

# ASIAN ORGANIZED CRIME

HEARING  
 BEFORE THE  
 PERMANENT  
 SUBCOMMITTEE ON INVESTIGATIONS  
 OF THE  
 COMMITTEE ON  
 GOVERNMENTAL AFFAIRS  
 UNITED STATES SENATE  
 ONE HUNDRED SECOND CONGRESS  
 FIRST SESSION

OCTOBER 3, NOVEMBER 5-6, 1991

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# HEARING ON ASIAN ORGANIZED CRIME

THURSDAY, OCTOBER 3, 1991

U.S. SENATE,  
PERMANENT SUBCOMMITTEE ON INVESTIGATIONS,  
COMMITTEE ON GOVERNMENTAL AFFAIRS,  
*Washington, DC.*

The Subcommittee met, pursuant to notice, at 9:05 a.m., in room SD-342, Dirksen Senate Office Building, Hon. Sam Nunn (Chairman of the Subcommittee) presiding.

Present: Senators Nunn, Roth and Seymour.

Staff Present: Eleanore J. Hill, Chief Counsel; Mary D. Robertson, Chief Clerk; Grace McPhearson, Investigator; John Parker, Investigator; Kimberly O'Dell, Staff Assistant; Daniel F. Rinzel, Minority Chief Counsel; Stephen H. Levin, Minority Counsel; Mary E. Michels, Minority Counsel; Scott Orchard, Minority Staff Assistant; Sallie B. Cribbs, Minority Executive Assistant to the Chief Counsel; Carla J. Martin, Minority Assistant Chief Clerk; Leighton Lord, Minority Counsel; J. Caleb Boggs, Legislative Assistant for Senator Roth; Gay Harrington, Investigator; Kim Corthell (Senator Cohen); Betty-Ann Soiefer (Senator Glenn); Rich Ashooh (Senator Rudman); Robert Hoffman (Senator Seymour) and Joel Cliff (Senator Seymour).

## OPENING STATEMENT OF SENATOR NUNN

Senator NUNN. The Committee will come to order.

This morning the Permanent Subcommittee on Investigations begins a series of hearings on the subject of Asian organized crime. The Subcommittee has a long history of studying organized crime.

Today's hearing responds to reports of a frightening increase in violent crime at the hands of Asian gangs and those organized criminals whom they emulate. These gangs have confirmed connections to the highest levels of Asian organized crime both within our country and abroad.

Equally as disturbing, law enforcement officials claim that these same connections are responsible for the significant increase in heroin that is coming into the United States from Southeast Asia.

As recently as September 1989, at the request of the Subcommittee, the General Accounting Office examined information about nontraditional criminal gangs operating in the United States. Included in this study was the growth of Chinese organized crime and Vietnamese gangs. The General Accounting Office report found that "Chinese organized crime controls and dominates the Chinese communities in the United States and is engaged in a variety of criminal activities". GAO also found that the interstate

nature and growing level of violence in the Vietnamese gangs made them worthy of national attention. The Subcommittee's investigation has confirmed these findings.

Chinese organized crime, which will receive the bulk of the attention in today's hearing, is in many ways as mysterious, if not more so, than its portrayal in movies such as "The Year of the Dragon."

For example, this criminal subculture is rooted in distinct groups—triads, tongs and gangs—that are completely unfamiliar to most Americans.

Taken together, these groups create a criminal infrastructure that is not limited to any one region of the country or any single arena of criminal activity. It has been said that tong leaders will engage in any activity, be it criminal or not, that makes a profit. Prostitution, alien smuggling, gun running, money laundering and murder all have proven profitable for Asian organized crime.

I am particularly interested in the law enforcement perspective on this issue, and I thank Judge Sessions and James Moody of the FBI for being with us today. It is important that we have a clear understanding of the frustration and difficulties law enforcement is experiencing in facing Asian criminals.

Some cultural barriers, such as language differences, are obvious while others are more subtle. What are these barriers, and how should we attack them?

There are international problems with extradition treaties, alien smuggling and money laundering that we must examine. The lack of adequate information sharing and communication among our own law enforcement bodies is another problem we need to address. And, finally there is the concern that has been expressed over the return of Hong Kong to the People's Republic of China in 1997; what impact will this have on Asian crime in the United States?

At this time I would like to congratulate Senator Roth, the Subcommittee's ranking minority member, for his leadership in this area and for the outstanding work the minority staff has done in connection with our staff in preparing for today's hearing.

Senator Roth, you have taken the lead today in this investigation. I am going to have to be in and out, but I will be here as much as I possibly can. I'd like to hear all the testimony, and I'll be following it carefully, but we have a continuation—an unexpected continuation—of the Gates nomination. It is taking a lot longer than any of us anticipated. And, being a member of the Intelligence Committee, I must be there for a considerable amount of time.

#### PREPARED STATEMENT OF SENATOR NUNN

This morning the Permanent Subcommittee on Investigations begins a series of hearings on the subject of Asian Organized Crime. This Subcommittee has a long history of studying organized crime, in an effort to focus congressional and public attention on a very real threat. This morning's subject, Asian organized crime, has proven to be no less interesting or challenging than other, more traditional and more established, aspects of organized crime, such as La Cosa Nostra.

Today's hearing responds to reports of a frightening increase in violent crime at the hands of Asian gangs and those organized criminals whom they emulate. These gangs have confirmed connections to the highest levels of Asian organized crime, both within our country and abroad. Equally as disturbing, law enforcement offi-

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Chinese organized crime, which will receive the bulk of the attention in today's hearing, is in many ways as mysterious, if not more so, than its portrayal in movies such as "The Year of the Dragon." For example, this criminal subculture is rooted in distinct groups—triads, tongs and gangs—that are completely unfamiliar to most Americans.

"Triads," currently operating out of Hong Kong, are the oldest and most structured of these criminal organizations. They date back to the Chinese secret societies of the 17th century, who took vows of secrecy, loyalty and order as means of self-protection from the corrupt Ch'ing dynasty. When the Ch'ing government collapsed in 1912 and the Republic of China was established, some of these societies turned to crime while continuing to invoke these self-protection rituals.

"Tongs" referred to "meeting halls" or "gathering places" that were formed in the U.S. in the mid-19th century by the Chinese as social, business, and cultural self-help groups. Because tong leaders were business or political leaders in their Chinatowns, organized crime leaders sought the benefits of these associations. Today police believe that the leadership of some local tongs control the incredibly lucrative gambling establishments in Chinese communities, the monetary backbone of the Chinese underworld. A number of tong leaders, although for the most part acting independently, have been identified by law enforcement officials as "front men" in international heroin trafficking.

Asian gangs in the United States, especially those of Chinese origin, are generally controlled by the local tongs for whom they provide protection. At the same time, gangs regularly extort merchants or restaurateurs in Chinese communities by collecting protection money or selling greatly overpriced products. A refusal to pay often triggers the extreme violence characteristic of these gangs, violence that is only exceeded by that seen in bloody gang wars. The triad cultural influence on tongs and gangs and its strong emphasis on order, secrecy and loyalty, creates a hurdle that is very difficult for law enforcement to penetrate.

Vietnamese gangs will also receive a good bit of attention today simply because of the notoriously violent devastation they have imposed in their own communities. We will hear from witnesses today, victims of the Vietnamese Born to Kill gang, who hopefully can convey to us a sense of the brutal reality of these crimes.

Taken together, these groups create a criminal infrastructure that is not limited to any one region of the country or any single arena of criminal activity. It has been said that tong leaders will engage in any activity, be it criminal or not, that makes a profit. Prostitution, alien smuggling, gun running, money laundering and murder all have proven profitable for Asian organized crime.

I am particularly interested in the law enforcement perspective on this issue and I thank Judge Sessions and James Moody of the FBI for being with us today. It is important that we have a clear understanding of the frustration and difficulties law enforcement is experiencing in facing Asian criminals. Some cultural barriers, such as language differences, are obvious while others are more subtle. What are these barriers, and how should we attack them? There are international problems with extradition treaties, alien smuggling and money laundering that we must examine. The lack of adequate information sharing and communication among our own law enforcement bodies is another problem we need to address. And finally, there is the concern that has been expressed over the return of Hong Kong to the People's Republic of China in 1997. What impact will this have on Asian crime in the United States?

At this time I would like to take a moment to congratulate Senator Roth, the Subcommittee's Ranking Minority Leader, for his leadership in this area and for the outstanding work the minority staff has done in preparing for today's hearing.

I also want to thank all the witnesses for appearing today. Hopefully this will be an enlightening day for us all.

Senator NUNN. So Senator Roth, I will turn the gavel over to you this morning and congratulate you and Dan and others again for your good efforts on this investigation. I'd also like to thank Grace McPhearson on our staff, for what she has done as well as others who worked with you all in putting this together.

Congressman Wyden, we are pleased to have you here this morning, and we'll hear from you after Senator Roth makes his remarks.

#### OPENING STATEMENT OF SENATOR ROTH

Senator ROTH. Thank you, Mr. Chairman. I appreciate your help and cooperation and the excellent assistance we have had from your staff.

Mr. Chairman, in 1986, this Subcommittee held a series of hearings on emerging criminal groups. At those hearings, witnesses identified challenges posed to United States law enforcement by a variety of newly emerging criminal groups in the United States. In the last 5 years, these challenges have continued to grow, and while the U.S. law enforcement authorities, especially the FBI, continue to make progress in the fight against traditional organized crime groups such as La Cosa Nostra, it is not clear what progress, if any, is being made in respect to these newly emerging organized criminal groups.

For example, there is strong evidence that the heroin trade in the United States, formerly dominated by LCN, has been substantially taken over by Chinese criminal groups. One of our purposes today is to identify and assess the nontraditional emerging crime groups that have the potential to develop into future LCNs and to make certain that our law enforcement has the necessary tools to prevent this from happening.

The focus of today's hearings will, of course, be the Chinese criminal groups. We will hear about century-old secret criminal societies known as "triads" as well as merchant associations known as "tongs" that in some cases—but by no means all—function as international criminal organizations. And finally we will hear about a new generation of shockingly violent Vietnamese and Chinese street gangs.

Chinese organized crime groups deserve urgent attention for several reasons. Crime perpetrated by Chinese criminal groups is becoming more widespread and is being committed at previously unheard of levels. Criminal activity in Chinatowns across the country has expanded from longstanding enterprises such as protection rackets, gambling and prostitution into more widespread extortion, money laundering, armed robbery and what is called home invasions, as well as highly profitable narcotics and illegal alien smuggling operations.

One only has to read the headlines for the alarming evidence of this escalating crime wave. In 1989, Federal authorities seized over \$1 billion worth of heroin in a single operation against Chinese criminal groups. Greatly increased opium production in the Golden Triangle of Southeast Asia and an alarming rise in the purity of street-level "China White" heroin in the United States have allowed Chinese criminal groups to effectively drive out the competi-

tion in heroin trafficking in the United States. Given the incredible profit margin for these importers, these Chinese criminal groups, if left unchecked, are going to become much richer and much more powerful.

A degree of special urgency is added to this situation by the fact that Hong Kong—the long-time capital of Chinese organized crime—will in 1997 revert to the mainland. And just as many Chinese criminal elements fled to Hong Kong when the Communists took over in 1947, it may be that many criminals will soon attempt to leave Hong Kong and set up their organizations elsewhere. We know that some ties between Chinese criminal elements in this country and in Hong Kong have already been established. Hopefully these hearings will enable us to better understand those ties and particularly their implications for the future.

One thing must be made absolutely clear. The vast majority of Asian Americans, especially Chinese Americans and Chinese immigrants, are hard-working, law-abiding citizens. Indeed, there is probably no other group of immigrants that is harder working, has fewer welfare recipients, or has overcome more blatant discriminatory treatment than Chinese immigrants in America. Only a small fraction of the Chinese community is involved in criminal activities. These same law-abiding Chinese communities are, however, victimized on a daily basis by that one percent that has turned to crime.

There is unfortunately an often unspoken, but nevertheless widely held view that because most Asian criminal activities are directed against Asians, the rest of us need not concern ourselves. I emphatically reject that point of view, first, because all residents of the United States are entitled to protection, whatever their background, and second, because history demonstrates that all organized criminal groups in the United States, whatever their ethnic origin, eventually extend their corrupting tentacles to the larger community as they seek more power, influence and money.

Mr. Chairman, we are pleased to have the Director of the FBI, and we are looking forward to his testimony as well as the others.

Again, I thank you for your cooperation and support.

#### PREPARED STATEMENT OF SENATOR ROTH

Today the Permanent Subcommittee on Investigations will conduct the first in a series of hearings on Asian Organized Crime. I want to commend our Chairman, Senator Nunn, for calling this hearing and for the excellent cooperation and support he and his staff have extended.

In 1986, this Subcommittee held a series of hearings on emerging criminal groups. At those hearings, witnesses identified challenges posed to U.S. law enforcement by a variety of newly emerging criminal groups in the United States. In the last five years, those challenges have continued to grow as many of these groups have expanded their criminal activities. While U.S. law enforcement authorities, particularly the FBI, continue to make great progress in the fight against traditional organized crime groups such as La Cosa Nostra, it is not at all clear what progress, if any, is being made in preventing these newly emerging organized criminal groups from simply stepping in and replacing the LCN. For example, there is strong evidence that the heroin trade in the United States, formerly dominated by LCN, has been substantially taken over by Chinese criminal groups. One of our purposes today is to identify and assess the non-traditional emerging crime groups that have the potential to develop into future LCNs, and to make certain that law enforcement has the necessary tool to prevent this from happening.

The focus of today's hearing will be Chinese criminal groups. We will hear about centuries old secret criminal societies known as "triads" as well as merchant associations known as "tongs" that, in some cases, function as international criminal organizations. And finally we will hear about a new generation of shockingly violent Vietnamese and Chinese street gangs. Chinese organized crime groups deserve urgent attention for several reasons.

Crime perpetrated by Chinese criminal groups is becoming more widespread and is being committed at previously unheard of levels. Criminal activity in Chinatowns across the country has expanded from longstanding enterprises such as protection rackets, gambling, and prostitution into more widespread extortion, money laundering, armed robbery and home invasions, as well as highly profitable narcotics and illegal alien smuggling operations.

One only has to read the headlines for the alarming evidence of this escalating crime wave.

In 1989 federal authorities seized over \$1 billion worth of heroin in a single operation against Chinese criminal groups. Earlier this year, authorities in New York arrested 13 people from the Fukien province in China for kidnapping, torturing and shackling fellow illegal immigrants who had not paid the standard \$30,000 per-person smuggling fee to the ring that smuggled them into the United States. This past summer, federal authorities in Boston cracked an international multi-million dollar drug money laundering operation based in that city's Chinatown.

Greatly increased opium production in the Golden Triangle of Southeast Asia, and an alarming rise in the purity of street level "China White" heroin in the United States have allowed Chinese criminal groups to effectively drive out the competition in heroin trafficking in the U.S. Given the incredible profit margins for heroin importers, these Chinese criminal groups, if left unchecked, are going to become much richer and much more powerful.

A degree of special urgency is added to this situation by the fact that Hong Kong—the long time capital of Chinese organized crime—will in 1997 revert to the control of the communist Mainland. Just as many Chinese criminal elements fled to Hong Kong when the Communists took over in 1947, it may be that many criminals will soon attempt to leave Hong Kong and set up their organizations elsewhere. We know that some ties between Chinese criminal elements in this country and in Hong Kong have already been established. Hopefully these hearings will enable us to better understand those ties and their implications for the future.

One thing must be made absolutely clear: the vast majority of Asian-Americans and particularly Chinese Americans and Chinese immigrants are hard-working and law-abiding citizens. Indeed, there is probably no other group of immigrants that is harder working, has fewer welfare recipients, or has overcome more blatant discriminatory treatment than Chinese immigrants to America. Only a small fraction of the Chinese community is involved in criminal activities. These same law abiding Chinese communities are, however, victimized on a daily basis by that one percent that has turned to crime.

There is, unfortunately, an often unspoken but nevertheless widely held view that because most Asian criminal activities are directed primarily against Asians, the rest of us need not concern ourselves. I emphatically reject that view. First, because all residents of the United States are entitled to protection from criminal predators, whatever their ethnicity; second, because history demonstrates that all organized criminal groups in the United States, whatever their ethnic origin, eventually extend their corrupting tentacles to the larger community as they seek more power, influence and money.

We are pleased to have FBI Director Sessions here today. Following Director Sessions, we will hear from a number of other important witnesses including several local law enforcement officers as well as some victims of Asian gangs and an individual with extensive inside knowledge of Chinese organized crime activity in the United States today.

Again, thank you, Mr. Chairman, for your cooperation and support.

Senator NUNN. Congressman Wyden, we swear in all of the witnesses before this Subcommittee—staff, Senators, Congressmen, head of the FBI, everyone—so if you don't mind, we'll ask you to take the oath this morning.

Mr. WYDEN. Mr. Chairman, that's the practice of my Subcommittee as well, and I am happy to do so.

Senator NUNN. I don't do it in Armed Services Committee, but we do it in this Committee. So do you swear the testimony you give

before this Subcommittee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. WYDEN. I do.

Senator NUNN. Congressman Wyden, we are glad to have you this morning, and we appreciate your leadership in this area. We look forward to hearing from you.

**TESTIMONY OF HON. RON WYDEN,<sup>1</sup> A REPRESENTATIVE IN  
CONGRESS FROM THE STATE OF OREGON**

Mr. WYDEN. Mr. Chairman, thank you very much.

You have done such a superb job in investigative work for many years in the Congress, and it is a privilege to be before your Subcommittee. I very much appreciate the courtesy that you and the staff have shown to me.

I too want to commend the leadership of Senator Roth, who has been so active in this fight and I think catalyzed Congressional action on this issue. Senator Roth, we are very appreciative, and a lot of us in the Congress are going to try to pick up and complement the excellent efforts that you have made and want to tackle this in a bipartisan fashion.

Mr. Chairman and Senators, Asian crime is a new, frightening and growing threat to many communities from coast to coast. West Coast communities are especially concerned because we are in the eye of the storm as the gateway to the Pacific Rim. The organizations that we are talking about are a farflung international network of crime, incorporated. They are in the business of virtually anything illegal, but they specialize in extortion, narcotics trafficking, gambling, labor racketeering, money laundering, loan sharking, murder for hire, and even political assassination.

FBI agents have told me that part of the Asian gang problem at home in my district in Portland is rooted in the triads of Taiwan and Hong Kong. In addition, they have told me that the leaders of these criminal organizations work closely with other crime networks such as La Cosa Nostra. I am sure the Subcommittee's investigators are finding similar information across the country.

The criminal activity in Portland is most visible on the streets of our Chinatown community, and just a few facts lay out our predicament. In less than 2 years, the Asian gang population in Portland has more than quadrupled according to the Portland police bureau. There has been a fivefold increase in Asian gang-related crime in this period. This year Portland police are dealing with 7 times the number of Asian gang-related violent incidents than they had in 1989. Portland police are expecting even a more dramatic increase in Asian gang activity and organized crime in the next 2 years.

We already know that the Asian crime leaders that are based in San Francisco are also perpetrating crimes in Portland. These organizations are closely linked because they can tap Portland's proximity to San Francisco. As just one example, the Portland police have found that the San Francisco gang war between the Wah Ching gang and the Wo Hop To triad is now bleeding into Portland. Both organizations have established Portland as a network,

<sup>1</sup> The prepared statement of Representative Wyden appears on page 217.

an underworld haven for criminals who are escaping execution in San Francisco.

Further, the Portland police have also found that the Portland Wah Ching have been sending so-called "soldiers" to San Francisco as reinforcements. All four of the best-known crime-influenced gambling tongs are now present in Portland.

Portland's Asian community and Asian crime problem is not limited just to Chinese organizations. The Southeast Asian community has also been victimized. Nomadic Vietnamese gangs such as the "V" Boys in Portland are doing a vigorous business in extortion, fencing of stolen goods and automobile theft rings supplying Asian "chop shops" where cars are dismantled and sold for parts.

The most frightening crime specialty of the "V" Boys is home invasion robbery, where citizens are violently assaulted in their own homes and continually terrorized until the gang is satisfied that the victims have relinquished all of their valuables.

The Portland "V" Boys have now taken their terror trade to cities across this country including Philadelphia, Boston, and Biloxi.

In addition, Portland investigators have identified members of Japanese organized crime groups arriving on flights from Tokyo at Portland International Airport. Portland has been identified by the FBI as one city on a short list which can expect to be most immediately affected by these groups known as the Boryokudan. The Boryokudan specialize in narcotics trafficking. Further, they mingle their ill-gotten gains with legitimate Japanese investment in the United States, especially in real estate and development.

Mr. Chairman and Senators, let me conclude with just a couple of points in terms of what I think needs to be done for the future. First, and I believe most important, law enforcement has got to be more aggressive and more active at recruiting personnel to join their ranks from the Asian community. If there is going to be a comprehensive effort to overcome many of the cultural and language barriers which currently impede investigations, the single best step that can be taken by law enforcement is to recruit more Asian Americans to this field. And I want to commend the FBI in particular because they have been talking with my office about doing this in Portland, and I know they are making steps across the country.

Second, it seems to me there have to be new outreach efforts to newly-immigrated members of the Asian community. What we are finding in the Portland area is that many of those that are most directly affected—this is Asian or Asian crime—and as Senator Roth correctly states, the vast majority of our Asian American citizens are law-abiding and contributing members to the community, and what is happening is that those who are law-abiding, who are being extorted and are being threatened are simply fearful of coming forward. So we are going to have to make new outreach efforts to develop the trust of those people in the communities that Senator Roth so correctly states and making such a great contribution to our society.

Third, Mr. Chairman, more resources have to be brought to bear on the problem. In response to my request, the FBI has indicated that in the past, the Portland office has not devoted sufficient re-

sources to the problem of crime in the Asian community. Again, the FBI in our community has gone on the affirmative and gone on the offensive to deal with it, and under the leadership of Danny Colson who runs the Portland office, they have recently announced at a meeting that I joined them for at home that they are going to make new efforts to offer additional resources to deal with this problem.

Fourth and finally, Mr. Chairman, there has got to be a better effort to share information between law enforcement agencies. What we are hearing on the West Coast—and I am sure the Committee hears about this across the country—is that there are still an awful lot of turf battles which obstruct the sharing of information, and given the mobility and the ingenuity of these gangs, it is awfully important to have the latest intelligence, and to do that we've got to make sure that law enforcement people are sharing information.

