORFEITURE

Pursuant to 18 U.S.C. § 981(a)(1)(C) and 28 U.S.C. § 2461(c), upon conviction of any offense charged herein in violation of 18 U.S.C. §§ 1349 or 1343, the defendant(s) shall forfeit to the United States of America any property, real or personal, that

constitutes or is derived from proceeds traceable to the scheme to defraud. The property to be forfeited includes, but is not limited to, the following:

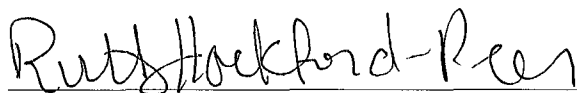
- \$89,000.00 in United States Currency from Incomm Financial Services, Inc., Check number 0001057752, representing the balance for 238 Mastercard stored value cards and stored funds tied to each card included in Attachment A of the seizure warrant.
- \$1,932.00 in United States Currency received from South Jordan Police Department at the time of arrest.
- A money judgment representing the value of any property, real or personal, constituting or derived from proceeds traceable to the scheme to defraud or conspiracy to commit the same and not available for forfeiture as a result of any act or omission of the defendant for one or more of the reasons listed in 21 U.S.C. § 853(p).
- Substitute property as allowed by 28 U.S.C. § 2461(c) and 21 U.S.C. § 853(p).

A TRUE BILL:



FOREPERSON OF GRAND JURY

JOHN W. HUBER
United States Attorney



Ruth Hackford-Peer
Assistant United States Attorney