Portland has an old and significant Asian heritage. At one point in our history, Portland had the second-highest Chinese population in the country. This is an especially important concern of our citizens because as a gateway to the Pacific Rim, we are in the eye of the storm, and we are going to experience at this juncture what is likely to be the greatest growth in this problem.

I would like to conclude, Mr. Chairman, with just one comment about what I have seen in the fairly short time that I have been in public service. When I came to the State of Oregon, we essentially had no crime. People left their car doors unlocked, they left their windows open, and you would probably have called it a "crime spree" if a neighbor borrowed somebody's lawnmower and brought it back in the morning. That was the kind of crime we had when I came to school at home in Oregon. Now things have changed and changed very dramatically. To be faced with this kind of assault, organized crime in Portland is something that is very new, something that is very threatening and clearly growing. And I am just very appreciative of the chance to work with you, Mr. Chairman, on a bipartisan basis with Mr. Roth, and I know Mr. Seymour is very concerned about it because we share that I-5 corridor, and that's how they are coming up; they are coming up the I-5 corridor from the State that Mr. Seymour represents, right to my Congressional District. So this is a special problem for us on the West Coast.

I thank you for your graciousness and that of the staff on both sides of the aisle for working with us.

Senator NUNN. Thank you very much, Congressman. We appreciate your leadership and particularly your useful suggestions. I think all of them are very constructive, and I am sure that we'll get Director Sessions' view of some of those suggestions when he testifies.

Senator Roth.

Senator ROTH. I too want to thank you for your very dramatic account of what has happened in the beautiful City of Portland, and we look forward to working with you.

Mr. WYDEN. Thank you, Senator.

Senator NUNN. Senator Seymour, do you have any questions?

Senator SEYMOUR. No, Mr. Chairman, thank you.

Senator NUNN. Thank you very much, Congressman. We appreciate you being here.

Mr. WYDEN. Thank you, Mr. Chairman.

Senator NUNN. It is with great pleasure that I welcome FBI Director William Sessions. Judge Sessions is no stranger to the Permanent Subcommittee on Investigations, having testified before us on many occasions regarding the FBI's efforts directed against all kinds of organized crime in the United States.

Mr. Director, I want to thank you publicly for your outstanding cooperation and that of your organization, the FBI, with this Subcommittee in this investigation as well as others. The FBI has been of great assistance in helping us understand the scope of Asian organized crime and the challenges it presents to law enforcement.

I will give both of you the oath. Do you swear the testimony you will give before this Subcommittee will be the truth, the whole truth and nothing but the truth, so help you God?

Mr. SESSIONS. I do.

Mr. MOODY. I do.

Senator NUNN. Senator Seymour, would you like to make remarks at this time, and then we'll call on Director Sessions.

#### OPENING STATEMENT OF SENATOR SEYMOUR

Senator SEYMOUR. Thank you very much, Mr. Chairman.

Mr. Chairman, I commend you for calling this hearing today and join you in welcoming our distinguished witnesses, especially Director Sessions.

The battle against Asian organized crime has intensified greatly over the last 25 years. During that same period, the drug war has also increased in its scope and has spawned the growth of violent and other property-related crimes.

The link between Asian gang crime and the drug war is hardly coincidental. It is an understatement to even say that the two are incidental. As the FBI reported 2 years ago, the illegal drug trade appears to be the vehicle which will move Asian criminals into the mainstream of America today. This linkage has indeed occurred in my home State of California. The number and size of organized Chinese gangs, especially in the Bay area, has increased. Also, there has been a growing presence of Vietnamese gangs in San Francisco and Sacramento.

Earlier this year, in fact, my fellow Californians watched their televisions in horror as a Vietnamese gang opened fire on innocent citizens held hostage in an electronics store in Sacramento.

Growing instances of drug trafficking by Asian gangs in California are numerous and well-documented, including the recent record seizure of 1,080 pounds of heroin in Hayward by the Drug Enforcement Administration. The head of San Francisco's DEA office, Robert Bender, felt that this bust had ripped the heart out of a major Asian smuggling ring.

Of course, Asian gangs have stretched their activities into virtually all facets of organized crime. Besides drug trafficking, Asian crime syndicates have taken part in activities that include racketeering, money laundering, armed robbery, prostitution, and even home invasions within the Asian community itself.

But probably the most tragic aspect of Asian gang activity is the fact that these gang members are as young as 11 years old. Rather than being recruited for little league baseball, to speech or drama teams, these kids are being lured to contribute not to community pride, but to community pain and crime.

It is for our Nation's youth that we must pursue initiatives to achieve victory over any and all criminal gang activity. Indeed, every victory in the fight against criminal gangs is important, but it is efforts like those in Hayward which are most critical, for they strike a double blow at both the illicit drug trade and organized Asian crime. Thus we must use this hearing to explore the interrelated problem of drug trafficking and Asian gang violence, but to suggest current and future proposals to eradicate them.

Earlier this year, I joined with my friend and colleague from Pennsylvania, Senator Specter, to introduce a comprehensive anti-gang strategy. Our legislation would call for the creation of a Federal anti-gang unit whose mission is to coordinate strategies to combat crime violence with State and local law enforcement.

I have also introduced legislation that establishes new penalties against those who assist or further criminal gang activity or commit Federal crimes on behalf of criminal gangs.

From the Golden Dragon Restaurant killings of 1977 to the recent rash of assassinations between rival gangs, Asian gangs have terrorized the people of my State and damaged parks, schools and communities throughout California. Their contribution to a drug war of trafficking and violence is unmistakable.

I look forward to hearing from and working with the witnesses here to direct our resources to efforts that will bring this organized criminal activity to an end. But as some of the witnesses here no doubt know, organized crime and violence is not the exclusive activity of Asian gangs. They are but one element in a larger picture of gang activity that has reached international proportions.

Therefore, as we consider methods today to strike back at the Asian gangs, I hope we can direct future efforts to addressing this problem on a much larger scale.

Thank you, Mr. Chairman.

Senator NUNN. Thank you, Senator.

Director Sessions, before you testify, let me just say that though this is not the subject of this hearing, I think the FBI deserves a lot of credit for what it is doing to combat terrorism in this country. So many times people read that everything is going wrong in Government—and there are many problems that we need to address—but occasionally we ought to say what is going right. I think it is no coincidence that even during the Persian Gulf war and its aftermath, we did not experience the kind of terrorism that many people, many experts with a lot of evidence, predicted. I don't think that is a coincidence so I commend you and all of your people who work in that area; unsung heroes though they be, we do appreciate them.

Mr. SESSIONS. Thank you, Mr. Chairman.

So much of that flows, as you know, from the strong international cooperation of law enforcement agencies, the sharing of intelligence and the kinds of things that Senator Seymour refers to as being absolutely essential. The FBI does not do it alone; it does it

because of a strong interrelationship between the law enforcement community, State, Federal, local, international, and I appreciate your awareness of that.

Senator NUNN. Good. Thank you. We'll hear from you this morning, and again we're glad to have you.

**TESTIMONY OF WILLIAM S. SESSIONS,<sup>1</sup> DIRECTOR, FEDERAL BUREAU OF INVESTIGATION, ACCOMPANIED BY JAMES E. MOODY, SECTION CHIEF, ORGANIZED CRIME, FBI**

Mr. SESSIONS. Thank you, Senator. It is a pleasure to be here, Mr. Chairman, and to have the opportunity to come and share with this Committee my views on Asian organized crime and their presence in the United States.

Of course, the emergence of a significant Asian organized crime and the presence in the United States is rapidly changing what I would term the criminal threat facing law enforcement.

These organizations have displayed considerable violence in their criminal activities, routinely, as each of the Senators have noted, perpetrating such crimes as murder, extortion, kidnapping, gambling, prostitution, illegal narcotics, money laundering, and dreadful home invasions.

This growing crime problem must be addressed aggressively, and I am confident the FBI is doing just that. I appreciate this Subcommittee's interest in the FBI's strong effort to combat what is truly an emerging threat.

At this point I would like to be sure that the record is clear from the FBI's perspective. I am addressing only the activity of that very small segment of the ethnic Asian population. As you know and the FBI recognizes, the vast majority of ethnic Asians are law-abiding and have made and will continue to make substantial contributions to our society.

As a direct result of the violence associated with Asian organized crime, and with other organized criminal gang violence, 2 years ago, in 1989, I established crimes of violence as a national priority for the FBI. This is in recognition of violent crime, including illegal gang activity, as one of the most significant crime issues we are addressing. Making violent crimes a priority therefore brings to bear several successful investigative programs as well as focusing our resources on a criminal issue of great national concern.

In addition and equally important, we have made our substantial investigative and forensic support services available to State and local law enforcement agencies as they confront those very same issues. We believe strongly in a Federal, State and local partnership approach. Task forces have proven effective, capitalizing on the resources and expertise of all participants.

I would like to assure this Committee that the FBI is fully committed to the investigation of violent crimes. By establishing crimes of violence as a national priority, we have accepted the responsibilities and the challenge of aggressively investigating Federal crimes where they involve violence.

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<sup>1</sup> The prepared statement of Mr. Sessions appears on page 220.

As this Committee is so acutely aware, organized crime remains a significant international problem facing not only the rest of the world but the United States. Organized crime, as the FBI defines it, is any continuing and self-perpetuating criminal conspiracy, usually fed by fear and corruption, and, of course, motivated by greed. Organized crime groups maintain their positions through the use of violence or threats of violence, corruption of public officials, and by extortion. One group has historically epitomized this definition: La Cosa Nostra or, as we know it and refer to it, the LCN.

The objective of the FBI and Department of Justice organized crime national strategies is quite simple: To attack and eliminate LCN organizations and hierarchies as well as any other organized crime groups that pose significant threats to American society. This includes what I would refer to as non-traditional organized crime groups. They are becoming no less of a threat.

Our game plan is simple. The FBI strives to accomplish this formidable task through sustained, coordinated investigations that support successful prosecutions.

Since 1981, the FBI has successfully employed what we refer to as the enterprise theory of investigation to thwart the LCN. With this philosophy, which includes the expanded use of the RICO statute, the FBI has literally decimated the hierarchy of the most powerful LCN families. Using sophisticated undercover techniques and operations and court-authorized electronic surveillances, we investigate a criminal enterprise as an entity, rather than investigate each member or each particular crime separately. We seize and forfeit their assets, put them out of business and into prison. I am proud to say that this strategy has worked well, and I appreciate once again the strong support that this Subcommittee has given to the FBI in this endeavor.

Along with our attack on the LCN, the FBI has, for over a decade now, focused on newly emerging organized crime groups. As a result, the FBI has continually refined investigative priorities, improved our techniques, and redirected investigative programs that have proven effective in combating traditional organized crime.

Among the newest and most significant challengers on the American organized crime scene are Asian criminal organizations. Indeed, some Asian organized crime groups resemble the La Cosa Nostra in origin, evolution, rituals, hierarchical structures, and criminal activities. They are moving into areas once the sole province of La Cosa Nostra and are particularly aggressive in heroin and methamphetamine trafficking.

It is likely that Asian criminal organizations will attempt even stronger footholds in the United States in the near future. When the People's Republic of China assumes control of Hong Kong in 1997, a large number of Chinese, including Chinese criminals, undoubtedly will flee the closed Communist government and move to the United States, where they can operate more freely.

Additionally, increasing investments in the United States by Japan and other Asian countries may create new opportunities for Asian criminal organizations to infiltrate American businesses.

Most Asian organized crime groups traffic in illegal drugs. Their activities in the United States are clearly increasing, and we now

see the emergence of violent activities such as kidnapping, extortion, and home invasions, as well as prostitution, gambling, insurance fraud and money laundering.

At this time, the three most significant Asian criminal organizations are the Chinese criminal organizations, subordinate Chinese and Vietnamese street gangs, and the Japanese Boryokudan, more commonly referred to as the Yakuza. All three are the subject of intense continuing FBI investigative efforts.

We believe the Chinese criminal organizations currently pose the most serious threat among all of the Asian criminal groups.

Only a few years ago, Chinese criminal groups operating in the United States were small and were disorganized. Now they are the most developed of the Asian groups and are rapidly expanding their operations outside the Asian community.

The Chinese criminal groups have three types of organizations, which have been noted here this morning—Triads, criminally-influenced Tongs, and the subordinated organized street gangs.

Triads are secret Chinese societies which date back to the 17th century, when Chinese monks banded together to resist the Ching Dynasty. Today, about 50 Triads are based in Hong Kong and Taiwan. They are exclusively criminal in nature. The Royal Hong Kong Police estimate worldwide membership of the Triads to be in the tens of thousands.

Triads engage in a myriad of illegal activities, including those that I have mentioned of extortion and racketeering, prostitution, illegal gambling, alien smuggling, public corruption, heroin trafficking and money laundering, similar to the La Cosa Nostra. Although Triads do not yet appear to be entrenched in the United States, Triad members do reside here, and Triad splinter groups are active here.

For example, the Wo Hop To Triad is fighting for control of gambling and drugs in the San Francisco area. In addition, Triad societies are developing close relationships with established American-based Chinese criminal groups.

Tongs are business and fraternal organizations set up to assist Chinese immigrants in the United States. They were originally established to preserve the Chinese culture, and most remain legitimate organizations. Some Tongs, however, have members who engage in criminal activities, and some members who are also Triad members.

The third type of Chinese criminal organizations is the street gang, such as the Flying Dragons, the Ghost Shadows and the Green Dragons. They exhibit strong structure and control. Most criminally-influenced Tongs use street gangs as enforcers for their illegal gambling operations. These gangs also fight over turf and operate extortion schemes.

For example, according to a study of New York's Chinatown conducted last year by a New York criminal justice agency, 81 percent of the restaurants and 66 percent of other businesses are victimized by these gangs.

Current intelligence developed by the FBI and other law enforcement agencies does not show that any individual Triad, Tong or street gang dominates heroin trafficking as an organizational entity. Members of Triads, Tongs and street gangs have, however,

been identified as significant participants in drug trafficking networks.

Ethnic Chinese trafficking groups are best referred to as syndicates or joint ventures, with participation based on experience, expertise, contacts or wealth. These syndicates are opportunistic and take advantage of the joint capabilities of the members to obtain a source of heroin in Southeast Asia and to facilitate transportation, financing and distribution of illegal drugs.

Membership in a Triad or a Tong is not a prerequisite to involvement in the illegal activities but is important in terms of criminal networking and determining who can be trusted.

Additionally, Triad or Tong membership provides a criminal with an organization that he can turn to when in trouble or in need of help. The Triad or the Tong supports the gang member with the strength of the organization.

As an example, a task force comprised of FBI agents and New York City Police Department detectives recently concluded an investigation known as "Operation White Mare." As a result of this enormously cooperative international law enforcement effort, approximately 900 pounds of high-purity—that is, 90 percent or above—heroin was seized with a street value similar to that in San Francisco of over \$1 billion, over 800 pounds of that heroin was seized in Queens, New York. It was estimated then to be a 1-year supply for New York. Forty-four individuals were arrested, 26 in the United States. Five—and this is most important—five sophisticated and well-entrenched heroin smuggling and distribution networks with tentacles extending from Bangkok, Singapore and Hong Kong to Canada and the United States were dismantled, and \$4.5 million in cash was seized.

The Vietnamese gangs are younger and less sophisticated than Chinese criminal groups. We have not seen the tight structure and organization that Chinese groups have, but they are growing rapidly.

After the Vietnam War, the United States experienced a significant influx of Vietnamese gang refugees. The criminal element among these refugees rapidly formed street gangs, which now engage primarily in theft, home invasions, drug dealing, kidnapping and extortion. Their criminal activity has been aimed almost exclusively at the Vietnamese community. In addition, they also extort and rob Chinese and Korean victims.

A typical gang member is a young refugee, frustrated at being unable to assimilate into the American mainstream, and who has also dropped out of school. Many of these Vietnamese youths, some of whom are ethnic Chinese, are recruited by organized Chinese street gangs for their "muscle" and their willingness to commit acts of violence.

The violent aspects of Asian street gangs is of great concern to the FBI and is one of the reasons we elevated violent crime to a national priority. Instances wherein Asian street gang members have indiscriminately fired automatic weapons at rival gang members have increased over the years.

Another example. During a Linden, New Jersey funeral for a Born to Kill gang member, a shootout with automatic weapons

ensued between members of the Born to Kill gang and the rival Ghost Shadows gang.

Violence has become more severe during armed home invasions. Asian gangs burglarize homes and terrorize the inhabitants by threatening the lives of children and sexually assaulting the women while stealing cash, jewelry, and other personal possessions of the homeowners. Unfortunately, the Washington, D.C. area has experienced this phenomenon as well. This led to a partnership between the FBI's Washington Metropolitan Field Office and the local police jurisdictions, aimed specifically at these violent criminal acts.

I am pleased to report that some success has been achieved in that area.

Vietnamese street gangs are beginning to develop a structured hierarchy and are expected to become increasingly sophisticated and independent of established Asian organized crime groups, which they often support. The FBI has initiated an in-depth and comprehensive study regarding the increasing violence of Vietnamese organized crime and street gangs so as to make a better assessment of their full impact in the United States. This study, I believe, will ensure that the FBI focuses our resources where the most significant results can be achieved.

The Japanese Boryokudan, a term which means "the violent ones," is more commonly referred to as the Yakuza. Traditionally, the Boryokudan has been viewed as a Robin Hood-type organization, and even today, a small segment of Japanese society accepts them as heroes. They also deal in drugs and in all aspects of violent crime.

Boryokudan members can sometimes be easily identified: they dress like American gangsters of the 1930's. Under their "zoot suits" are bodies that are often adorned with elaborate tattoos, including Samurai warriors, snakes and dragons. A gruesome identifier from a ritual of atonement. Members cut off joints of their little fingers when transgressions are committed against the group or leader.

The Boryokudan have built one of the world's largest criminal organizations with approximately 87,000 members, comprising approximately 2,300 subgroups. According to a publicized report of the National Police Agency of Japan, the Boryokudan, in 1988, grossed almost 10 billion U.S. dollars in revenue, one-third from crystal methamphetamine, a relatively new and powerful stimulant, is known on the street as "ice." The Boryokudan control an estimated 90 percent of the "ice" flow into Hawaii. The Boryokudan also smuggle guns from the United States into Japan, where guns are illegal; operate tourist ripoff schemes; extort corporations; and deal in prostitution, pornography, illegal gambling and loan-sharking.

The FBI is not a newcomer to addressing the Asian organized crime problem. In 1984, a study was conducted that provided a preliminary assessment of the emerging Asian organized crime problem in the United States. Subsequent to this analysis, investigative resources have been focused on the problem, and investigative actions have resulted in successful prosecutions of several of these emerging gangs.

For example, in early 1985, the FBI initiated an investigation focused on the United Bamboo Gang, a Taiwan-based Triad. This group was suspected of being involved in the murder of California journalist, Henry Liu, as well as sale of drugs and prostitution. Ten members and one associate of the group were brought to trial on various counts of drugs, RICO and firearms violations. On September 19, 1986, all of the defendants were found guilty on these charges. In addition, three members were convicted on RICO charges that included the murder of Henry Liu as the predicate or underlying offense.

In 1988, the FBI conducted a gambling raid of the On Leong Chinese Merchants Association headquarters in Chicago. At that time, \$344,280 in cash and the association's headquarters building, valued at \$2.5 million, were seized. Evidence of nationwide gambling activities and police protection of the Chicago operation were uncovered. The case rapidly expanded into the nationwide RICO conspiracy within the On Leong Tong.

In August of 1990, a RICO indictment was returned charging involvement of the national association and the chapters from New York, Chicago and Houston, as well as 29 subjects from Chicago, Atlanta, Detroit, Houston, Minneapolis, New York and Pittsburgh in a nationwide racketeering enterprise. Seventeen defendants pled guilty prior to trial and during trial. Five defendants, four individuals, and the Chicago On Leong Corporation were found guilty of various tax violations. Because of a mistrial as to some of the defendants, preparation for a retrial has begun.

A final example of the FBI's efforts in combatting Asian organized crime was our street investigation of the Green Dragons street gang, one of the most violent Asian organized crime groups active in the United States. The Green Dragons are involved in murder, armed robberies, home invasions, extortion, kidnapping, obstruction of justice, and drug trafficking.

In November of 1990, the first RICO indictment, based on evidence obtained during 3 months of electronic surveillance and physical surveillance of this group, was returned. The electronic surveillance provided evidence that this group was about to engage in a shootout with a rival Asian group. The joint FBI and New York City police department task force immediately arrested 16 members of the group and conducted several searches which resulted in the recovery of 36 firearms, including several MAC-10 sub-machine guns.

In May of 1991, an indictment was returned charging the leader and 12 members of the Green Dragons with numerous crimes, including 7 murders. The entire hierarchy of this illegal enterprise was included. The trial is scheduled to begin in December.

The FBI's investigative efforts to address Asian organized crime are, as I said, rooted in the "enterprise" theory by using the RICO statute to dismantle the entire criminal organizations. Under the "enterprise" theory, we attack the entire criminal enterprise rather than individual members. As you know, these investigations are often lengthy, expensive, and require sophisticated investigative techniques; but in the long run, they pay off.

We are continuing to address the Asian organized crime problem through major enterprise investigations across the country and

through Federal, State and local partnerships that I have mentioned earlier.

The FBI's investigative techniques along with our most important prosecutive tool, the RICO statute, have proven highly successful in these cases. Based upon our mandate as the Nation's lead agency in combatting organized crime and our ability and willingness to dedicate resources to complex long-term investigations, the FBI is able to use sophisticated investigative techniques to combat these emerging Asian organized crime groups.

Piercing the veil of secrecy associated with Asian organized crime conspiracies is no small task. We must continue to increase our intelligence base in this area, train special agents in such investigative matters, and enhance our efforts to recruit prospective agents, as was mentioned by Congressman Wyden, recruit linguists and analysts who can bring to the FBI their knowledge of Asian culture and languages.

The FBI is committed to attacking the most significant crime problems in the United States, be they crimes of violence by Asian groups, acts by terrorists, or manipulation and fraud directed at our financial institutions.

To fulfill our many investigative mandates, we will continue to employ those skilled professionals who can defeat whatever criminal activities threaten our public safety and our national security.

By maintaining a broad range of expertise, the FBI will ensure the flexibility necessary to modify its approach to the Federal criminal problem and redirect manpower to best serve the American public.

Mr. Chairman, this concludes my remarks, and of course I would be happy, along with my colleague, to answer such questions as you may have.

Thank you.

Senator ROTH [presiding]. Thank you, Judge Sessions.

Let me at the outset say how much I appreciate the cooperation and assistance your organization has given the Subcommittee in making these studies.

You mentioned a number of tools and approaches you are utilizing in attacking the problem of Asian organized crime. Are there any tools missing—what can Congress do to assist you in your mission? For example, you referred to the RICO statute as being particularly helpful. Is that adequate legislation, because I take it there are differences between Asian organized crime and what we traditionally call LCN.

Mr. SESSIONS. My own view of that, Senator, is that the RICO statute, because it allows the FBI to attack the organization, is particularly applicable to organized groups such as the LCN and no less applicable to these groups that are in the business of crime. And because it is wrapped around that concept and compatible with our national organized crime strategy and the national organized crime strategy of the Department of Justice to deal not only with La Cosa Nostra but emerging criminal groups no matter what they are, including street gangs, banditos, Hell's Angels, all of these groups that are emerging in the United States, because that concept is rooted in the RICO statute and the utilization of it, both in the criminal aspects of it and the civil capabilities that it gives

us, that it is an appropriate technique and an appropriate statute and underlying legislative premise.

What is, of course, always necessary, and of course, I refer to it every year, is our need for resources to be directed at that particular activity—that is, at Asian organized crime—and the Congress has responded to us. I have before me the figures for the 1991 period. We received 78 new agents from our request to Congress, and this year we have approximately 20 who are in the mix, and hopefully the budget when it is approved will give us 20 additional to allocate directly to organized Asian activity.

Senator ROTH. I gather one of the significant problems is the question of interpreters and language.

Mr. SESSIONS. It is in fact, sir.

Senator ROTH. You testified that there is a lot of similarity between the older, more traditional LCN and the Asian criminal groups. But one difference, if I understand you, is violence. The Asian groups are much more inclined to use violence than the LCN, particularly outside of their own group; is that correct?

Mr. SESSIONS. I think there is a hair trigger element there, that is, that violence because it is associated many, many times with drugs, is always just around the corner. And they do pursue it, as I understand it, with a great propensity toward violence in every one of their activities. They back up extortion demands with violence, the drug trafficking with violence, the prostitution with violence. With every part of their operations, violence is either implicit, or the threat of violence is implicit in every, single transaction.

Mr. Moody may be able to elaborate on that for us at a later time, but that's my understanding of their operation, yes sir.

Senator ROTH. Mr. Moody, would you care to comment? What do you mean when you talk about home invasion?

Mr. MOODY. That is a burglary, kind of an armed burglary of a household, with the household in residence, carried out with military precision by a number of individuals where they will take control of the house, they will terrorize, beat the occupants, may rape all the females, have been known to hang some of the children in the doorways, to obtain the moneys that the occupants have.

Most of the Asian community do not have too much faith in the American banking system, and they keep a lot of their wealth at home, or they will keep their wealth in their businesses. And through these armed home invasions the robbers are able to come in and grab significant amounts of cash or gold, or force the man of the house to go to his company and get his money. There is a lot of overt violence with this group as opposed to the La Cosa Nostra, which most of the La Cosa Nostra activity is hidden from public view. They are involved in a number of murders, but they dispose of the body quietly, whereas the—

Senator ROTH. And normally, they are within the organized crime group, aren't they?

Mr. MOODY. Yes, sir, generally. The Asian street gangs are more likely to do this out in public, which endangers the common citizens a lot more.

Senator ROTH. You mentioned both the relationship with Hong Kong, in the case of the Chinese mobsters, and with Japanese law enforcement. Japanese organized crime has pretty much taken

over drugs, at least "ice" I take it, in Honolulu. Have any efforts been made to work with the Japanese police or Hong Kong police in efforts to deal with the Asian organized crime problem? What kind of cooperation are you getting?

Mr. SESSIONS. Senator, the relationship with the Hong Kong police and with the Japanese national police is extremely strong and continues to be that on a continuing, day-in, day-out basis. There is a sharing of intelligence with the Hong Kong police, and there is a constant and open line of communication that is very effective and very helpful to us.

That is represented in the "White Mare" case that I referred to in New York City, with the seizure of 820 pounds of heroin at that one location and thereafter a total of 900 and the destruction of those organizations. That could not take place without very close, continuous cooperation with the Hong Kong police. This is true with the Japanese as well, and we are developing that kind of relationship with the Koreans as well. It is very significant and very helpful.

Senator ROTH. There has been a lot of talk about 1997—in fact, you made reference to it in your opening statement—that when mainland China takes over Hong Kong, the criminal element may be one of the things that is exported from Hong Kong. Do you see this as a major problem? Is there any intelligence that you can discuss publicly that indicates that this is a fact of the future?

Mr. SESSIONS. Of course, what we see, Senator, and have seen over the past few years is a considerable migration, both into the United States and into Canada, and the presumption is that as 1997 approaches, that will be enhanced. But it depends, I think, upon what actually does happen in 1997 and whether the 50-year moratorium that is anticipated actually follows. But I think you can say, beyond speculation, that the numbers are increasing steadily and that the presence is increasing steadily, and that you can anticipate that if the climate is good, that is, if the freedom that is available here for that kind of criminal activity and continuing criminal enterprise, that they will increase the numbers because there are vast amounts of money to be made, whether it is dealing with tourism or whether it is dealing with those traditional forms of criminal activity that I discussed.

Senator ROTH. I'd like to look for just a moment at the situation in Honolulu, where it is the Japanese mobsters who are asserting themselves.

Mr. SESSIONS. Yes.

Senator ROTH. Now, it is my understanding that in Japan there is virtually no drug problem, and yet I understand from your testimony that it is the Japanese criminal element that is leading the charge as far as drugs are concerned in Honolulu.

Mr. SESSIONS. That is correct, My knowledge of drugs in Japan is limited to what I have read, and it is my understanding that drug usage is not basically a problem, but that does not prevent the Bor-yokudan, the Yakuza, from being involved in the organizational activities in Hawaii and other places around the world, nor does it prevent the Koreans, who are the principal actors in connection with the crystal methamphetamine market, that is, "ice," in Honolulu from being involved.

I had a communication just yesterday from the Special Agent in Charge of the Honolulu office. Mr. Moody is aware of those particular cases that are continuing, and even though I would not discuss them, he can characterize them for you.

Senator ROTH. Mr. Moody?

Mr. MOODY. We have had a number of successful investigations, ongoing investigations, in the Honolulu area, which would include Marianna Island. Included in that as recently as a week or so ago, we were able to arrest a Korean "ice" trafficker with 2 pounds of "ice". We find that the importation of "ice" into the Honolulu area is basically run by the Boryokudan in association with Koreans.

You have to understand that ethnic Koreans make up 15 percent of the Boryokudan in Japan so the relationship between the two countries and the criminal element is very close at this time.

The production of "ice" is primarily done in Korea and in Taiwan, so the route into the United States would be from Taiwan to Korea through Japan into the United States.

Senator ROTH. Is there any change that the Japanese Government itself can assist the U.S. in dealing with this problem? They have effectively prevented drugs entering Japan. I realize it is partly because of their strictness and the laws that they have there, but has any effort been made to enlist the assistance of the Japanese Government in getting these mobsters out of the drug business in Honolulu?

Mr. SESSIONS. I did not share in the discussions that might have taken place between then Attorney General Dick Thornburgh on his visit to Japan, but our relationships with the law enforcement agencies do provide a continuing discussion of the kinds of legislation that have proven to be effective in the United States, and this takes place not only there but of course in the European Community and around the world, so that we share with them and they with us legislative initiatives that have been of significant help.

The Department of Justice does involve itself, I am informed and aware, in the continuing establishment of mutual legal assistance treaties whereby the countries agree, and the law enforcement agencies and the departments of justice and interior in those countries, to cooperate fully in the legal area. And of course, with some of the countries around the world we have extradition treaties which are the legislative underpinning for dealing with criminal activity that is noticed in the United States where those people who committed the crimes in the United States or in violation of United States laws are actually in those countries.

There are also countries where we do not have extradition treaties, and I have, of course, been aware of those. They are China, Taiwan, Indonesia, Kampuchea, South Korea, or the Philippines. So there are no extradition treaties there under which we operate; that's my understanding, Senator. And those are important to us, particularly not only in organized crime, but in the areas of terrorism and the other areas of concern that we have.

Fortunately, year before last at the Vienna Convention, the drug convention, drug initiative worldwide was extremely important because it gave the commitment of all those 140 signators to actually become involved in creating legislation that would deal on a unified basis in a similar fashion in all those countries with the drug

problem. And because so much of the violent crime activity and organized activity is in connection with drugs, I think that impact will be considerable.

Now, I do not know whether Japan and Korea and Taiwan have actually ratified that treaty or not; the United States certainly has, and I would be glad to provide that information to you so you are aware of that status of their dealing with the Vienna Convention drug treaty.

Senator ROTH. That would be very helpful. I would appreciate that.

Mr. SESSIONS. I will make that available.

Senator ROTH. You mentioned that these newly-emerging criminal groups have taken over certain drug markets, particularly "ice" and heroin. What is their relationship to the more traditional LCN? Are they working together, or is it an adversarial relationship, or does it vary from area to area?

Mr. SESSIONS. It is hard for me to characterize it except to say that it is my understanding that in some instances there are marriages of convenience—that is, the practical nature of it makes it possible for them in order to do business in a certain area to either provide a part of the action, part of the benefits from it, or the support of a particular kind of action. For instance, the utilization of the gangs that I noted for you, that is, as enforcers or as people who will carry out that enforcement procedure, has been noted, so there is a relationship, but I would characterize it more as, rather than a formal thing, a marriage of convenience.

The other thing that does happen that we do see and do see regularly is that when a significant presence is noted, as in the case of "White Mare" in New York where those organizations were found to be there, the very fact that they were able to marshal 900 pounds of heroin, 820 pounds of it in New York, nearly a year's supply for the needs of that area, gives you an indication that they had a market for that and they were prepared to move with it. La Cosa Nostra traditionally had that heroin market. So it is hard to say precisely where it is, but I would characterize it that way. Mr. Moody may characterize it otherwise, but that would be my general feeling for it.

Senator ROTH. Mr. Moody?

Mr. MOODY. They do work whatever is convenient. With the success that we had in the "Pizza Connection" case, we basically shut down the La Cosa Nostra's supply of heroin into New York City, and the prices dramatically jumped. Because of that, Asian gangs have gotten together and have begun to supply the vast majority of heroin into New York City, which is the largest user of heroin in the United States.

The heroin coming in through Asian gangs often is bartered with La Cosa Nostra members who are still dealing with the heroin in New York City.

Senator ROTH. We mentioned, I think, that a very, very small percentage of Asian Americans are involved in these criminal activities. Do we have any knowledge as to whether members of these young street gangs are in the United States legally or came in illegally; if they did come in illegally, should we be able to export them back as a means of trying to help the situation?

Mr. SESSIONS. I am informed that there are considerable numbers of illegals who are among those persons who are here. The Immigration and Naturalization Service of the Department of Justice would probably be able to give you a more exact figure, and maybe Mr. Moody has more exact figures. But there is always a significant need to deal with criminal activity and deal with it swiftly.

My own personal belief is that it would be of significant help to be able in these areas that are so difficult to move as swiftly as possible because of proven criminal activity. But the Immigration and Naturalization Service may be able to guide you in those exact numbers and those procedures. It is by and large, as you may have noticed, a very tedious and time-consuming process, and it is not a particularly effective way to deal with it in a swift and sure fashion because it does take so long.

Senator ROTH. It is my understanding that we will have the immigration people here at a subsequent meeting. But if I understand what you are saying, the lack of swiftness in administering the laws is a problem.

Mr. SESSIONS. Well, it is very difficult, and also, Senator, as you know, the judicial process has the appellate structure that does take considerable time, and simply getting a matter before the court takes time.

Senator ROTH. Which cities and FBI field office have identified significant Asian organized crime problems?

Mr. SESSIONS. I have awareness that you will have before you a number of charts that will be presented at a later time that show particular societies and gangs and their involvement in cities. But our own field office activity has reported strongly in Boston, in Baltimore, in Chicago, in Dallas, in Honolulu, New Orleans, New York, Philadelphia, Portland and Sacramento.

There is, of course, indication of the presence of gangs and their activity on those charts which will be displayed to you later, Senator, that talks about particular groups and their activities and the association with particular cities and areas. My own belief there is that, again, the FBI has the ability, upon recognition of that problem, to react quickly and to move to the placement of resources to deal with a particular problem.

Congressman Wyden was talking about the Portland circumstance, for instance, and the ability of Special Agent in Charge Colson to react to those needs, but they are monumental in character in some of those areas; when they move in, they move quickly.

Senator ROTH. In New York, the FBI has had a great deal of success building a case against the Green Dragons gang; other Federal cases have been made against the Born to Kill gang and against heroin traffickers in the "White Mare" case. However, it is our understanding that there have been few prosecutions in West Coast cities such as San Francisco and Los Angeles, cities which at least our staff believes are hubs of Asian organized crime activity.

To what do you attribute this lack of prosecution in these West Coast cities?

Mr. SESSIONS. It is always a difficult problem to assess the resources that are available to produce a prosecution. Since I have been director, Senator, I have insisted that there be a strong line of communication between the special agent in charge of a particular

field office or resident agency and the United States Attorney himself or herself in that particular office, so that the allocation of resources to those important investigations is a commitment not just of the FBI but of the Department of Justice and the United States Attorney as well.

Speaking with specificity in connection with those kinds of cases that relate to Asian organized crime, I would defer again to Mr. Moody about his particular knowledge about the prosecutions in San Francisco or in the California area.

Senator ROTH. It is my understanding that Mr. Moody served for quite a period in Los Angeles; is that correct?

Mr. MOODY. Yes, sir. I have served in Los Angeles and in New York.

It is a combination of things. First, may I state that even last weekend we had another success in New York with the Green Dragons case. We arrested 8 Green Dragons for kidnapping of an individual who was a restaurant employee in New Jersey, and they took him into New York and were torturing him, trying to get a \$10,000 ransom payment. We were able to arrest all eight of them; five of them were charged federally, and three of them were charged locally. Because of their age, all of them will be charged as grownups. This was done through the task force that we have set up there addressing the Green Dragons.

In California, in both San Francisco and Los Angeles, it is a little bit different situation. Still our top priority is addressing the La Cosa Nostra in the United States, because we still believe that that is a major threat in the United States. A number of years ago, up to even the recent past, San Francisco was targeting an individual by the name of Angelo Commito, who was placing a number of health and welfare plans through his LCN connections throughout the United States. As a result of that and as a spinoff out of that case, we had an instigation and a successful prosecution of United States District Court Judge Aguilar out there that took a large amount of our agent population to continue through the successful prosecution of that case.

Subsequently, we have established and are trying to get our Asian organized crime program back on line. In Los Angeles, we established an Asian organized crime squad a number of years ago when I was there. The first case that we really got started on ended up being the "Polar Cap" investigation which, as the attorney general said, was the largest money laundering case experienced in the United States and investigated by the Department of Justice. We spent 2½ years investigating that case and expended an enormous amount of manpower addressing that particular case. At the same time, we obtained a successful prosecution of the Los Angeles La Cosa Nostra family headed by Milano. Subsequently, in the last 9 months, we have re-established the Asian squad out there, and we have tried to get it off-track and back into the program, and we have been working very closely with the United States Attorney and the new special agent in charge to address this issue at this time.

Senator ROTH. Would you say that Federal prosecutors have been providing the necessary cooperation and willingness to pursue Asian organized crime?

Mr. SESSIONS. I would say, Senator, that it is excellent. And the reason that I have assurance that it will continue is that the Attorney General by his order made it very clear that in the national organized crime strategy, even though it was expanding into other gangs and organizations other than La Cosa Nostra, that the allocation of resources of the United States Attorney's offices under that order would be principally to those first-priority areas and that if there was movement of those particular resources, that it had to be cleared with the Assistant Attorney General of the Criminal Division of the Department of Justice.

I think that will continue to happen and with the very close coordination between the special agent in charge in the office, his or her awareness of that circumstances with that particular United States Attorney's office, we will continue to have good allocation of excellent prosecutorial capabilities directly to the organized crime and the Asian organized crime effort.

Senator ROTH. You have noted that the lack of adequate language skills is, of course, a critical problem for any agency prosecuting or investigating Asian organized crime. What kind of specific problems does the FBI face in conducting wiretaps, for example?

Mr. SESSIONS. It is multifaceted problem. First of all, of course, we have to have the personnel who are capable of understanding the particular language or the particular dialect that is involved. Those persons have to be on-line and have to be brought to bear against that particular over-hear. The ability to have those kinds of people is always a very difficult recruiting problem for us. So we do need to continue strong efforts to gain both special agent and support personnel and linguists who can support those kinds of activities.

There is a second stage that happens, that is, where there is an over-hear, it has to be reviewed, it has to be translated and transcribed, and all of those efforts, again, are tremendously time-consuming. But it is again keyed to your ability to actually recruit and have those persons to understand that language or that dialect.

Another problem, of course, is it is not unusual for those people who have that capability to be relatively new immigrants into the United States, so there are always problems in working with the Bureau, with the requirements we have, to be sure that those matters are secure.

Not only the language, but of course, dealing with their own community and working with the FBI is another significant problem. It might endanger them if it is known generally in the community that they are working directly with the FBI and in the important and sensitive area with translation associated with wiretaps, associated with active criminal investigation.

So those are some of the facets that come to bear. Again, our ability to recruit and bring those people into the FBI with us is extremely important, and our recruiting efforts are bent and will stay bent that way.

Senator ROTH. Are you saying in effect that violence is an intimidation factor?

Mr. SESSIONS. I would say it is always present, and the threat of it, the imminence of it, the availability of it, the fact that it is dem-

onstrated repeatedly around them in those communities, the fact that those communities themselves are victimized by those gangs and by that activity—yes, it is constant.

Senator ROTH. During the course of our investigation we learned that an indictment against a major Chinese organized crime figure has been held up for 2 years due to the FBI's inability to translate wiretapped transcripts. What can we do to alleviate this problem?

Mr. SESSIONS. Again, I think it ties back to our ability to recruit and to gain and to maintain both special agents to Asian ethnic background and linguists and support personnel. The ability to actually allocate them there is extremely important to us.

I am aware of the continued support of the Congress, but there in the ability to authorize and approve specific positions for the Asian organized crime effort would be significant.

Mr. Moody may have some other areas where he believes you could be of significant help, but that would be my feeling, Senator.

Senator ROTH. Before I turn to Mr. Moody, let me ask this. The suggestion has been made to us that members of the Royal Hong Kong Police Force be recruited to assist U.S. law enforcement since these officers speak Chinese and of course have a wealth of knowledge in this area. Is this being given any consideration by the FBI?

Mr. SESSIONS. We have had association with the Hong Kong police that has allowed us to exchange and have exchange of personnel on temporary bases. We have not had a continuing slot where a person is always here, but that is a continuing matter of discussion with the police, and it is always helpful, in no small part because it allows them to become intimately familiar with our procedures and we with theirs. So it is, yes, a matter of continuing interest.

Senator ROTH. As I understand what you are saying, it is on sort of spot basis. What I was really suggesting was what about employing them on a permanent basis, particularly in view of the problem we face in 1997.

Mr. SESSIONS. Mr. Moody reminds me that there has been a continuing discussion about the possibility of the hiring. It may be that there will be people who, from the Hong Kong police, will be emigrating to the United States, and that may be possible. Certainly, we will continue our discussions because the stabilization of that dialogue and the enforcement and enhancement of it is extremely important to us and does continue. We have visits from those people, and we have visited them, and that will continue.

Senator ROTH. Mr. Rinzel?

Mr. RINZEL. Thank you, Mr. Chairman.

Director Sessions, you indicated that the FBI has a close working relationship with the Hong Kong police, and that you receive very good cooperation from them. But it is my understanding that, at least in drug cases, the FBI is not authorized to deal directly with the Hong Kong police, but must deal through DEA; is that understanding correct?

Mr. SESSIONS. Back in 1992, when the FBI gained Title XXI jurisdiction—it was then Attorney General William French Smith who approved that and authorized it—at that time it was contemplated that the FBI and the DEA would in a matter of a few short years become a single agency; it was contemplated that they would

merge. It was logical that the principal drug enforcement agency in the United States, that is, Drug Enforcement Administration, which had international responsibilities, would be the single agency of approach to law enforcement entities around the world. So that is precisely what happened. There were two variations to that—one in Italy, and the other is in Canada—where we do have that direct access. In other areas of the world, we do in fact work through the Drug Enforcement Administration as a single point of contact in that country. That is being reexamined and will be reexamined because of course, as of April of 1987, it was the decision of then Attorney General Meese that the FBI and the DEA would not merge, and therefore it is now logical to reexamine that and to allow the FBI to have those international liaison approaches through our legal attachés in those areas. So that will be pursued.

Mr. RINZEL. That is under consideration.

Mr. SESSIONS. Yes, very much so, and I think it is a very logical thing to look at.

Mr. RINZEL. The reason I raise the question is because during the course of our investigation we did hear concerns expressed by some in the FBI about difficulties FBI field agents had in pursuing leads internationally in drug cases because of the limitations on their ability to contact foreign police agencies.

Mr. SESSIONS. Well, it obviously is an inhibitor when you must go through some other agency or some other person to gain the information you would normally gain by direct liaison and direct contact; of course it slows it down, and it is understandable that it would. Now, the question is whether as a matter of policy we should now, because we are the other title XXI agency with that jurisdiction, whether we should be able internationally to make those contacts directly between our legal attaches and the law enforcement agency in the particular country. And I am inclined to believe now, since there will not be a merging of the agencies, that that should happen.

Mr. RINZEL. I want to raise a question about the task force concept. We have in the course of our investigation visited a number of cities. Generally speaking, it seems that a task force approach, that is, an investigative unit with representatives from the FBI as well as perhaps from other agencies like the INS or local police, which have different jurisdictional and different information bases, can be most successful in attacking these Asian organized crime groups in various cities around the country.

What is your view on the task force approach, and why is it operating in some places and not in others?

Mr. SESSIONS. The organized crime drug enforcement task forces are operating throughout the country, and they are again, as you explained, a combination of capabilities, Federal, State and local. By having that organized crime drug enforcement task force, it does allow agencies to have major impact as a united group, which is very effective. And we consider, Mr. Rinzel, all of the FBI's drug programs to be compatible with the organized crime drug enforcement task force concept, and the reason is very simple. It ends up that the whole ends up being greater than the sum of the parts. We all benefit in those areas where we have a conglomeration of personnel and a concentration of personnel, maybe with different

views and different approaches, but in a single concept of attacking a particular organization or pursuing a particular case.

We pursued that in counter-terrorism, we pursued it in violent crime, we pursue it repeatedly where we have fugitive task forces that are able to come together with the knowledge of Federal, State and local—often more than one Federal agency, more than one State or local agency—and have through that task force concept real effectiveness.

So I subscribe to and endorse the task force concept, believing again that the whole that we create is greater than the sum of the parts that are actually put into it.

Mr. RINZEL. I certainly agree with you, but there are some cities where task forces are not in existence. What is the problem? Is there anything we can do to encourage the establishment of such task forces in those places?

Mr. SESSIONS. Well, first of all, the expression of concern and of supportive nature is important. Allocation by police departments around the country is of course a specifically and particularly local phenomenon that is governed by their own circumstances within their own police force.

I will be going out, for instance, at the end of this week to speak to the International Association of Chiefs of Police. Half of what I have to say relates to the continuing underpinning of cooperative efforts between the FBI and those local task force and police force capabilities. And I will give repeated demonstrations of those areas where task force approaches in those cities have been effective. They have their problems over allocations of resources, but I think we have one thing, and that is unanimity among the chiefs of police of this country that the task force concept applied to the problems that they have locally as well as the Federal problems benefit greatly from a united and cooperative approach—sharing of intelligence, sharing of capability, sharing of resources, having that one common goal—it is effective.

The counter-terrorism results from counter-terrorism task forces, and the fugitive task force results have been tremendous, again, giving them confidence that the kind of cooperative venture can be helpful, we with them and they with us.

Mr. RINZEL. Are there any particular rules of evidence that we ought to look at in the area of wiretap, particularly considering the language problems that you face; are there any particular legislative changes that we ought to be considering changes in the minimization area, for example?

Mr. SESSIONS. Well, the minimization requirements, of course, falls on all courts who are dealing with those problems. The minimization begins way back at the time of the intercept, so that if you have on the intercept a person who is language-qualified or dialect-qualified, that minimization can take place much more effectively by a person who knows the language of the dialect. Therefore if minimization takes place then, it does not have to be done at a later time because it has already been effected. If it does not take place then, then a United States Attorney and a special agent and the court thereafter have to effect the minimization, and that is a very time-consuming circumstance in connection with the preparation for trial and the trial of a matter.

I can think of no legislation, but I think again it ties back, Mr. Rinzel, to resources—that is, to be able to have the support personnel particularly, the language-qualified, the linguists who actually are on the spot rather than a recording simply being made without a highly language-qualified person there.

There may be areas that I can think of that would yield to legislation or rules, but the Title III statute now is very precise and is very usable and is very carefully interpreted by those district courts and by the courts of appeal, so I think it is a basically strong legislative underpinning that has been over the years since 1968 an extremely effective tool, carefully utilized, very carefully followed, and very circumscribed by rules and procedures.

Senator ROTH. Judge Sessions, you have been very patient. There are many more things we'd like to ask you. I would maybe ask one more question, but again, I want to express my appreciation for both of you being here today.

One of the things that has come out is that we need the confidence and cooperation of the Asian community in law enforcement. This cooperation is not easy to obtain, for a number of reasons, including the intimidation factor. Perhaps recruitment of more Asian law enforcement officers would help. There is a reluctance on the part of many law-abiding people to become involved. Is there anything we can do about that, because it means many criminal activities are unreported. Have you given any thought to maybe some kind of a public relations program to encourage the reporting of crimes, trying to advertise in Asian language TV, radio and newspapers to encourage cooperation with law enforcement?

Mr. SESSIONS. I think all of those are excellent suggestions and can be very productive because it gives the underpinning of knowledge that is necessary for an immigrant to the United States or a person newly to the United States to understand the systems and develop a confidence in them.

What the FBI has done is over the last several years, I have insisted that the SACs, the special agents in charge of the various offices, develop programs to move out to the ethnic communities in their areas, and that includes the Asian ethnic community, to let the FBI be better interpreted and understood and have liaison with and be available for questioning about these things that are particularly critical to them.

I have witnessed it along the border. I lived much of my life along the Texas border and know that the lack of understanding by those people who come into the United States either legally or illegally is the source of a never-ending problem. They need to know that they can turn to law enforcement, they can turn to the FBI, they will receive help and support. And whether we are dealing with brutality or summary punishment, whether we are dealing with extortion or violent crimes that have been described repeatedly, those people need to know that law enforcement is there to support and to help and that the rule of law is translated into active participation by the law enforcement agencies.

So we have done that and we continue to do it. For instance, I was in Louisville earlier this week to talk to Crimestoppers International. I went out and met with an advisory group to the special agent in charge there in that particular ethnic community to deal

with creation of an understanding between the FBI and the community and the ability to weave a fabric of support and confidence that is important. And you are right on target, Senator, that is, to be able to create that nationally throughout the ethnic communities, to know that law enforcement is their friend and is not the instrument of repression or suppression or terror but rather is the upholding of the law that is exemplified by local law enforcement, State law enforcement, and certainly by the FBI.

Senator ROTH. Thank you very much, Judge Sessions and Mr. Moody. As I said, we appreciate your being here, and we do look forward to continuing to work with you in this area because I think it is an increasing problem for this country and certainly for the FBI.

Thank you very much.

Mr. SESSIONS. Thank you, Senator. If there are any needs that you have in connection with this hearing that are not being supplied, I would appreciate knowing, so that we can fully support the Subcommittee and what it is doing, sir.

Senator ROTH. Thank you very much.

Mr. SESSIONS. Thank you, sir.

Senator ROTH. Our next witness will be Mr. Kenneth Chu who, for reasons of personal security, has been relocated. He is now living under an assumed name, in an undisclosed location, and in order to protect his identity and his security, he will be testifying behind a screen. No cameras will be allowed to photograph Mr. Chu from the area in front of the screen. It is my understanding that members of the media have already been advised as to those locations in the room where cameras will and will not be allowed during Mr. Chu's testimony in order to maintain security.

We are going to take about a 2-minute recess while we prepare for the next witness.

[Recess.]

Senator ROTH. The Subcommittee will please be in order.

Mr. Chu, it is our practice for each witness to be sworn. I will not ask you to stand up, but would you raise your right hand, please. Do you swear the testimony you will give before this Subcommittee will be the truth, the whole truth and nothing but the truth, so help you, God?

Mr. CHU. I do.

Senator ROTH. Thank you, Mr. Chu. If you would now proceed with your prepared testimony.

**TESTIMONY OF KENNETH CHU, A.K.A. JOHNNY WONG<sup>1</sup> FORMER MEMBER, GHOST SHADOWS GANG AND ON LEONG TONG**

Mr. CHU. I thank the Subcommittee for allowing me to testify behind a screen. Because I have testified against the On Leong Tong and the Ghost Shadows gang, the FBI has relocated me and my family, and my identity has been changed. Therefore, I respectfully request that I not be asked any questions about my current identity, location or activities. My family and I would be in very serious danger if this information were revealed.

<sup>1</sup> The prepared statement of Mr. Chu (a.k.a. Johnny Wong) appears on page 235.

I am testifying here today under my previous name, Kenneth Chu. I am a 33-year-old Chinese American who was born in New York City, I grew up in New York's Chinatown.

In 1974, when I was 16 years old, I was approached by members of a Chinese street gang known as the Ghost Shadows. Gang members tried to persuade me and a good friend of mine to join the gang. At that time, the Ghost Shadows did not have control of Chinatown and were recruiting members to help win them control. I refused to join the gang.

Shortly after refusing to join the Ghost Shadows, I was beaten up very badly by a group of gang members and had several teeth knocked out. A friend of mine was stabbed in the leg. Gang members also told a friend of mine that he would have to pay the gang \$200 a week if he did not join the gang. We eventually decided that it was easier and safer to join a gang than to continue resisting.

About 2 weeks after joining the Ghost Shadows, I was also initiated into the On Leong Tong. Myself and about 12 other new Ghost Shadow members all took part in a ceremony in the On Leong Tong headquarters on Mott Street. The ceremony involved burning incense and making oaths in Chinese. I did not understand many of the oaths because at that time I did not speak Chinese very well. I do know that the oaths included a code of silence and a promise to protect fellow members.

All Ghost Shadows are regular members of the On Leong. Some Ghost Shadows become officers of the On Leong. Other members of the On Leong are the workers and business people in Chinatown. Almost everyone is a member, but most nonactive members do not get involved in crime. The leaders of the On Leong are important members of the community. The leaders of the On Leong are all involved in illegal gambling.

My first duty as a Ghost Shadow was to stand watch on Mott Street, which was Ghost Shadow and On Leong territory. Since I was a new member, I usually stood watch late at night. While on watch, we were responsible for protecting the On Leong gambling houses and watching out for rival gangs. We did not carry weapons because we were often searched by the police. Weapons were, however, always close by.

The older Ghost Shadows robbed and extorted businesses in the Ghost Shadow territory. The money was used for Ghost Shadow expenses like paying the younger members a salary. When I first became a Ghost Shadow, I was paid \$35 a week, plus I got meals for free. When we ate in restaurants in our territory, we never paid.

In March of 1975, I shot and wounded a member of the rival Black Eagles gang. This gang member had approached me on Ghost Shadow territory several days before I shot him. At that confrontation, I acted like I had a gun under my coat, and it scared him off. The second time I saw him on Ghost territory, he threatened me by throwing a bottle at me. I had to deal with him in order to save face.

After I wounded the Black Eagle, my Ghost Shadow associate Phil Han called someone at the On Leong Tong. On Leong officials arranged for me to take a bus to Boston and to report to the Boston

On Leong. The idea was that I was to stay out of sight of the police in New York.

In Boston I met with the On Leong national grand president. He arranged for me to have \$90 a week "long pay". Long pay is a reward for doing your duty, in my case, shooting the Black Eagle. Long pay continues for as long as you stay in the good graces of On Leong. I was told to stay out of sight while in Boston. I lived in the On Leong's Wing Wor building.

Things then got hot in Boston, and the On Leong arranged for me to go to Chicago, I spent a short time in Chicago with the On Leong there and then went back to Boston. While in Boston, I was given the name "Johnny Wong" and was given a fake New York driver's license and a Social Security card. "Johnny Wong" became my street name after that.

After that, I went to the On Leong annual convention that was held in Detroit. I flew to Detroit with the Boston On Leong delegation and the national president, Hon Chin. At the convention, I worked the gambling tables as a dealer. Illegal gambling was always a part of the On Leong conventions.

In 1975, Raymond Chin, who was a past national president of On Leong, and at that time was like a "godfather" of the On Leong, decided that I should come to Houston where he lived. At that time, Raymond Chin ran the entire On Leong from Houston. In Houston, I collected my long pay and worked in the On Leong casinos. On Leong had two casinos that operated 7 days a week in Houston. I worked in the Houston casinos for 15 years.

When Raymond Chin died in the 1980's there was a power struggle in Houston. The national On Leong president, Eddy Chan, started sending people to Houston to take over. Eddy wanted Houston to be like New York. I was not loyal to Eddy because I did not want Houston to be like New York. Not as many bad things happened in Houston, and I liked that. There was no extortion of store owners and little in the way of violent crimes among the Chinese.

As a result of a factional dispute within the On Leong Tong, and partially based on my involvement in a cheating scheme in the On Leong Tong gambling casino, national president Eddy Chan suspended me from the tong and terminated my long pay.

During this time, several street sources in Houston's Chinatown informed me that there was a murder contract put out on me. I was warned by these street sources not to come into Chinatown. During the time period of the factional dispute, three murders occurred in Houston's Chinatown. Although the murders remain unsolved, I believe that at least two of the murders could be related to the ongoing power struggle within the On Leong Tong. Because of the violence, the On Leong closed the casinos for a time.

I got back into the organization in 1983 after Leong Toy of New Orleans became the new grand president. Toy was a friend of mine and was friendly to Ghost Shadows. Toy got the gambling in Houston started again. At this time I was the enforcer for Houston. That means I was in charge of security for the casinos. I hired former gang members from New York to help with enforcement.

The bulk of the money the On Leong Tong made in Houston and the rest of the country was from gambling. During good years, the

On Leong in Houston grossed over \$1 million as a result of gambling-related activities.

In 1987, I was made an officer of the On Leong Tong. The new grant president, Chan Wing Yeung, personally appointed me Fong Jung and reinstated my long pay. The Fong Jung is in charge of enforcement and helps in the supervision of the gambling and related tong criminal activities.

In early 1985 I met officer Bob Casey who was then with the Houston Police Department. I started providing information to him because I trusted him and because I had become disenchanted with my life and what I was doing. I felt that by cooperating I could break away from the organization. I was not paid by the Houston police and was not under indictment. I continued to work with Bob Casey when he became an FBI agent in 1986.

This led to me going undercover for the FBI. While undercover, I recorded conversations between On Leong members about reopening gambling operations in Houston. While working undercover for the FBI, I attended a meeting of senior On Leong officials in Houston. During the meeting, the officials discussed how they were going to falsely testify at Federal grand jury hearings in Chicago to which they had been subpoenaed.

I have tried to use my knowledge to help law enforcement understand Asian organized crime. I would like to add that I am personally assisting the FBI on a covert basis in several areas of the country so I must be careful not to reveal information which could affect that work.

I would like to help as much as I can in this hearing and will try to answer any questions so long as they do not jeopardize my present situation.

Thank you.

Senator ROTH. Mr. Chu, before the Subcommittee is a chart showing locations of the On Leong chapters. Can you tell me if this chart is accurate?

[The document referred to was marked Exhibit 1 and can be found on page 345.]

Mr. CHU. Yes, sir. To the best of my knowledge, these are all chapters of the On Leong association throughout the country.

Senator ROTH. Do the chapters vary in size?

Mr. CHU. Yes, they do. They vary in size and membership, but they are all connected.

Senator ROTH. You say they are all connected. How are the On Leong Tongs in the different cities related to each other?

Mr. CHU. They all follow the directions of the national grand president, who is elected each year in a convention that is attended policies and the rulings of this grand president.

Illegal gambling operations in these cities that have them must report to the national grand president and the national headquarters, and some of the proceeds are sent to the national headquarters from these illegal operations.

Senator ROTH. The map indicates that there is an On Leong Tong in Philadelphia. Can you tell the Subcommittee about that operation?

Mr. CHU. I know that there have been illegal gambling operations in Philadelphia. I don't know if there are any at present.

During the period after I was suspended in Houston, the person who replaced me was sent down from Philadelphia, and people he had working with him, gang members, came from Philadelphia.

Senator ROTH. Are you familiar with any individuals active in the Philadelphia operation?

Mr. CHU. Not right now.

Senator ROTH. Were you familiar with any?

Mr. CHU. Yes. During my past years, I met delegates from all of these chapters at conventions, and they travelled down to Houston, and I visited several of these chapters myself during my previous years.

Senator ROTH. Mr. Chu, before the Subcommittee is a chart showing which tongs are affiliated with which gangs in New York City. Are you familiar with the tongs and gangs on this chart?

[The document referred to was marked Exhibit 2 and can be found on page 346.]

Mr. CHU. Yes, I am.

Senator ROTH. Is this chart accurate?

Mr. CHU. Yes, to the best of my knowledge this is accurate.

Senator ROTH. So it is true that each of the major tongs in New York City is affiliated with a street gang?

Mr. CHU. Yes, they all have a street gang behind them.

Senator ROTH. Now, on this chart, you have various affiliations. You have, for example, a relationship between the Hip Sing Association, and the Flying Dragons gang. Is this relationship similar, for example, to the relationship between the On Leong Association and the Ghost Shadows?

Mr. CHU. Yes, they are a similar set-up as the On Leong Association and the association it has with the Ghost Shadows.

Senator ROTH. So is it true that each of the major tongs in New York City is affiliated with a street gang?

Mr. CHU. Yes, the major tongs are.

Senator ROTH. And what about the unaffiliated gangs, such as the Born to Kill: what can you tell the Subcommittee about them?

Mr. CHU. There is not much I can tell about the Born to Kill. I know they are mainly of Vietnamese membership, Chinese born in Vietnam. They are independent right now; they don't exactly have a tong that backs them up. They are a very violent street gang.

Senator ROTH. They are very violent?

Mr. CHU. Very violent.

Senator ROTH. Less controlled?

Mr. CHU. Yes.

Senator ROTH. Is there any doubt that the Ghost Shadows continue to be affiliated with the On Leong Tong?

Mr. CHU. No, there is no doubt at all.

Senator ROTH. How would you describe the relationship between the On Leong and the Ghost Shadows?

Mr. CHU. The present relationship, the Ghost Shadows protect the territory and interests of the On Leong Association. They have the backing of the On Leong Association to operate in these territories. Ghost Shadows, like in my incident, when they are fugitives from the law, it is the On Leong Association that takes care of them, sends them to different cities to avoid capture or prosecu-

tion. They also send the Ghost Shadows out to the different chapters to carry out any means of enforcement that they have to do.

Senator ROTH. In your prepared statement you testified that the On Leong helped you to avoid the police in New York after you shot a rival gang member. Now, was that something special, or was that something that the On Leong would do on a regular basis?

Mr. CHU. It is a common practice among the On Leong. There was somebody who was hiding out in Houston before I got there, and I have been associated with several fugitives from the police and FBI that the On Leong has hidden out during the years.

Senator ROTH. We have been told that one of the major problems of law enforcement has been that it is very difficult for the police to get cooperation from Chinese crime victims. Can you tell the Subcommittee whether this is a problem and how the problem could be dealt with?

Mr. CHU. Yes, this is a major problem. The Chinese community is afraid of the tongs and the gangs more than they are afraid of the American laws. They follow the rules of these tongs before they follow the laws of the United States.

In a case like when I went to trial, I think the criminal justice system has to prove that it works in order to get the cooperation of these people. When I went to trial, I saw numerous witnesses get up on the stand, under oath, and lie right there in their testimonies and get away with it.

So the Chinese community sees these people getting away with lying on the stand, and they follow suit. It is hard for them to believe that this justice system works.

Senator ROTH. It is a lack of confidence in the system.

Mr. CHU. It is a lack of confidence.

Senator ROTH. Now, the Subcommittee has heard reports that the On Leong Tong has held conventions in Taiwan that were attended by On Leong members who are wanted in the United States. Do you know if this is true, and if it is, what can this Subcommittee do about that?

Mr. CHU. Well, I don't know what they can do about it, but it is true; several years ago, the annual convention was held in Taiwan. One of the main reasons was because Eddy Chan, a former national grand president, was a fugitive from the IRS so he resided in the Philippines and Taiwan because there were no extradition rights between them and the United States.

Senator ROTH. Besides gambling, what other crimes is the On Leong involved in?

Mr. CHU. The On Leong as a whole mainly makes money from illegal gambling operations. You have independent members who are into drug dealing; that's where a bulk of their money comes from. The Ghost Shadow gang members are also into drugs, extortion, murders, robberies.

Senator ROTH. Do I understand that On Leong is not as an organization involved in drugs, but its leaders are?

Mr. CHU. Yes, a lot of its leaders—these are independent operations, independent of the On Leong.

Senator ROTH. And what about the Ghost Shadow—are its members involved in drugs?

Mr. CHU. Yes, they are involved in dealing, and they also are abusers of drugs.

Senator ROTH. Do gang members also abuse drugs?

Mr. CHU. Yes, they do.

Senator ROTH. What do you mean by that?

Mr. CHU. They are frequent users of drugs—cocaine, mostly.

Senator ROTH. Could the Ghost Shadows survive as a separate organization without the On Leong Tong?

Mr. CHU. Financially, they can survive without the On Leong Association. They are now more dependent on the moneys they make from the drug dealings and extortions. To operate in that certain territory, they have to have the approval and the backing of the On Leong Association. If they fell into the bad graces of the On Leong, the On Leong would replace them with another street gang.

Senator ROTH. Does the On Leong have any legitimate activities?

Mr. CHU. Not that I know of. The legitimate activities that they put on are mainly fronts; the illegal activities overshadow their legitimate activities.

Senator ROTH. Do they try to buy into legitimate businesses?

Mr. CHU. Yes. The money they make illegally, they buy into legitimate businesses.

Senator ROTH. What kind of businesses?

Mr. CHU. All different kinds of businesses—restaurants, clubs, any kind of businesses that they can get into.

Senator ROTH. Do you have any suggestions for how the problem of Chinese organized crime can be more effective?

Mr. CHU. Well, you have to be more aggressive in attacking Chinese organized crime. I think there is a need for more Asian agents and to utilize them in the right way. They need to go undercover and stay there on long-term operations.

Senator ROTH. How can we get better support from the Asian community, the Chinese community itself?

Mr. CHU. To show that the law is working with them, to make landmark cases on these tongs and gangs.

Senator ROTH. Those are all the questions I have.

Eleanore, do you have questions?

Ms. HILL. No, Senator.

Senator ROTH. All right. We will excuse the witness.

Mr. CHU. Thank you.

Senator ROTH. Our next witness will be Detective William Oldham, if he would come forward. Much of the Asian organized criminal activity that the Subcommittee staff has investigated is located in New York City, and Detective Oldham of the New York City Police Department's Major Case Squad is our next witness.

The Major Case Squad in cooperation with the Bureau of Alcohol, Tobacco and Firearms, and the U.S. Attorney for the Eastern District of New York, developed a significant case against the leadership of the notorious Born to Kill gang. Last week 10 members of the Born to Kill gang were indicted in New York, in large part due to Detective Oldham's persistent efforts in this investigation.

Detective Oldham, we appreciate your coming. We swear all witnesses, so will you please stand and raise your right hand. Do you swear the testimony you will give to this Subcommittee will be the truth, the whole truth and nothing but the truth, so help you, God?

Mr. OLDHAM. I do.

Senator ROTH. Thank you, Mr. Oldham. It is a pleasure to have you here.

**TESTIMONY OF WILLIAM OLDHAM,<sup>1</sup> DETECTIVE, NEW YORK CITY POLICE DEPARTMENT**

Mr. OLDHAM. Thank you, Senator, for allowing me to speak on the important and timely subject of Asian organized crime.

My name is William Oldham. I am a detective assigned to the Major Case Squad of the New York City Police Department. In that capacity, I investigate Asian organized crime with Federal agents from the Treasury Department's Bureau of Alcohol, Tobacco and Firearms.

As the number of Asian immigrants to this country grows greater, Asian crime skyrockets. Asian gangs proliferate and profit from activities that include extortion, prostitution, kidnapping for ransom, importation of heroin, the smuggling of illegal aliens, contract murder and armed robbery.

Some of the ethnic gangs active in these pursuits include Korean Power; the Fuk Ching, made up of immigrants from the Chinese province of Fukien; the New Taiwan Boys; the Dead Zone Posse, or DZP, whose members are of Cambodian descent; and the BTK, or Born to Kill, a Vietnamese gang, to name a few.

The Vietnamese gangs and the Born to Kill in particular have developed a reputation as vicious predators, preying on their fellow Vietnamese immigrants at unparalleled rates. The Vietnamese were originally incorporated into gang life by ethnic Chinese gangs who employed them as "muscle", using them to recover bad gambling debts and to collect money borrowed from loan sharks. The Vietnamese, because of their recent war-torn history, were thought to be especially capable of these undertakings. Familiar with weaponry and the skills of urban warfare, they had the additional advantage of being ruthless by virtue of their recent immigration and after a particularly "heavy" job, would flee to another State or region.

Many of the gang members, if not most, came to this country as refugees in the mid to early 1980's as unaccompanied minors. Generally, by the time they arrived here, they had spent 2 to 3 years in refugee camps located in Thailand or the Philippines before being relocated to the United States and placed in foster homes. The foster homes I have seen appear to be run as commercial enterprises with little or no thought given to the needs of the foster youth. If the individual youth proves too difficult, he often finds himself on his own, fending for himself, as the foster family continues to collect payment for him.

This arrangement bode well for the Born to Kill gang as their recruiting efforts were made considerably easier. The young men in the gang were given living space in "safe houses" paid for by the leader of the gang. These houses were rented and abandoned on a bimonthly basis to keep the police from becoming familiar with the location of the gang's residences.

<sup>1</sup> The prepared statement of Mr. Oldham appears on page 242.

Further, not all gang members were housed together. They were divided into smaller groups and scattered throughout New York and New Jersey. In return for housing, food and small amounts of spending money, the young men were expected to commit armed robberies and extortions, returning the proceeds to the gang's leader. The actual return on the proceeds to the members was a very small percentage of the gross take.

The Born to Kill was founded in 1988 when its leader, David Thai, left a gang known as the Vietnamese Flying Dragons and formed a gang originally known as the Canal Street Boys, so named because they were concentrated in the Canal Street area of New York's Chinatown. The gang membership ranged from 50 to 100 members, with members in New Jersey, New York, Connecticut and Canada. The gang specialized in the robbery of jewelry stores, massage parlors, and home invasions. All victims were of Asian descent. For a time, the gang operated massage parlors in New York and Connecticut, notable insofar as they would orchestrate the robberies of their own massage parlors when they learned that one of the patrons was carrying a lot of money.

The home invasions committed by the gang tended to be particularly vicious in that once inside the residence, the gang members often raped the residents, and resistance by the victims frequently ended in murder.

Jewelry store robberies were popular with the gang, as the proceeds were difficult to trace and were easily disposed of in the malls and stalls in Chinatown's jewelry district.

In July of 1990, the second in command of the BTK was shot to death on Canal Street. I believe this was arranged by members of the Chinese tongs as a reprisal and a message to the BTK hierarchy, for the tongs had grown tired of BTK robbing and extorting massage parlors and gambling parlors under the tong's control.

The funeral was a large affair, with members of the gang marching through the streets of Chinatown bearing Vinh Vu's coffin, as well as banners that read, "BTK," emblazoned with a yellow coffin and the words, "Stand by the Canal Boys."

Senator ROTH. Excuse me. We have some photographs here of that funeral; is that correct?

[The documents referred to were marked Exhibit 3 and can be found on page 347.]

Mr. OLDHAM. Yes, sir.

Senator ROTH. In this photo, they are marching down the street; this is the one who was killed, is that correct?

Mr. OLDHAM. Yes, sir. That is Vinh Vu.

This picture shows them marching near Moscow Street, across from the courthouse from Manhattan, just across the park from the courthouse.

Senator ROTH. I see. And what is depicted in this picture?

Mr. OLDHAM. That is the burial of Vinh Vu in Linden, New Jersey which I'll describe shortly.

Senator ROTH. Okay. Please proceed.

Mr. OLDHAM. Thank you.

Historically there is no love lost between the Chinese and Vietnamese people, and so it came as no real surprise when, to ensure the message was made clear to the BTK, during Vu's burial, held

at a cemetery in Linden, New Jersey, three attendees dropped their coats and began firing into the crowd of mourners at graveside with automatic weapons.

In early 1991, a Canal Street merchant, a jewelry store owner, went to the police to complain that he had been robbed by the gang. Shortly thereafter he was murdered by a gang member, shot in the back of the head in front of his wife a block and a half from his store.

The Born to Kill, the subject of a 20-count RICO indictment brought by the Eastern District of New York as a result of an investigation by BATF and the New York City Police Department, is responsible for literally hundreds of robberies, making the Vietnamese probably one of the most victimized immigrant populations in the City of New York.

While these Federal indictments have diminished the power of the gang, now is certainly the time to redouble our efforts to protect the Asian community from these types of criminal activities by encouraging them to participate in the mainstream of the American criminal justice system.

You will hear testimony today from Odum Lim, the very brave victim of the Born to Kill gang whose family was assaulted and whose jewelry store was robbed in Doraville, Georgia. As is clear from the indictment against the BTK, the Lims were only one in a series of victims of this very violent gang.

You will also hear testimony today from 2 restaurant owners located in New York's Chinatown. They are both typical of Chinatown merchants in that each is extorted by a gang and is required to pay money for "protection" of their businesses.

Thank you for your attention to an interest in this important subject.

Senator ROTH. Thank you for your testimony.

Detective Oldham, we have heard this morning about the so-called triad groups from Hong Kong. Are you aware of any triad presence in New York City, or do you know of any triad affiliation with the tong organizations or street gangs in Chinatown?

Mr. OLDHAM. Certainly their influence is felt. It hasn't been too long since we investigated a kidnapping in which the kidnappers were in constant phone contact with people from Hong Kong.

Senator ROTH. Were the kidnappers getting directions from Hong Kong, do you think?

Mr. OLDHAM. Yes, I do.

Senator ROTH. You do think they were?

Mr. OLDHAM. Yes; they were.

Senator ROTH. Do you think the triads are likely to try to establish themselves in the United States?

Mr. OLDHAM. I don't see where else they have to go—they have the United States and Canada.

Senator ROTH. So you think that is a real threat for the future?

Mr. OLDHAM. Yes sir.

Mr. ROTH. What kinds of criminal activities are these so-called street gangs involved with?

Mr. OLDHAM. As has been stated, they are primarily involved in extortion, robbery and drug dealing. The Born to Kill in particular are a poor gang of Vietnamese origin. The Chinese don't really

allow them access to heroin, so their primary sources of revenue are extortions and robberies.

Senator ROTH. In your prepared testimony, you say that many of the gang members came to this country as refugees in the mid to early 1980's as unaccompanied minors. Where they here legally or illegally, do you know?

Mr. OLDHAM. Yes. Almost all of them are here legally. There is no deportation to Vietnam presently, and it is almost impossible to deport to China now since the Tiananmen Square incident.

Senator ROTH. You talked about home invasion. Can you more accurately describe exactly what a home invasion is?

Mr. OLDHAM. It is an armed robbery of a residence in which the residence is entered by a number of armed males. What makes it unusual in these cases is that the criminals tend to stay in the residence for quite some time. We had a case recently of a home invasion where the men entered the premises, they beat the complainants to the ground, they announced their names, they said if the people who were being robbed had any complaints that they could be found on Canal Street, to come down and see them, and that furthermore these people were going to assist them in helping carry their belongings out to the car and help them get away.

Senator ROTH. They are characterized by violence.

Mr. OLDHAM. Yes.

Senator ROTH. Why don't they just take what is valuable and leave the people alone?

Mr. OLDHAM. It shows a certain—it is to impress upon these people that the so-called "bad guys" are not afraid of the police, and also they spend time to let them know—they frequently will take a driver's license or a green card to let them know that they know their names and where they live, and should they go to the police and should they make a report, that they will return and do them harm.

Senator ROTH. So it is motivated in part by intimidation.

Mr. OLDHAM. Yes, sir.

Senator ROTH. I think you mentioned, or others have, the these gangs know that there is a lot of money at these homes because the Asians often are fearful of putting their money in banks. Is there any way of changing that practice—stronger banks, maybe?

Mr. OLDHAM. That's a perfectly good question. I don't know the answer. What we find is not just that they are banking at home, but if they are going to open a jewelry store, they have jewelry at home, and they frequently become victims then; if they have just sold a business, and they have the money at home overnight. A lot of inside information is passed back and forth to the gangs in gambling parlors; someone can vacate their gambling debt by giving information as to who has jewelry or cash stored at home and where it might be.

Senator ROTH. There seems to be a difference of opinion as to the relationship between the so-called street gangs and the tongs. Do the tongs directly control the street gangs in their criminal behavior, or do the gang members act independently, or does it vary?

Mr. OLDHAM. They direct the street gangs as parents direct their children. They are responsible for much of their behavior. But the street gangs frequently act independently.

Senator ROTH. What would you say is the average age of the Chinese street gangs?

Mr. OLDHAM. They are running 15 to 25 years of age.

Senator ROTH. What is the age of the leadership?

Mr. OLDHAM. Between 25 and 35—if you are talking about the immediate street gang leadership.

Senator ROTH. And how do the young teenagers become involved in these gangs?

Mr. OLDHAM. Again in regard to the Vietnamese gangs, these people came here—they have no family—they were located in the United States at the direction of various relief organizations. They spent 2 or 3 years being institutionalized in relocation camps overseas, and they come here and they end up in foster homes, some of which aren't quite up to standards. They end up waifs, and they are recruited by the street gangs. They really have nowhere else to go sometimes.

Senator ROTH. What kind of weapons do they have?

Mr. OLDHAM. We seized a bomb last month from one member—they were going to set a bomb off inside a crowded restaurant. We executed a search warrant not too long ago, and we came up with silencers, machine gun—they have whatever weaponry they might require.

Senator ROTH. How do these Asian organized crime groups differ from the more traditional organized crime groups, the LCN?

Mr. OLDHAM. I think there are a lot of parallels. These are hungry immigrant groups who have not necessarily assimilated. The victim population is distrustful of the police, which was true of the Italians and the Irish before them. In my way of thinking, they are not entirely different. The mobility is the biggest factor. There are Chinese populations in almost every continent, and we see them in and out of New York City and in and out of the United States on a regular basis.

Senator ROTH. Do you see Asian organized crime as a major problem in the 1990's?

Mr. OLDHAM. Absolutely. that is how I spend my working days.

Senator. ROTH. Now, we have a chart here of the New York gang/tong structure; is it accurate?

Mr. OLDHAM. Yes, sir.

Senator ROTH. Are there any significant differences between the Born to Kill gang and the other street gangs noted on the chart?

Mr. OLDHAM. The Born to Kill has no tong behind it. It splintered off from a larger Vietnamese group that came under control of the Chinese. The Born to Kill has chapters in Canada, Connecticut, Boston, New Jersey. They generally do not come under what we call the traditional control of the Chinese community and therefore frequently aren't welcome by the Chinese community.

Senator ROTH. We also have a chart showing the street layout in Chinatown, with the areas controlled by the various gangs and tongs. Is that chart accurate?

Mr. OLDHAM. Yes, sir.

Senator ROTH. Having had the opportunity to review the indictment issued last week by the U.S. Attorney for the Eastern District of New York against a number of reputed BTK gang members, I was struck by the fact that many of these crimes were committed

beyond the confines of the New York City area. It noted that there were robberies in Bridgeport, Connecticut, and Senator Nunn's home State of Georgia, as well as Rochester, New York.

It is unusual for a gang to travel such distance to commit a crime, or does this perhaps represent a new and dangerous trend toward interstate violence by these young criminal groups?

Mr. OLDHAM. Again, the Born to Kill doesn't really have access to heroin, which is frequently the prime revenue-producing resource for gangs, and they have to travel far and wide to meet their financial needs, so we see them traveling 20 hours at a clip to do a jewelry store robbery. It is just not uncommon. They will travel in 2- or 3-car caravans to go and rob a place. Usually they will have one person locally who is the contact person, who will have the inside information and will set up the robbery.

Senator ROTH. There appears to be a need for some sort of coordinated effort on the part of the law enforcement groups. Does your office work alongside any other Federal or local agency in confronting gang violence other than, of course, the Bureau of Alcohol, Tobacco and Firearms?

Mr. OLDHAM. First, I have to commend BATF. They have been very helpful, and they are the premier agency in terms of the street gangs.

We are in constant contact with the local authorities. We speak by telephone 2 or 3 times a week to Canadian authorities. When we receive information regarding narcotics, frequently it is passed on to the Drug Enforcement Administration. Immigration is helpful, although their resources are somewhat limited.

Senator ROTH. It is my understanding that Manhattan's District Attorney's Office has a special unit known as the Jade Squad, which presumably concentrates on Asian gang activity in New York. Does this sort of focused attention assist in the war against gang violence and help deter its expansion?

Mr. OLDHAM. Certainly it does. The Jade Squad is located, as you said, in the Manhattan District Attorney's office, and in New York presently, we find at least 2 other Chinatowns, one in Brooklyn and one in Queens, New York, in Flushing. So we are looking at the formation of a citywide Asian crime investigating unit, perhaps to come under the umbrella of the Major Case Squad.

Senator ROTH. Well, you certainly have had a wealth of experience in dealing with these Asian groups. Do you have any recommendations, suggestions that you think would help assist law enforcement that we might do here in Congress or otherwise?

Mr. OLDHAM. The experience that these youthful gang members have in the criminal justice system teaches them that they are not going to be punished. The first 2 or 3 times out, being arrested and convicted of an armed robbery, they are likely to be released. I would recommend that juveniles probably should see some mandated sentences just as we have seen in the Supreme court or in State criminal courts. I just think they are somewhat lenient and don't really get the attention of the juvenile offender.

Senator ROTH. In other words, these street gangs feel they can get away with it without being punished.

Mr. OLDHAM. That's why the street gang members are so youthful, because really they are guaranteed a free ride; that's why they

are so often used by the older gang members. That's why we're seeing 13-, 14-, and 15-year-olds being used to do the extortions, to commit the robberies, and to harass the witnesses, because they act with impunity.

Senator ROTH. Do you, because of your activity in this area, feel threatened, you or your family?

Mr. OLDHAM. No, sir.

Senator ROTH. I'm sorry, I didn't hear you.

Mr. OLDMAN. No, sir, not at all.

Senator ROTH. We want to thank you for not only being here today, but for the importance of the work you are involved in, and wish you well.

Mr. OLDHAM. Thank you, sir.

Senator ROTH. Thank you very much.

Senator ROTH. Our next witness is Odum Lim. Mr. Lim, if you would please come forward. Mr. Lim, as you have heard, all witnesses are sworn, so would you raise your right hand, please. Do you swear the testimony you will give before this Subcommittee will be the truth, the whole truth and nothing but the truth, so help you, God?

Mr. LIM. I do.

Senator ROTH. Thank you, Mr. Lim.

We appreciate very much your being here today, and I would ask that you pull your microphone very close so that everyone can hear you.

Please proceed.

#### TESTIMONY OF ODUM LIM,<sup>1</sup> BORN TO KILL GANG ROBBERY AND ASSAULT VICTIM

Mr. LIM. Thank you for letting me have the opportunity to come to speak here.

My name is Odum Lim. I was born in Cambodia. I am married, and I have 3 children presently. I served in the Cambodian army as an interpreter to the U.S. military attache.

In April of 1975, Cambodia fell to the Khmer Rouge, a Communist regime run by Pol Pot. My family and I were forced out of our home along with thousands of Cambodians. We were forced to work in the fields as slaves. Thousands of Cambodians starved and died. Some were killed by the Khmer Communists, the Cambodian Communists, because they were professional employees or teachers.

In 1979, I escaped to Thailand. It took me about 5 months to reach the border by foot. However, the Thai Government authorities did not receive us and forced the Cambodian refugees back to the north side of Cambodia, which is the mountains. At the border, a lot of refugees were killed by stepping on mine fields.

After we escaped from the mine fields, we tried to come back to the Thai border again, and this time we got through the Thai border.

In the refugee camp, I worked in the camp administration for the United Nations High Commission for Refugees.

<sup>1</sup> The prepared statement of Mr. Lim appears on page 248.

On August 21, 1981, my family and I resettled in the United States. I was sponsored by the local church; they had taken care of me. After a month, I had a job. Because of lack of much English understanding, I had to work in a very, very low class job, as a fish cleaner. After a year, we didn't make any improvements in our lives, so I changed to the jewelry business, a jewelry career. For a year I sold from one home to another home, and some got stolen by customers.

In 1984, I decided to open a small jewelry store. I have various nationalities of customers—Chinese, Cambodian, Vietnamese, Laotians, and others. However, things never went smoothly.

On November 26, 1991, my jewelry store was hit by a Vietnamese gang. There were six of them. They came in and acted like customers, bringing one necklace to repair. My wife repaired it, and after she repaired it, she showed it to them and asked for the money. They did not give the money, and one of them turned to the others and said, "Are you ready?" and six of them suddenly jumped behind the counter. One of them grabbed my wife's neck, and two of them jumped toward me. The showcase was so small, it took just one second to reach me, I saw the gun, and tried to grab the gun out of his hand, but I didn't make it because another one stabbed my right arm. I can show you—here.

Senator ROTH. Those are the scars from the wounds?

Mr. LIM. Scars from the wounds, yes.

Senator ROTH. How many times were you stabbed?

Mr. LIM. Twelve times stabbed on the right side.

Senator ROTH. Can you identify this photograph?

[The document referred to was marked Exhibit 5 and can be found on page 352.]

Mr. LIM. Yes. That's my picture. At that time, I had walked through the door to the outside. After that, my wife came out, and I asked her to take that picture, and my wife nervously took that picture.

Senator ROTH. So you not only were stabbed 12 times, but you were also shot?

Mr. LIM. After losing the gun—I tried to take the gun from his hand. The first bullet went through the wall, just like that. After I lost the gun, I heard a shot right on my right ear; I felt like, "Oh, I'm dead," but a moment later, I said, "Well, I'm still alive," so I walked through the door to the outside to get help.

Senator ROTH. And your wife was handcuffed?

Mr. LIM. Handcuffed in the restroom.

Senator ROTH. And the two children were with her?

Mr. LIM. Yes.

Senator ROTH. Have you been able to recover pretty much from your wounds?

Mr. LIM. Well, I think I have recovered maybe 80 percent, except my right hand still doesn't move real good. When the weather changes, I feel it hurting.

Senator ROTH. Please proceed. Go ahead.

Mr. LIM. I stayed in the hospital about 21 days. The doctor wanted me to stay a little longer, but because I didn't have any health insurance, we didn't know how to make any decisions, so I

just came home early. The doctor bills and hospital bills total about \$50,000, and I don't know how to pay all this debt.

Psychologically, my family is deeply worried. I have sent my daughter to a karate class to learn some self-defense.

I don't have anything else to say. Thank you again.

Senator ROTH. Well, we certainly appreciate your taking the time to be here with us today, and we regret the ordeal that you had to endure.

Let me ask you if I may, Mr. Lim, a few general questions. How large is the Asian community where you live?

Mr. LIM. I guess about 60,000.

Senator ROTH. Have you ever been the victim of any other gang violence?

Mr. LIM. No, I have not.

Senator ROTH. Have your friends or neighbors?

Mr. LIM. Yes. My friend, who has a small jewelry store, got robbed at home. The family was tied up with plastic tape at gunpoint, and they took all the jewelry.

Senator ROTH. At the time of your robbery, were any threats made to your future conduct?

Mr. LIM. No.

Senator ROTH. Did you have any fear or do you have any fear now?

Mr. LIM. Well, right now, when I see some strangers, my heart pumps very fast.

Senator ROTH. I think that's understandable.

Do you have any recommendations for what law enforcement might be able to do to help the Asian community to defend itself against these growing criminal groups?

Mr. LIM. I think the Oriental people, most of them, like gambling. Gambling may affect all of that. Illegal gambling at home must be prosecuted.

Senator ROTH. Do you think that people get into debt and then have to rob?

Mr. LIM. Well, if you don't have any money in your pocket, what do you do—you rob somebody of their money.

Senator ROTH. We have heard evidence that one of the things that encourages these home robberies and this home violence is the fact that many Chinese and other Asians don't trust the banks, keep money and other valuables at home. Do you think that's a factor in encouraging this criminal activity?

Mr. LIM. Well, a lot of refugees, most of them, don't understand much English, or anything that has to do with a bank or signing something. Why they keep the money at home, one, it is easy for them to take it out and put it back in.

Senator ROTH. How do we develop more confidence in the law enforcement of this country than currently exists among many Asian immigrants? Or, let me ask you this question. Do you think there is a distrust on the part of your friends and neighbors as to whether they can rely on law enforcement?

Mr. LIM. I think we need some secret agents from among the Asian community; that might help. They can put out information, tell us what's going on right now—not just for the police to show up. A secret agent is better.

Senator ROTH. So it's a lack of knowledge about the law enforcement efforts?

Well, you are very courageous to come here today and speak before this Subcommittee, and I want you to know that my staff and I appreciate your cooperation, your very helpful assistance, and I wish you well. We will undoubtedly want to continue to work with you in the future.

Thank you very much for being here.

Mr. LIM. Thank you again for letting me speak on this important issue.

Senator ROTH. Our next two witnesses are merchants who are regularly extorted by street gangs in New York City, and again for reasons of personal security, we are permitting them to testify behind a screen, so for a couple of minutes the Subcommittee will be in recess.

[Recess.]

Senator ROTH. The Subcommittee will be in order.

Our first witness is a "Mr. Wong".

Mr. Wong, I will not ask you to stand, but if you will please raise your right hand. Do you swear the testimony you will give before this Subcommittee will be the truth, the whole truth and nothing but the truth, so help you, God?

Mr. WONG [Interpreted from Chinese]. Yes, I shall tell the whole truth and nothing but the truth.

Senator ROTH. Thank you.

Mr. Wong, you may proceed with your testimony.

#### TESTIMONY OF "MR. WONG",<sup>1</sup> EXTORTION VICTIM

Mr. WONG [Interpreted from Chinese]. Thank you for giving me this opportunity to speak here today before the Senate Permanent Subcommittee on Investigations on this very important subject.

I am a Chinese businessman who has owned two businesses in New York City, in the Chinatown area. I have been plagued by Chinese gang terrorism during the past few years, and this problem has reached epidemic proportions for all Chinese businessmen in the New York City Chinatown area. I am prepared to testify in the hope that it will assist you in dealing with this problem and protecting us from these gangs.

Chinese gangs routinely extort money from owners of stores in the following way. Youthful members of the gang will visit the merchant and will tell him that he must pay monthly protection money. The amount that he has to pay varies with the type of business. For example, smaller stores pay the least because they are the least profitable. They pay either \$100 or \$200 per month. They are often asked to pay either \$108 or \$208. The reason for this is that in Chinese, the number 8 rhymes with the word prosperity. Restaurants pay at a higher rate because they earn more money. The general monthly payment for a restaurant would be \$300. Gambling houses, which are illegal, pay a much higher rate. I have heard that their payments run into thousands of dollars. In these places, the gang often stations a member to observe the flow of

<sup>1</sup> The prepared statement of "Mr. Wong" appears on page 252.

money at all times. Because of the illegal nature of the business and the high profits involved, the gang sometimes become unofficial partners in the enterprise.

In addition to monthly payments, there is also other money which is extorted. When a new business opens, there is a "grand opening fee." In my case, I was asked for \$1,330 when I opened my restaurant. There are also special amounts that must be paid at the Chinese New Year. Gang members will come to the merchants and sell them "moon cakes". These cakes cost \$7 in a bakery, but the gang members oblige us to buy them for \$108 or \$208 each. The money is paid to the gang members in a red envelope. This is customary among Chinese people as red signifies good luck.

Various gangs control different parts of Chinatown. The northern section along Canal Street is controlled by the Vietnamese gangs. These gangs are growing very rapidly, and they are becoming a competitive force with the traditional Chinese gangs.

Central Chinatown is controlled by the Tung On gang, and the area along East Broadway on the southern portion of Chinatown is controlled by Fukanese gangs.

When you pay money to one gang, they are supposed to provide protection. This protection is protection from them. However, they are also supposed to protect us from the other gangs.

I have had the experience of being victimized by more than one gang. When I complained to the first gang that a second gang was trying to extort money from me, they promised to speak to the other gang, but in fact the other gang continued to torment me.

My most recent experience involved the opening of a new restaurant. After paying a \$1,330 fee for a grand opening and agreeing to a \$308 monthly payment, a second gang arrived demanding \$3,000. When I refused to pay this amount, because I could not afford it, the gang returned while the restaurant was crowded, and they overturned tables and began throwing dishes. The customers fled, and the gang did not leave until they had done approximately \$3,000 of damage.

At this point, I became so upset and angered that I reported the incident to the police. Very few merchants in Chinatown ever do this because they fear retaliation against themselves and their families. Many also fear the police because they are in the country illegally, and they are hesitant to have any contact with the authorities.

The gangs also require that we provide at least \$100 worth of free food for them per month. They generally enter the restaurant and are given the food on a take-out basis. We maintain an account for how much food they have taken.

The gangs scare us, and we always pay because we know they have the ability to ruin our businesses. They also extort money from Chinese businesses outside New York. For example, if they learn you have relatives in New Jersey or Connecticut, they will go to their businesses and extort money from them, too.

Since I called the police, the second gang has not yet returned to my restaurant. However, they have called me on the telephone and made threats. Almost everyone pays except for stores which are owned by the gangs or by the gang's relatives.

Gang warfare is sometimes seen in our streets. This usually involves fights over territory. It may reflect feuds between ancient enemies from China. These feuds often continue for many, many years, and when the groups meet here, the battle takes place on our streets. At the present time, it appears that the Vietnamese gangs are becoming the largest and the strongest. They have many new members, and they are also the most readily capable of violence.

Gangs have other ways of earning money. They learn who the relatives are of their victims, and if you don't pay them, they kidnap your children and hold them for large ransom. Usually when they come to the stores to extort money, they don't carry guns. When they arrive with guns, it is usually for the purpose of kidnapping.

The gangs also sell drugs and engage in alien smuggling. When aliens arrive in New York, they are held in apartments as prisoners, and they are not released until their families pay in full the fees for coming to this country. If the families are late with the payment, they are charged 10 percent or 20 percent interest per week.

The gangsters also kidnap aliens and ask their relatives for money because their relatives are afraid to go to the police themselves, as they many also be in this country illegally.

The young gang members have an insatiable appetite for money. They spend vast amounts on clothing, jewelry, cars, drugs, guns and women. Most of the gang enforcers are very young. However, the bosses are older. These older men keep their identities secret, and they are never seen by the merchants in Chinatown.

Another gang activity which has proven very profitable involves video games for gambling. The gangs come to our stores and force us to install video games which they provide for such games as black jack and joker poker. They make you take the game into your store, and then they split the proceeds with you. They require us to put these games into our stores even though we can get in trouble for having these illegal gambling games on the premises. The split of the money is generally 60 percent to 40 percent.

Gangs are also in the business of renting beepers. They take beepers away from young people they see with them, or they steal the beepers and they have it turned on by another company and sell it or rent it to a friend. This is cheaper than obtaining a beeper through the beeper company.

I hope that this information can give you an idea of the scope of the Asian gang activities in New York City. This same pattern of behavior exists in every large city in the United States where there is a sizable Chinese population. For these reason, some Chinese businessmen migrate to small towns where there are very few Chinese people and where they hope that the gangs will not become aware of their existence.

I am testifying here today under a false name and behind a screen because I would likely be injured or killed if the gangs find out I am here. I will be happy to answer questions, but I respectfully request that I not be required to answer questions which might identify me. I would also like to answer questions through the interpreter.

Thank you.

Senator ROTH. Thank you very much, Mr. Wong. You said you reported the incident to the police. What did the police do? Did they make any arrests?

Mr. WONG [Interpreted from Chinese]. I reported the incident to the police. After about half an hour, the police arrived, and all the gangsters had left the premises. The police asked me for a description of the gangsters, but later on they did not capture the gangsters.

Senator ROTH. Do you know what efforts they made to apprehend the criminals?

Mr. WONG [Interpreted from Chinese]. They have not told me whether or not they have captured the gangsters.

Senator ROTH. Does every store owner in Chinatown pay protection to the gangs, or do some manage to avoid paying?

Mr. WONG [Interpreted from Chinese]. Some of those have not paid, but these are usually well-connected to the gangsters; either they are relatives, or else the stores are owned by the gangsters. Other than that, most of the stores, the majority of the stores must pay the protection fee.

Senator ROTH. Is it generally known in the Chinese community who are the leaders of the gangs?

Mr. WONG [Interpreted from Chinese]. I am not very clear about this. I'm sorry. I don't know the answer.

Senator ROTH. Why do you think business owners in Chinatown are so hesitant to go to the police when they are extorted?

Mr. WONG [Interpreted from Chinese]. First of all, perhaps there is a language problem. Furthermore, when they report it to police, they are afraid of future retaliation; therefore, they are afraid to go to the police. Some of them are illegal immigrants themselves, so they hesitate to meet any police authorities.

Senator ROTH. Do the Chinese businessmen have any organizations in which this kind of a problem can be discussed—what we call a Chamber of Commerce?

Mr. WONG [Interpreted from Chinese]. Yes, there are some organizations similar to the Chambers of Commerce, but basically they are incapable of handling such problems.

Senator ROTH. Has any effort been made to go to the political leaders of the community or city to discuss the general problems, and if not, why not?

Mr. WONG [Interpreted from Chinese]. According to my understanding, I have heard that these gangsters are deep-rooted; they are well-connected.

Senator ROTH. So there is fear in discussing it?

Mr. WONG [Interpreted from Chinese]. Yes, there is a great fear among us. Furthermore, they have a language problem. They are very poor in spoken Chinese, and it is very difficult for them to express themselves clearly in English.

Senator ROTH. When your business was being extorted by 2 different gangs, did that cause any friction between the gangs that you are aware of—some kind of turf war, for instance?

Mr. WONG [Interpreted from Chinese]. Yes. There are some conflicts between the rival gangs. For example, the Fuk Ching gang has territory along east Broadway. Tung On gang is to the north of

East Broadway. However, once the Fuk Ching gang moved into the northern territory they ran into the Tung On gang, and the two gangs were engaged in street fighting. The gangs have their own turf to protect, and they usually will protect their territory.

Senator ROTH. What is the average age of the gang members who come to your shop?

Mr. WONG [Interpreted from Chinese]. I would say among the two or three gangs coming into the store, the Tung On gang are younger; they range in age from 15, 16 to about 20. The Fuk Ching gang is older; they are about 20 to 30 years old.

Senator ROTH. Are these gangs also hired to protect the illegal gambling parlors?

Mr. WONG [Interpreted from Chinese]. That's correct, sir. Each gang will also protect gambling houses within in their turf; they will either serve as guards or in some protective capacity.

Senator ROTH. We have been told that the Chinese businessmen associations or tongs operate gambling establishments. Does this mean the tongs are hiring out gangs to protect their gambling businesses?

Mr. WONG [Interpreted from Chinese]. Yes, I believe so. They have high profits at the gambling casinos, so they would like to protect their gambling places, yes. And they can pay the protection by money won from the gambling casinos.

Senator ROTH. You have shown great personnel courage in coming here and explaining some of the problems faced by the legal Chinese businessman. Do you have any thoughts on what can be done to reduce or eliminate the criminal activity by these gangs?

Mr. WONG [Interpreted from Chinese]. I believe perhaps the best approach is we should have more Chinese-speaking police. Then this will facilitate the communications between the police and the victims.

Second, would suggest stiffer penalties against the gangsters. They should not be let out. Once they are let go free, they will take retaliatory actions against the victims.

Senator ROTH. If there were some place for the Chinese businessman to go and explain his problems, do you think many of the Chinese businessmen would take advantage of that opportunity?

Mr. WONG [Interpreted from Chinese]. I believe if there is such a place, they first much make it clear that those who come to complain would be well-protected. This would encourage them to come.

Senator ROTH. Let me ask you one question. You talked about kidnappings. Do these kidnappings take place without being reported to the police?

Mr. WONG [Interpreted from Chinese]. I believe most of those who suffer from kidnappings would not go to the police, for their fear future retaliation against them. Some—a very small number of them—perhaps are courageous enough to report to the police.

Senator ROTH. I want to thank you for coming here today and explaining the problems faced by businessmen like yourself. I would be interested in any further thoughts that you or your other friends in the Chinese community might have and how we can try to address this problem.

Thank you very much for taking the time and for your courage in coming here.

Mr. WONG [Interpreted from Chinese]. I thank you, sir, for giving me this opportunity.

Senator ROTH. Our next witness is a "Mr. Chan," who will likewise testify behind the screen.

Mr. Chan, we require all witnesses to be sworn, so would you just raise your right hand? Do you swear the testimony you will give before the Subcommittee will be the truth, the whole truth and nothing but the truth, so help you, God?

Mr. CHAN. I do.

Senator ROTH. Thank you. Please proceed, and if you would pull the microphone close.

#### TESTIMONY OF "MR. CHAN",<sup>1</sup> EXTORTION VICTIM

Mr. CHAN. Thank you for the opportunity to speak today before the Senate. I am a manager of a restaurant located at the heart of Chinatown, New York City. Because my business location is controlled by a gang named "Flying Dragons", I am constantly threatened and intimidated by them. In order to buy safety for all employees of the restaurant, my owner asked me to yield any demand they ask.

Here is the story how they extort money and favorable treatment.

From the beginning when the restaurant was opened, they came to the restaurant with a strange behavior, asking for our "lucky money" and at least 20 percent discount of whatever they ate. A short while later, they started trouble by beating up one of my waiters for disrespectful behavior. My owner somehow negotiated with their leader and agreed to pay the gang about \$300 per month so that they would not disturb our business.

For the first few months, the gang accepted monthly payment. Later on, they asked the owner to pay them annually, and in doing so they gave us some discount.

In addition to this annual payment, we are required to give the gang discounts for food they buy. Frequently, gang members just sign their name, and they do not bother to pay it later. They also come into the restaurant and use our local phone or beeper for long distance calls.

During the year, there are many occasions that we are required to purchase additional items from the gang at a very high price. For example, on Chinese New Year, we were asked to buy a "lucky tree". Also, for the autumn feast, the gangs sell "moon cakes". These cakes sell for \$6 or \$7 in the store, but we are required to pay at least \$50, and some merchants pay much more.

In the past and recently, our restaurant also has been required to buy vegetables from a gang member. He would get the produce from other merchants and sell it to us at higher prices. Other restaurants in the area were also required to buy their vegetables from the gang for more than they would cost at other produce stores.

<sup>1</sup> The prepared statement of "Mr. Chan" appears on page 258.

As manager of a restaurant, I have a try to show them a very respectful manner; otherwise I put myself in danger. Two years ago, one of our waiters carelessly took a food order from them and mistakenly served the wrong item to them. They cursed the waiter and broke our table and dishes. That night, the illuminated sign outside the restaurant was broken into many pieces. It cost \$2,000 to repair it.

I certainly hope there will be a solution to this problem where everyone has a chance to work safely and peacefully without being threatened and intimidated.

Thank you for the opportunity to speak before you, sir.

Senator ROTH. Thank you, Mr. Chan.

Have you had any experiences where gang members threatened you personally or displayed any violence while in the restaurant?

Mr. CHAN. Yes, sir.

Senator ROTH. Occasionally, or is it frequently?

Mr. CHAN. Occasionally, yes.

Senator ROTH. Do you contact the police about such incidents?

Mr. CHAN. Since I have worked there I have only contacted the police twice—once because they broke into the restaurant over night, and once when they robbed me at gunpoint.

Senator ROTH. What did the police do?

Mr. CHAN. The first time, I reported the burglary. The second time, I think the police arrested the guy who stuck the gun in my back, but later, he knew that I was the one who complained about that, and I was threatened constantly after that. Right now I feel a little bit okay, but I am still feeling very unsafe.

Senator ROTH. Was the individual prosecuted in any way?

Mr. CHAN. The time I was robbed—eventually, I don't know what happened, but the lawyer for the defendant informed him of my name in the complaint, and right now I think that I lack confidence in the police.

Senator ROTH. Do you have any suggestions as to how we might bring an end to this ugly tradition of extortion and violence carried on by the street gangs?

Mr. CHAN. So far, I don't have any answers, and I don't have any suggestions yet. But for my own safety, I still feel very threatened.

Senator ROTH. Is there any effort or any interest on the part of the Chinese business people in trying to work together to stop this?

Mr. CHAN. So far, I don't see anything.

Senator ROTH. You don't see any effort. Is that because the gangs are tied into the business organization?

Mr. CHAN. Yes.

Senator ROTH. So there is direct connection. Is there fear that you don't know whom you are talking to and that whomever you talk to may be involved with the gangs?

Mr. CHAN. The fear that is constantly there is that they are related, you know, one member to the other. There are a lot of them. For example, a lot of them come into my restaurant.

Senator ROTH. And why is it that more businessmen who have been victimized by these gangs don't come forward to the police and press charges?

Mr. CHAN. For myself, I am afraid of retaliation by gang member.

Senator ROTH: So in effect are you saying that the community as a whole is intimidated by these groups?

Mr. CHAN. Yes.

Senator ROTH. The hour is growing late. I want to express my appreciation to you for showing the courage of being here and testifying. We would be interested in any further thoughts that you might have as to how this problem can be addressed.

Thank you very much.

Mr. CHAN. Thank you very much, sir.

Senator ROTH. Our final witness today is Sergeant Douglas Zwemke of the San Jose Police Department.

Sergeant Zwemke, we are delighted to have you here today. He has a long and distinguished record as an officer in the San Jose, California Police Department and is well-versed in the area of Asian organized crime.

Sergeant, we welcome your testimony today. If you would raise your right hand, please. Do you swear the testimony you will give before this Subcommittee will be the truth, the whole truth and nothing but the truth, so help you, God?

Sergeant ZWEMKE. I do.

Senator ROTH. Please be seated and proceed with your prepared statement.

**TESTIMONY OF SGT. DOUGLAS ZWEMKE,<sup>1</sup> SAN JOSE POLICE  
DEPARTMENT, SAN JOSE, CA**

Sergeant ZWEMKE. I want to thank you and your staff for inviting me here to our Nation's Capital. It is an honor.

My name is Douglas Zwemke. I am a 20-year veteran of the San Jose Police Department, with the rank of sergeant. I have 8 years of experience related to Vietnamese matters stemming from assignments in the intelligence unit and currently with the robbery unit. I have received Vietnamese Hanoi dialect training at the Defense Language Institute. At times, I have been cross-designated as a U.S. Marshall for purposes of San Francisco strike force cases.

This statement reflects both my professional opinion as well as an honest effort to provide a consensus of opinions shared with me by law enforcement personnel at the Federal, State and local levels in California.

I will provide brief demographical statistics concerning the Vietnamese population in California, followed by descriptions of types of crime in which Vietnamese criminals are often involved. Finally, I will mention some of the crime-fighting techniques employed by the San Jose Police Department and will discuss our procedures for a typical sting operation.

**Demographics.** Nearly 700,000 Vietnamese live in California. The major population centers are the areas of Los Angeles, Orange County, and the San Francisco Bay. San Jose has a population of approximately 800,000 and has one of the largest concentrations of Vietnamese in the United States, with a Vietnamese population numbering 75,000.

<sup>1</sup> Prepared statement of Sgt. Zwemke appears on page 261.

The fall of Saigon to Communist forces in 1975 marks the beginning of major immigrations of Vietnamese to the United States. There are 2 specific effects or legacies of these immigrations on American society relevant to this hearing. One is positive, one negative.

On the positive side, Vietnamese people demonstrated a true American success story. They have adapted well to mainstream America, and their academic, business and professional achievements are well-documented. The Vietnamese work ethic is reminiscent of the work ethic brought to this country by other immigrants from other parts of the world in times past.

On the negative side, and the reason I am here, in the nearly 16 years since the fall of Saigon, those Vietnamese predisposed toward crime have been involved in almost every type of crime, leaving virtually no illegal stone unturned. The major areas of Vietnamese-related crime are: extortion; fraud; auto theft; terrorism, of a political/crime nature; high-technology theft; gambling/prostitution; narcotics trafficking; and robbery.

Briefly, on extortion, extortion is a crime typically carried out by Vietnamese against other Vietnamese. It is widely unreported or under-reported and is difficult to investigate due to some continuing distrust of police and to victim or witness intimidation following arrests. Extortionate activity is expected to decline as Vietnamese continue the Americanization process.

Fraud. Vietnamese criminals are notably active in the areas of welfare fraud, insurance fraud such as staged auto accidents, and health care fraud. In the area of health care fraud, the systematic bilking of millions of dollars of the California Medi-Cal program was investigated by State and local officers in 1983 and 1984, leading to the arrest of 52 Vietnamese physicians and pharmacists. Insurance and health care fraud remain widespread both in California and the United States. The health care programs involved are partially federally funded.

Auto theft. This is an area of significant concern. The crimes involved also include vehicle salvage swaps. Sixty percent of all auto theft-related cases in San Jose involve the Vietnamese criminal. Similarly high percentages of case loads exist in Southern California. Such crimes, of course, result in higher insurance premiums for everyone.

Terrorism. This area involves established patterns of arsons, threats, assaults and assassinations of Vietnamese nationals opposed to anti-Communist Vietnamese organizations by members of a Vietnamese resistance group called "the Front". The Front, like any other resistance group, appears to be little more than a scheme to defraud internationally displaced Vietnamese of millions of dollars. Their violations are currently a focus of the San Jose Police Department and the FBI.

High technology. In San Jose, also known as Silicon Valley, approximately 70 percent of all high-tech theft cases are generated by Vietnamese criminals. These cases typically involve thefts of computer memory chips, which are easily sold to a gray market on intrastate, interstate and international levels. The San Jose Police Department and the FBI are currently conducting appropriate investigations.

**Gambling/prostitution.** Gambling and prostitution are endemic. Legalized card clubs in California have spawned well-entrenched organized crime. Illegal gambling is typically conducted in impromptu settings such as residences which have been the scenes of robberies and homicides.

**Narcotics.** Narcotics distribution by Vietnamese lags behind that of the more organized crime groups such as the South American cartels and the Chinese crime groups. However, organized patterns of drug distribution are emerging and drug use by younger Vietnamese is having a telling effect on their culture. Drug use is a catalyst for crime for Vietnamese just as it is for all other groups.

**Robbery and home invasions.** Robberies carried out by Vietnamese have almost exclusively other Asians as their targets. Commercial and, most notably, residential robberies are thought to be reaching epidemic proportions nationally. Most Vietnamese residential robberies are characterized by their extreme violence, with humiliation, torture, rape, assault and homicide of victims quite common.

The victims of the robberies are often their own worst enemies. The cultural habit of hoarding gold and money at home is common, and Vietnamese gangsters prey on these habits. Home invasions often go unreported or under-reported and are difficult to investigate and prosecute. Distrust of police and victim/witness intimidation frustrate these investigations.

Vietnamese gangsters can be thought of as a loosely-knit group of people who are extremely mobile throughout the United States. A Vietnamese robber in San Jose often reappears in Southern California or Texas or New Orleans a few days later. While some of these groups assume gang-type names, many of these gangsters are simply focused on economic gain, in contrast to other ethnic gang-type groups. Name-taking is more common among aspiring criminal types who are still in their teens.

**Briefly, crime fighting techniques.** There are several techniques which the San Jose Police Department has employed to fight Vietnamese crime.

We have established a hot-line tailor-made for the Vietnamese. The fliers are well distributed, and this program has had some success.

We have instituted Vietnamese language classes for San Jose police officers. We have aggressively recruited and continue to recruit native Vietnamese speakers.

We have attempted to combine resources of Federal and local agencies, and we have used and will continue to use innovative investigative approaches such as the San Jose Police Department robbery sting.

I have here a tape of some excerpts from this sting operation. It involved an informant—actually, informants who spread the word that they were interested in doing some home invasion robberies. We had either an apartment or other environments wired with video technology, and the behavior of the criminals was recorded during these procedures.

**Sting operations.** The home invasion/robbery sting operation was implemented in response to the increasing numbers of these crimes. Intelligence sources suggested that there are significant

numbers of Vietnamese criminals who would eagerly participate in the planning and execution of the home invasions.

The legal notion of entrapment was discussed with the local district attorney. Communication between prosecutors and sting personnel was continuous.

A typical sting scenario involved cooperating Vietnamese sources making contact with prospective robbers and providing a profile of an intended but fictitious victim. Independent recruitment of additional robbers was standard. At an appointed time, the Vietnamese subjects would show up at a designated place which was equipped with video cameras. While police personnel would monitor and tape all activities, the would-be robbers went about planning the conspiracy to rob.

Plans would be made, assignments given, specific uses of violence discussed and weapons produced. Following completion of the detailed conspiracy, the subjects would leave, believing that they were en route to commit a robbery. While en route, well-orchestrated car stops would be made. A total to date of 17 subjects have been arrested and charged with conspiracy to rob, attempted robbery, and appropriate weapons charges.

Because of the levels of violence discussed on the tapes and the obvious violations of conspiracy and weapons laws, negotiated guilty pleas have been readily entered by defense attorneys.

As mentioned, the San Jose Police Department plans to continue to use these types of nontraditional investigative techniques.

Now, the video.

[Videotape entitled "Vietnamese Home Invasion" shown.]

[Videotape referred to was marked Exhibit 18 and can be found in the files of the Subcommittee.]

Sergeant ZWEMKE. There is an audio portion to the tape, but it apparently was malfunctioning.

Actually, there was a mosaic distortion applied to all the subjects in these apartments because the cases are currently in litigation, and you must consider the safety of the informants.

Finally, it just shows the typical aftermath of when these gangsters leave the apartment or motel and are stopped by the San Jose police and typically how that is conducted. So that is essentially what happened there, and nothing was lost.

Actually, the version without the Vietnamese in the background is instructive, and I don't think much was lost by the audio malfunction.

Senator ROTH. I was interested in the techniques that you are using to fight Vietnamese crime. I think you sat in during the earlier testimony. One of my concerns is that through intimidation, I gather, victims are afraid of going to the police. How do we overcome that?

Sergeant ZWEMKE. I can say for the San Jose area there is quite a bit of light at the end of the tunnel. I can say that by contrast, Vietnamese are Americanizing maybe at a faster rate than previous Chinese immigrant groups, and because of aggressive crime prevention and public information programs, and the typical aggressive police style of the San Jose Police Department, this distrust is breaking down, and it is breaking down measurably. You have less under-reporting and quite bit less non-reporting of cases.

We have seen just in the last, say, 5 or 6 years follow-up cooperation from victims and witnesses.

So in the Vietnamese case, and in our area, things are encouraging and are not quite as bleak as what perhaps has been testified to concerning other groups.

Senator ROTH. Do you think some of the things you have done could be used in these other communities?

Sergeant ZWEMKE. This format—I was talking to Detective Oldham, too, and he found it an interesting concept, and we are going to be discussing that. Currently, we have already started to meet with State people and local people from other jurisdictions in California where there are concentrations of Vietnamese. This and other similar kinds of nontraditional approaches are going to be adopted. The FBI has historically always been interested in our procedures, and we'll be working with them on perhaps interstate conspiracies to rob and commit other kinds of crimes.

Senator ROTH. Do you think your so-called sting operations have reduced the number of home invasions and robberies?

Sergeant ZWEMKE. Yes. The home invasion rate has slowed. It is naive to think that it is going to stop it, but as I say, between crime prevention measures and aggressive approaches, some of which are nontraditional, it is encouraging.

Senator ROTH. You mentioned increasing drug activity. Could you describe the extent and nature of this activity among the Vietnamese?

Sergeant ZWEMKE. Vietnamese groups are in fact less structured than the longer-term Chinese groups. They have not had an opportunity to establish regular levels of drug distribution. Drug use/abuse is an increasing problem for the community, society, and to the Vietnamese people themselves. Typically, you find sub-dealing, source of supply from other ethnic nationals.

Senator ROTH. Do you have any recommendations beyond those you have already made, which have been very good?

Sergeant ZWEMKE. Yes, the recommendation perhaps actually just underscores the fact that the police department and other Federal agencies have continued and will continue to cooperate, and this united effort or task force concept is the only way to fly.

Senator ROTH. That's the only way to go.

Mr. RINZEL. Can you comment a little bit more about the mobility of these groups and also, what is the distinction, if any, that you see between the Vietnamese groups and the Chinese gangs and tongs that we have been talking about earlier today?

Sergeant ZWEMKE. Well, there is some overlap. The information provided on the BTK, those are actually ethnic Chinese-Vietnamese, sometimes referred to as the "Viet Ching". The Chinese groups for sure have been here a lot longer. They are well-entrenched. They became well-entrenched probably before law enforcement at all levels took an active interest in investigating them. I think we have learned from our lessons, and I think the focus that is being placed on the Vietnamese problem is going to be to society's benefit.

The structure isn't as well-entrenched, to specifically answer your question. The mobility is phenomenal. In fact, a group, one or two individuals who would rob, say, in Southern California, will

appear at our doorsteps the following day, next week can be documented in Wichita, Kansas or New Orleans or Houston, Texas. It is just a phenomenon that goes with the turf.

Mr. RINZEL. But you don't believe that the Vietnamese groups at this point are as structured as the Chinese groups are. What do you project into the future in that area?

Sergeant ZWEMKE. Well, to try to keep things on the positive side, if allowed to continue as the Chinese groups were allowed, we are going to have as serious a problem. Without a doubt, probably, these types of crimes will continue—at what levels is unknown.

Mr. RINZEL. Thank you.

Senator ROTH. The hour is late. We may have some additional questions we'd like to submit to you. I do want to express my appreciation for your very helpful testimony and for being here with us today, and we'd like to have the privilege of continuing to work with you on this matter.

Thank you very much for being here.

Sergeant ZWEMKE. Thank you, Senator.

Senator ROTH. We'll include 34 exhibits as part of the record. The Subcommittee is in recess subject to the call of the Chairman.

[Whereupon, at 12:53 p.m., the Subcommittee was adjourned.]

# HEARINGS ON ASIAN ORGANIZED CRIME

TUESDAY, NOVEMBER 5, 1991

U.S. SENATE,  
PERMANENT SUBCOMMITTEE ON INVESTIGATIONS,  
COMMITTEE ON GOVERNMENTAL AFFAIRS,  
*Washington, DC.*

The Subcommittee met, pursuant to notice, at 9:30 a.m., in room SD-342, Dirksen Senate Office Building, Hon. Sam Nunn, Chairman of the Subcommittee, presiding.

Present: Senators Nunn, Roth, and Cohen.

Staff Present: Eleanore J. Hill, Chief Counsel; Mary D. Robertson, Chief Clerk; Alan Edelman, Counsel; Kim Wherry, Counsel; Grace McPhearson, Investigator; Cynthia Comstock, Executive Assistant to the Chief Counsel; and Kimberly O'Dell, Staff Assistant.

Daniel F. Rinzel, Minority Chief Counsel; Stephen H. Levin, Minority Counsel; Mary E. Michels, Minority Counsel; W. Leighton Lord, Minority Counsel; Scott Orchard, Minority Staff Assistant; Sallie B. Cribbs, Minority Executive Assistant to the Chief Counsel; Carla J. Martin, Minority Assistant Chief Clerk; J. Caleb Boggs, Minority Counsel; and Gay Harrington, Investigator.

Other Staff: Rosemary Warren (Senator Sasser), Betty Ann Soiefer (Senator Glenn), Nina Bang-Jensen (Senator Lieberman), Richard Ashooh (Senator Rudman), Tom Lininger (Senator Stevens), and Lisa Baldacci (Senator Cohen).

Senator NUNN. The Subcommittee will come to order.

## OPENING STATEMENT OF SENATOR NUNN

Senator NUNN. This morning the Permanent Subcommittee on Investigations will continue its examination of Asian organized crime. This is the second of three scheduled days of hearings, the third beginning tomorrow morning at 9:30 here in this room.

In the Subcommittee's most recent look at organized crime, we explored the growing presence in this country of Asian gangs, tongs and triads. That hearing, as well as our efforts here today and tomorrow, are in response to reports of a frightening increase in heroin trafficking and violent crimes at the hands of Asian gangs and those organized criminals whom they emulate.

In our review of the Asian criminal world, we have found not only a culture very different from that with which most Americans are familiar, but also a culture rich in virtues such as loyalty, pride and honor. Unfortunately, we have seen that those virtues can be used, and in some cases exploited to protect and insulate Asian organized crime from law enforcement efforts.

Of special interest today is the testimony of three Subcommittee staff members who will describe the reason for this sudden increase in violent crime among our Asian communities, including the extent to which that violence stems from an established hierarchy of Asian organized crime figures.

The staff will present charts which will identify the hierarchy, and which, I hope, will arouse and sustain public interest in the fight against Asian organized crime.

I want to stress that this Subcommittee is acutely aware of its responsibility to insist on the utmost accuracy and fairness in identifying anyone as an organized crime figure and we have insisted that certain strict criteria be met prior to the identification of any individuals in these charts. Specifically, that a major law enforcement agency has advised that the individual meets their internal criteria for identification to another enforcement agency, and that two or more of those agencies have identified independently the individual in question as a member of Asian organized crime.

The Subcommittee has also asked Detective William Howell of the Los Angeles County Sheriff's Department to appear today. His insight is not limited to gambling and the criminal activities it fosters, but also reaches beyond to an extensive knowledge of other gang activity in the Los Angeles county area.

Finally, we will have the unique opportunity this morning to question a panel of witnesses who allegedly are involved with the activities of Asian organized crime. We hope their appearance will help us learn further about the structures and activities of these criminal organizations, as well as further the development of effective tools with which to fight organized crime.

We have a lot to cover, but before we begin, I would like to again congratulate Senator Roth, the Subcommittee's ranking minority leader, for his outstanding leadership in this area. His staff has done a terrific job in preparing for these hearings, and I commend them, also.

I would also like to thank all the witnesses for appearing here today.

#### PREPARED STATEMENT OF SENATOR NUNN

This morning the Permanent Subcommittee on Investigations will continue its examination of Asian organized crime. This is the second of three scheduled days of hearings, the third beginning tomorrow morning at 9:30 here in Dirksen 342.

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We have a lot to cover today but before we begin, I would like to again congratulate Senator Roth, the Subcommittee's Ranking Minority Leader, for his leadership in this area. His staff has done outstanding work in preparing for these hearings and they too should be commended.

I would also like to thank all the witnesses for appearing today. I look forward to a most interesting and constructive day of testimony.

Senator NUNN. Senator Roth.

#### OPENING STATEMENT OF SENATOR ROTH

Senator ROTH. Thank you, Mr. Chairman. In turn, let me express my appreciation to you and your staff for the splendid cooperation you have given us in this investigation.

As you well know, in our last hearing we heard testimony about centuries old criminal societies known as "triads" that function as international criminal organizations, and Chinese merchant associations known as "tongs" that, while partly legitimate in some cases—not all—but in some cases engage in organized criminal activity. We have also heard about a new generation of shockingly violent Vietnamese and Chinese street gangs.

Director Sessions of the FBI warned that Asian criminal groups pose a most serious threat, and they are in some ways supplanting more traditional organized crime groups, such as La Cosa Nostra.

Director Sessions also stated that the Bureau strongly suspects that Asian-based criminal organizations will attempt to gain an even stronger foothold in this country as Hong Kong comes under the control of the People's Republic of China in 1997. He warned that the importation into the United States of southeast Asian heroin, also known as "China White," has risen dramatically.

But some of the most impressive testimony was from Asian victims of Asian organized crime. Two businessmen from New York's Chinatown told how they and other Chinese businesspeople are systematically extorted by tong-influenced street gangs, and the violent results when they refuse to pay up.

An Atlanta merchant described how the Born to Kill gang invaded his jewelry store, threatened his family, and then left him for dead after stabbing and shooting him.

These victims also testified that most crimes committed by Asian crime groups go unreported, due to the fear of retaliation and feelings of futility that nothing will be done. We need to eliminate that fear, and restore confidence in the rule of law. While there is only a small percentage of an otherwise hard-working and law-abiding Asian community who are engaged in organized criminal activity, that small percentage appears to be wreaking havoc on the larger community.

At today's hearing, we will identify some of the major Asian crime groups in the United States today, and the individuals who make up these groups.

Following an extensive investigation, the Subcommittee staff has assembled organizational charts identifying the leaders of the major Chinese crime groups in this country. In a few minutes, these charts will be unveiled for the first time.

We have also subpoenaed individuals who we believe have intimate knowledge concerning Asian crime groups in this country. We hope that these individuals will share their knowledge with the Subcommittee.

Finally, we cannot forget that, although ethnic organized crime groups historically have preyed first on their own people, eventually their corrupting tentacles extend to the larger community. That is certainly already beginning to be true of Asian organized crime. After all, "China White" heroin traffickers sell very little of their product in the Asian community.

Again, thank you, Mr. Chairman, for your cooperation and support.

Senator NUNN. Thank you very much, Senator Roth, for your leadership.

#### PREPARED STATEMENT OF SENATOR ROTH

Today the Permanent Subcommittee on Investigations will conduct the second in a series of hearings on Asian organized crime. I want to once again thank our Chairman, Senator Nunn, for calling this hearing and for the really outstanding cooperation and support he and his staff have extended.

At our last hearing we heard testimony about centuries old criminal societies known as "triads" that function as international criminal organizations and Chinese merchant associations known as "tongs" that, while partly legitimate, in some cases engaged in organized criminal activity. We also heard about a new generation of shockingly violent Vietnamese and Chinese street gangs.

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Again, thank you Mr. Chairman for your cooperation and support.

Senator NUNN. Our first witnesses today will be Leighton Lord, J.C. Boggs and Scott Orchard of the Permanent Subcommittee on Investigations' staff. I will ask each of you if you will stand and take the oath. We swear in all the witnesses before the Subcommittee.

Do you swear the testimony you give before the Subcommittee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. LORD. Yes.

Mr. BOGGS. Yes.

Mr. ORCHARD. Yes.

Senator NUNN. I know you conducted a very extensive investigation into the activities of Asian organized crime groups, and this morning we would look forward to you presenting those results to us.

#### TESTIMONY OF W. LEIGHTON LORD III, STAFF COUNSEL TO THE MINORITY, PERMANENT SUBCOMMITTEE ON INVESTIGATIONS

Mr. LORD. Thank you, Mr. Chairman, and Senator Roth.

In June of this year, the Minority Staff of the Permanent Subcommittee on Investigations began an investigation into Asian organized crime. The investigation follows hearings held by the Subcommittee in September of 1986 on emerging criminal groups.

The staff's investigation, since June, has focused on Chinese crime groups and the closely related Vietnamese crime groups as a result of our conclusion that these groups pose the greatest immediate threat.

The goals of our investigation were threefold. First, we believe that in order to most effectively combat organized crime in this country, we must understand how these organizations are structured, and how they operate. Second, by publicly exposing these organizations, and identifying their principal members, we hope to neutralize their most important weapons: anonymity and invisibility.

Finally, we have attempted to identify deficiencies, as well as opportunities for improvement, in the practices of the various law enforcement agencies. I will summarize our findings here, the complete staff statement will be inserted into the record.

We began our investigation by contacting those federal, state and local law enforcement agencies likely to have knowledge about Asian organized crime. In the course of our investigation, we also consulted a number of academic experts on the subject. We also visited several U.S. cities with large Asian populations, and high rates of Asian criminal activity, including New York, Boston, San Francisco, San Jose, Los Angeles, and several smaller communities in Southern California.

During these visits, staff met with individuals fighting the problem, victims of the problems, as well as individuals who are, or at

one time were, a part of the problem. Individuals from all three categories have and will testify before the Subcommittee.

There are several reasons behind our conclusion that the Chinese and Vietnamese crime groups pose the most immediate and serious threat. First, the criminal activities of ethnic Chinese and Vietnamese groups have expanded from long-standing enterprises, such as protection rackets, gambling and prostitution, into widespread extortion, money-laundering, armed robbery, home invasions, alien smuggling and heroin trafficking, as well as innovative new areas, such as computer chip theft.

Both the scope and volume of this criminal activity is also rapidly rising. Law enforcement authorities, including the Federal Bureau of Investigation, consistently point to two further reasons to focus on these particular criminal groups.

First is the emerging dominance of the ethnic Chinese in the heroin trade. The DEA reports the increasing prevalence of high purity "China White" heroin on America's streets. More than one authority has told us that heroin could do for the Chinese crime groups what prohibition did for the La Cosa Nostra.

Second, authorities are concerned about the possible transfer of Hong Kong-based crime groups and individuals to the United States before 1997, when the British cede control of the colony to the People's Republic of China. The same powerful and centuries old criminal groups that fled Mainland China when the Communists took power in 1949 are thought likely to flee when the Communists take control of Hong Kong.

The threat posed by the Asian crime groups is further exacerbated by the fact that law enforcement has found these groups particularly difficult to penetrate and to prosecute. The difficulty can be partly attributed to the closed nature of the Asian community, and to law enforcement's inability to communicate in Asian languages, as well as its general lack of understanding of Asian culture.

Of the Chinese crime groups, the most well-known and longest standing are the so-called "triads." What we now call triads originated as secret societies, formed in the 17th century to overthrow the Ching Dynasty and restore the Ming Dynasty to power.

The term was coined by the British, due to the triangular symbol of members, representing the three essential elements of heaven, earth and man.

The triads developed secret forms of identification and communication, as well as highly ritualized initiation ceremonies, meant to instill a strong sense of secrecy and loyalty to the triad. The ceremonies center around 36 oaths, dealing primarily with loyalty to the triad. Each oath ends in a promise of death if it is broken.

The existence of modern day triads is most extensively documented in Hong Kong and, to a lesser extent, Taiwan. Triads are wholly criminal organizations. In Hong Kong, the undisputed capital of triad activity, it is a criminal offense to be a member of a triad.

Although triads are hierarchical in nature, authorities believe that their criminal activities tend not to be run from the top, as is the case with the LCN. Instead, members branch out into their own criminal enterprises. While the triad leadership may not initi-

ate and direct all the various criminal enterprises engaged in by triad members, they do serve as an international networking association that facilitates such activity.

The leadership may not have direct involvement in a particular criminal enterprise, and it may not even take a percentage of the enterprise's income. Money does, however, often flow to the top in indirect ways, such as through gifts. This structure has been referred to by one authority as that of a "criminal Amway."

While it has been clear for some time that individual triad members were engaging in criminal activity in the United States, there has been dispute among law enforcement about whether triads themselves have been established in this country. We believe that evidence of triad structure in the United States is now convincing, at least in the case of the Wo Hop To in San Francisco. In just a moment, Mr. Orchard will describe some of that evidence.

Within the United States, the two principal Asian criminal groups are tongs, which are associations found in ever major Chinese community, and street gangs. Before going further, however, it should be stated clearly that tongs, unlike triads, are not wholly criminal in nature.

Some tongs are engaged in totally legitimate activities, and many of the criminally influenced tongs have members who are not involved in criminal activity.

Some tongs, as organizations, as well as some of their leaders, as individuals, however, are heavily involved in criminal activity. Tongs such as the On Leong and the Hip Sing operate gambling operations across the country, and leaders of certain tongs are known to direct enterprises that include extortion, drug trafficking and contract murder.

Gangs, the third major Asian criminal group, vary in organizational structure, yet all seem to have some type of hierarchy. The leadership consists of "dai-los," or big brothers. The second level consists of lieutenants, who manage the ordinary members who are the street soldiers.

Asian gangs are engaged in a host of criminal activities, in particular extortion, robbery and narcotics trafficking. Several major gangs are also affiliated with tongs, for whom they provide protection and enforcement services.

Gambling appears to be the core criminal activity of the Asian crime groups. Many of the major tongs run illegal gambling operations within their headquarters buildings. Gangs are often employed to work at and to protect these operations.

Prostitution continues to be a major activity of Asian organized crime. While there is no substantial evidence that tongs or gangs, as organizations, are involved in prostitution, tong and gang members, as individuals, are.

The Asian crime groups are increasingly involved in heroin trafficking. The Chinese crime groups, with their ties to Southeast Asia, are particularly well positioned to control the heroin market in this country. Indeed, in many areas of the country, the Chinese may have already pushed traditional crime groups out of the heroin trade.

Although there have been successful prosecutions in this area, the incredible profitability of heroin sales ensures that the battle will be long.

One of the primary activities of Asian gangs in New York's Chinatown is the systematic extortion of Asian businesses. The Subcommittee has heard testimony from merchants who have been forced by gangs to pay up to \$300 a month for so-called protection.

Alien smuggling is a highly lucrative activity, with great potential for growth. Aliens, many from the Fujian Province of Mainland China, pay smuggling organizations up to \$30,000 for transit to this country. When the aliens arrive, they are often forced into criminal activity to pay their debt, or kidnapped and held ransom until a relative pays.

Gangs, especially Vietnamese gangs, are heavily involved in what are known as home invasions. In the typical home invasion, a gang targets an Asian household thought to contain money and valuables. The gang will then invade the house when the inhabitants are at home.

The inhabitants are beaten, tortured, raped or killed while the gang locates the valuables. The terror instilled by the gang usually ensures that this crime, no matter how heinous, will go unreported.

As long as Asian crime groups are involved in activities such as gambling and drugs, there will be a need for money laundering. As a recent successful investigation and prosecution in Boston has shown, this may be an area where law enforcement can make a difference.

This list of criminal activities is far from exhaustive. Indeed, law enforcement believes that the Asian crime groups have and will continue to get involved in anything profitable.

New York's Chinatown, which has grown tremendously in the last 25 years, is recognized as the center of Asian organized crime in the United States. Criminal activity in New York is centered around several powerful tongs, and their affiliated street gangs.

Mr. Boggs will introduce and explain a chart that shows the leadership, organization and structure of these groups.

Prior to identifying publicly any individual as a member of an Asian crime group, certain strict criteria have been met. First, the Subcommittee has required that two or more Federal, State or local law enforcement agencies have independently identified the individual in question as a member of an Asian organized crime group.

Second, the law enforcement agencies doing the identifying have advised that the individual meets their criteria for public identification, or for identification by another law enforcement agency, depending on the practice of the individual agency.

Although the charts we are about to introduce are quite extensive, many individuals were not included, because they did not meet the Subcommittee's strict criteria.

Mr. Boggs will first introduce the chart identifying the major New York based crime groups, and then Mr. Orchard will do the same for the West Coast.

Thank you.

Senator NUNN. Thank you.

Mr. Boggs.

TESTIMONY OF J. CALEB BOGGS III, STAFF COUNSEL TO THE  
MINORITY, PERMANENT SUBCOMMITTEE ON INVESTIGATIONS

Mr. BOGGS. Thank you, Mr. Chairman.

New York was one of the first cities in the United States to develop a significant and identifiable Asian community and is now one of the primary centers for Asian organized crime in the North America. The Drug Enforcement Administration identifies New York City as the primary U.S. distribution center for Southeast Asian heroin, the importation of which is primarily controlled by Chinese crime groups. The two most notorious criminally influenced tongs in the United States, the On Leong and the Hip Sing, have their national headquarters in New York City's Chinatown.

Following numerous interviews with Federal, State and local law enforcement agencies, academic experts and former Chinese tong and street gang members, we compiled a chart reflecting the leading tongs and affiliated gangs in New York's Chinatown and a map of Chinatown showing street gang territory. This chart and map were introduced at the last Subcommittee hearing on this subject on October 3, 1991. Their accuracy was verified by three different witnesses: two Chinatown businessmen and a New York City Police Detective.

For today's hearing, we have added the names and photographs of the principal leaders of these organizations.

[The document referred to was marked "Exhibit 35", and can be found on page 365.]

Each of the names and their association with the groups indicated on the chart have been independently confirmed by at least two law enforcement agencies and have been further corroborated by other law enforcement sources and reliable confidential informants.

In New York, the primary Chinese tongs are the On Leong, the Hip Sing, the Tung On and the Fukien American Association. Each of these tongs operate as quasi-legitimate business associations, and many tong members are not involved in criminal activity. However, each of these tongs also affiliates with or controls a street gang.

It is important to recognize the connection between the tongs and the street gangs as enforcement arms for the tongs. Tong members generally set the tone for Asian organized street gang activity. The tongs have historically used Asian street gangs for protection, lookouts and enforcement. Each tong is believed to have a high-ranking officer appointed to serve as gang liaison. The tong often directs the gang to carry out criminal activity at its behest and uses the gang to protect the illegal gambling establishment run by nearly every major tong. However, street gang members sometimes engage in criminal activity on their own, without tong sanction.

The president of the On Leong Association is Wing Wah Chan. Wah was previously New York Chapter President until his brother, Wing Yeung Chan, resigned as national president in April, 1989. A third brother, Wing Lok Chan, aka "Lok Jai," is the main leader of the affiliated Ghost Shadows gang. Robin Chee and James Lee, aka "Bradley Joe," are also street leaders of the gang. The gang operates on Mott and Bayard Streets. The White Tigers gang, led by

Chris Chin, also operates on a different part of Mott Street, with the Ghost Shadows' permission. The White Tigers are based in Queens.

The recognized leader, or "Advisor for Life," of the Hip Sing Association is Benny Ong, aka "Uncle Seven." Ong is regarded as the "Godfather of Chinatown." The Hip Sing controls the Flying Dragons gang located on Pell and Doyer Streets. Johnny Eng, aka, "Onionhead," was the main leader until two years ago when he fled to Hong Kong as a result of Federal narcotics charges. Onionhead was currently being extradited to the U.S. on November 1, 1991. In his absence, Sidney Ko has taken over as the main leader, while Normal Luk and Michael Lou, aka "Sticks," are street level leaders.

The Tung On Association is one of the newer tongs in New York City, and is presided over by Clifford Wong. Wong is widely reputed to be a member of the Sun Yee On triad headquartered in Hong Kong, and was actively involved in the Asian entertainment industry in Atlantic City until his license was revoked by the New Jersey Gaming Commission in 1989. His younger brother, Stephen Wong, aka "Tigerboy," was leader of the Tung On gang until his arrest in 1988. Several other leaders active in the Tung On gang are Yuk Chan Kwong, Kwai P. Mak and Mickie Lee.

The Fukien American Association at 125 East Broadway is currently chaired by Alex Lau, aka "Man Sin Lau." As its name indicates, the tong is comprised of Chinese from Fukien Province. We have been told that the tong is instrumental in assisting other ethnic Fukinese to immigrate to the United States. The Fuk Ching gang has also been involved in the kidnapping of illegal Fukinese aliens who, after being smuggled into the United States, failed to pay the requisite fee to their smugglers. The kidnap victims are tortured and held for ransom by their captors. The leader of the Fuk Ching gang is Lung Kee Kwok, aka "Ah Kay." The Fuk Ching operates in the area of Eldridge Street and East Broadway.

Another Fukinese gang is the Green Dragons, located in Queens. The Green Dragons are headed by a former member of the Fuk Ching gang, Paul Wong, aka "Foochow Paul." Paul Wong is currently a fugitive from the law, but is still believed to exert control over the Green Dragons. The Green Dragons, like the White Tigers mentioned previously, have no tong affiliate.

Another unaffiliated gang is the Born to Kill, or "BTK," gang. The BTK operates on Canal Street in Chinatown, and consists of a largely Vietnamese or Viet-ching membership. We heard testimony at the last hearing that the BTK is widely recognized as the most violent of the Asian street gangs. David Thai controlled the gang until September of this year, when he was arrested with nine other BTK members on charges relating to a string of home invasions and robberies stretching from Connecticut to Georgia.

At our last hearing, we also heard extensive testimony about the widespread extortion rackets directed against Asian businessmen by the street gangs in New York.

According to most sources, New York Asian street gangs have not been heavily involved in street sales of narcotics, although the retail sale of heroin by some gang members has been reported recently. New York City is the destination for most Southeast Asian

heroin entering the U.S. In 1989, in a single case, authorities in New York netted \$3 million in cash, and 820 pounds of 90 percent pure Southeast Asian heroin having an estimated street value of over \$1 billion. Code-named "White Mare," the investigation represented the largest heroin seizure in the United States at that time and has thus far resulted in over 40 arrests worldwide. There is clear-cut evidence that individual tong officials and street gang leaders are involved in heroin trafficking, but organizational involvement by tongs and street gangs appears limited.

Thank you.

Senator NUNN. Mr. Orchard.

**TESTIMONY OF SCOTT E. ORCHARD, STAFF ASSISTANT TO THE  
MINORITY, PERMANENT SUBCOMMITTEE ON INVESTIGATIONS**

Mr. ORCHARD. Mr. Chairman, PSI staff conducted interviews of over 75 representatives of various Federal, State and local law enforcement agencies operating throughout the State of California. In both Northern and Southern California, staff discovered that Asian organized crime is active, dynamic and volatile.

California's burgeoning Asian population is increasingly victimized by Asian gangs. Asian organized crime has spread throughout the State, and Asian citizens from Sacramento to San Diego have felt the impact. There is evidence of Asian organized crime in other West Coast locations, as well, including Seattle and Portland.

The structure of Asian organized crime on the West Coast is vastly different from the structure in New York City. First, while there are some relationships between gangs and tongs, particularly in San Francisco, the level of control exercised by tongs is substantially less on the West Coast.

A second major difference can be illustrated by the attempt of the Wo Hop To triad to become an umbrella group for a number of different gangs. Gang members of Chinese, Vietnamese-Chinese, or Viet-Ching, ethnic Vietnamese, and Cambodian descent, have come under the control of the Wo Hop To in the San Francisco Bay Area.

Indeed, throughout California, the structure of Asian gangs can best be described by the concept of "Four Seas, One Brother." This concept speaks to the tendency of Asian criminal groups of various ethnicities to work together.

For example, Chinese organized crime groups in Southern California routinely use young members of Vietnamese street gangs to protect gambling dens, extort merchants, and conduct home invasion robberies.

Today we are unveiling charts which identify the major leaders of 2 of California's major Asian gangs, the Wo Hop To triad and the Wah Ching gang. As noted earlier, the Subcommittee has followed a strict set of criteria in identifying individuals as members of an organized criminal group.

Dozens of names were identified as important members of these organizations, but were not included because they did not meet our strict criteria.

The Subcommittee has conducted an extensive investigation into the activities of the Wo Hop To triad. This triad, which is based in

Hong Kong, has moved aggressively during the last 18 months to consolidate power in the San Francisco Bay Area. To gain power, the Wo Hop To successfully challenged the previously dominant Asian organized crime group in the San Francisco area, the Wah Ching gang.

At least 5 homicides have been linked to a gang war between the Wo Hop To and the Wah Ching in the San Francisco area, including the assassination of Danny Wong, the leader of the Wah Ching, on April 19, 1991. As noted by FBI Director William Sessions, in testimony before this Subcommittee on October 3, "the Wo Hop To triad is fighting for control of gambling and drugs in the San Francisco area."

Besides murder, we have unearthed evidence of the Wo Hop To's involvement in extortion and protection rackets, home invasion robberies, counterfeiting, credit card fraud, immigration fraud, illegal gambling, loan sharking and heroin trafficking.

While the focus of the Wo Hop To's activities are in the San Francisco Bay Area, the triad has also been linked to crime in Portland and San Diego.

The Wo Hop To triad is currently led, in Hong Kong, by Tai Chan, aka Chan Ting-Hung, aka "Crazy Tai." "Crazy Tai" is known as the triad's Dragon Head. Subordinate to "Crazy Tai" is the leader of the triad's U.S. operations, Peter Chong, aka Chong Bing-Keung. Peter Chong was recently identified in a pleading filed by the San Francisco U.S. Attorney's office as "the acknowledged leader of the Wo Hop To, a Chinese triad based in San Francisco."

This assertion has been repeatedly and independently corroborated by numerous law enforcement agencies. What is not perfectly clear to us at this time, however, is the exact nature of the relationship between "Crazy Tai," the Hong Kong-based head of the Wo Hop To triad, and Peter Chong.

We do know that there are links between the 2, but we do not know how much independence is exerted by the U.S. branch of the Wo Hop To triad.

Peter Chong is now attempting to establish himself as a legitimate businessman and community leader in San Francisco. Through New Paradise Investment Co., which he controls, Peter Chong has recently sponsored concerts by Amy Yip, a well-known Hong Kong entertainer. Amy Yip performed in San Francisco and Lake Tahoe, and Chong reportedly ordered closing of all the illegal gambling parlors in San Francisco on the day of the Lake Tahoe performance, and chartered buses to the show.

Peter Chong has also participated in a charity fund drive to provide relief for flood victims in China. Law enforcement officials have expressed concern over the accountability of this project, and the Amy Yip tour, as well as the methods of fund solicitation for both ventures.

For example, on September 15 of this year, several Wo Hop To members and associates were arrested after attempted to extort merchants in Oakland under the guise of selling tickets to Any Yip's performances.

Staff has also identified Raymond Chow, aka "Shrimp Boy," as a subordinate of Peter Chong, and Peter Chong's right-hand man. Chow was convicted in 1978 for committing numerous residential

robberies in San Francisco. Chow was paroled in 1985, and it is believed that he has organized a group of juveniles in Oakland to commit sophisticated home invasion robberies.

Chow has also been linked to kidnapping and extortion. He provides the Wo Hop To's "muscle."

Other major figures include: Johnny Yee, who has also been active in Portland, Oregon; Tim Huang, who is Raymond Chow's "right-hand man"; the Tsang brothers, Bobby Tsang, Johnny Tsang, San Tsang and Tom Tsang; Kapo Tong is another figure; Alfred Chan, aka "Fat Dragon"; Wei Min Jiang, aka "Kong Ming," leads the group in Oakland.

Additionally, there are the Jew brothers: Norman Jew and Raymond Jew. Raymond Jew recently served prison time for extortion. Anthony Ma, Tony Poon and William Mui have also been identified. William Mui is the nephew of Hui Lui, an important figure in the Wo Hop To's Hong Kong leadership.

Bo Xu and Quoc Nam Cao, aka "Ah Nam," are currently in prison on gun possession charges, and have been noted on the chart as well.

Alfred Chu, mentioned previously, is a member of the Wo Hop To who led the group in the mid- to late 1980's, prior to his imprisonment on false statement and immigration fraud charges in 1989. All of the aforementioned Wo Hop To members are currently alive. However, 3 of the individuals on this chart are not so lucky.

Michael Wu was shot to death on May 14, 1990, in a suspected retaliation for the murder of Wah Ching member Danny Vong, just one month before. At the site of Michael Wu's murder, Wo Hop To associates, Tony Poon, Tom Tsang and Johnny Tsang, were also shot and wounded, but not killed. Bobby Tsang was also present at this shooting.

Sam Tran, aka "Dog Boy," was also shot during this incident. Sam Tran was later shot and killed on July 12, 1991. In addition to Michael Wu and Sam Tran, a third individual associated with the Wo Hop To was recently murdered.

Hung Quoc Duong, aka "Hung Pho," or "Red Fire," was the leader of a Vietnamese gang known as Hung Pho, which has been integrated into the Wo Hop To. His dead body was found, garroted, on March 21, 1991, in Oakland, 4 days after he was kidnapped from a San Francisco club by masked men.

Three individuals associated with the Wo Hop To triad have been subpoenaed to testify before the Subcommittee today.

The next chart portrays the Wah Ching gang, and illustrates several major points. First, the former leader of the Wah Ching gang in California, Vincent Jew, left San Francisco in 1984, reportedly because of concern about a possible IRS indictment. He now resides in the Far East.

Vincent Jew passed leadership of the gang to Danny Wong, whose murder on April 19, 1991, was previously mentioned. After Danny Wong took over leadership of the Wah Ching, several Wah Ching gang members, including Johnny Yee, Bobby Tsang and Michael Wu, transferred allegiance to the Wo Hop To.

Michael Wu was later murdered in suspected retaliation for the murder of Danny Vong, a Wah Ching murdered one month before. Due to these shootings, and the defections to Wo Hop To, the

Northern California branch of the Wah Ching is now weak. Members are rumored to be recruiting elsewhere.

However, the Wah Ching is still strong in Southern California. The chart of the Wah Ching identifies 5 major members and 2 important associates of the Southern California Wah Ching gang. Tony Young, aka "Sweet Plum," is the leader of the Wah Ching in Southern California. He has been involved in a number of semilegitimate business ventures in the entertainment industry with Vincent Jew, who continues to operate through U.S. contacts.

Such ventures have included a videotape leasing company, which has been involved in the extortion of merchants. Tony Chan is a Wah Ching member who is a source of muscle, and has been involved in the extortion of merchants, as well.

Cac Van Tran is an ex-Vietnamese Military Frogman who leads a Vietnamese gang which is associated with the Wah Ching.

Other major figures in the Wah Ching have been active in gambling and gambling-related criminal activity. Johnson Wu was previously convicted in a loan sharking case. Tony Young, the leader of the Wah Ching in Southern California, was a defendant in the same case, but escaped conviction.

Tai Liu is a Wah Ching member who has been involved in gambling and prostitution operations. Morgan Ko was a Wah Ching gang member, who now runs an associated group known as the "Red Door Association." He has been involved in gambling and prostitution operations, as well, which are major Wah Ching operations in Southern California.

The Red Door Association has been involved in a number of residential robberies in the San Gabriel Valley, east of Los Angeles.

Finally, Paul Liu is a Wah Ching gang member who has been linked to extortion in the community of Monterey Park, which is 8 miles east of Los Angeles' Chinatown.

Detective Howell, of the Los Angeles County Sheriff's Office, will testify in more detail later about the activities of the Wah Ching in Southern California.

That concludes my statement, Mr. Chairman, but I would ask that these 2 charts be inserted in the record as exhibits numbers 3 and 5.

Senator NUNN. Without objection.

Mr. ORCHARD. Thank you.

[The documents referred to were marked Exhibits 37 and 39, and can be found on pages 366 and 367.]

Senator NUNN. Mr. Boggs, let me start with you, asking a couple of questions here.

According to the New York chart, the two leaders of the On Leong tong were indicted in August of 1990. Can you tell us about that?

Mr. BOGGS. Yes, Senator. The former president of the national On Leong Association, Wing Yeung Chan, and its current president and former New York chapter president, Wing Wah Chan, were indicted for RICO violations, focusing on highly profitable and illegal gambling operations.

The national On Leong Association, as well as three On Leong chapters in New York, Chicago and Houston, were also named in

the indictment, along with 27 other individuals, On Leong members.

Senator NUNN. Several of the other leaders on the New York chart have also been indicted. Could you state the nature of those indictments?

Mr. BOGGS. Yes, there are four. The leader of the Flying Dragons, Johnny "Onionhead" Eng was indicted on Federal narcotics charges in April of 1989. He escaped arrest by fleeing the country, and was extradited from Hong Kong last week. He will be facing trial in the next few months.

The leader of the Tung On gang, Stephen Wong, was also arrested on narcotics charges. He was convicted, and is now in jail.

David Thai, who was only recently indicted along with nine other members of the Born to Kill gang on charges including robbery, assault, extortion, murder, attempted murder, and the use and possession of firearms. One of the victims in that case, Odum Lim, testified at our last hearing on October 3rd.

Lastly, the co-founder and leader of the Fuk Ching gang, "Fook-chow Paul," was indicted in May of this year, along with other members of the Green Dragons gang for engaging in criminal activity including extortion, murders, assault, robbery and bribery.

Senator NUNN. Mr. Orchard, what evidence is there for a connection between the Wo Hop To in Hong Kong and the Wo Hop To in the United States?

Mr. ORCHARD. As I noted in my statement, Mr. Chairman, the exact nature of the relationship between the Dragon Head, "Crazy Tai," of the Wo Hop To in Hong Kong and Peter Chong, the leader of the Wo Hop To in the United States, is not entirely clear at this point. However, Crazy Tai's daughter has lived with Peter Chong in San Francisco for quite some time.

Additionally, William Mui, who is noted on our chart, is the nephew of Hui Lui, who is a major figure in the Wo Hop To leadership in Hong Kong. Additionally, Peter Chong is an initiated member of the Wo Hop To from Hong Kong, who came to the United States, as was Alfred Chu, the previous leader of the Wo Hop To in the United States, who was also initiated in Hong Kong and then came to America.

Senator NUNN. Do you know much about the initiation?

Mr. ORCHARD. Essentially, the general initiation ceremony that most triads execute is something which involves 36 oaths, which always lead to death if you break any of the oaths, as described by Mr. Lord in his statement.

Additionally, there is often a ritual which involves the drinking of blood from a chicken, and the chopping of a chicken's head off, and some different things like that. The ritual varies, but I think you can probably understand what type of thing we are dealing with.

Senator NUNN. Is there evidence that the Wo Hop To triad in California has connections with any tongs or gangs anywhere in the United States?

Mr. ORCHARD. Well, most importantly, the Hop Sing tong in San Francisco provides street muscle for the Wo Hop To in San Francisco. Raymond Chow, who plays an important role in the Wo Hop

To, has sponsored a number of young gang members for Hop Sing tong membership, and they have entered into that organization.

Additionally, Wayne Kwong, who was a leader of a Boston street gang, hid out in Peter Chong's home in San Francisco after criminal charges were filed against him in Boston.

Senator NUNN. Are there any other West Coast groups connected with Asian crime groups in other parts of the country?

Mr. ORCHARD. Most notably, the United Bamboo, which is active in Southern California, has been linked to other United Bamboo chapters in Houston and New York, and the leadership of the group in Taiwan. Additionally, the Wah Ching gang has some affiliation with groups in New York City.

Senator NUNN. Are there any other notable centers for Asian crime groups, other than New York and the West Coast, or are these where they are mainly concentrated? Are there other comparable centers?

Mr. ORCHARD. Chicago, Houston, Boston and Seattle are other notable areas of activity, besides New York and California, but these groups have crept into other communities, as well, on a smaller scale.

Senator NUNN. Is there any evidence that the groups which you have identified on these charts have connections with international crime groups?

Mr. ORCHARD. Well, I can speak for the West Coast, and the groups on the West Coast have some connections, most notably Vincent Jew, who has fled the United States to the Far East, and still exercises some control over Wah Ching operations in the United States. He is a 14K triad member, and also has a number of connections to the Sun Yee On triad, through which he exercises some influence in the entertainment industry.

The other links with other organizations are less clear, besides the obvious link between the Wo Hop To here and the Wo Hop To abroad.

Senator NUNN. Is there any evidence of tension, violence or antagonism between the groups you have identified this morning, mainly Asian groups, and traditional organized crime groups such as the LCN?

Mr. LORD. Mr. Chairman, I think I can answer that.

Senator NUNN. All right.

Mr. LORD. We haven't heard any reports of any substantial tension or violence. We have heard anecdotal reports of some relationship, such as in the drug trade, and using one another to execute crimes of violence, but no substantial reports of violence.

Senator NUNN. How about working together?

Mr. LORD. Yes, that is about all we have heard so far, and that is still—it has been very minor, and we have heard some reports in New York and Chicago of cooperation in the drug trade, but, at the same time, we have also heard reports that some of the Chinese groups have actually pushed the traditional groups out of the drug trade in some areas of those cities.

Senator NUNN. Going back to the rituals, are those rituals that you described, Mr. Orchard, mainly in Hong Kong, or do you also have evidence of rituals in the United States?

Mr. ORCHARD. The United Bamboo gang was actually videotaped conducting an initiation ceremony by law enforcement, and they were conducting that ceremony here in the United States. Additionally, we have heard—we have some information which leads us to believe—that Peter Chong, head of the Wo Hop To in the United States, has been conducting initiation ceremonies for some of his lower echelon members here in America, as well.

Senator NUNN. Do you have any evidence as to whether that takes place in certain particular areas, at certain times, or is it just random?

Mr. ORCHARD. I can't really categorize it, other than to say that they do it in a very discreet fashion, and I think, from the only reports we have, such ceremonies were actually conducted at sites that were major bases of the groups' operations.

Senator NUNN. How are the Asian street gangs that we have heard about different from traditional street gangs that we have seen in the past in this country, such as Crips and Bloods and others?

Mr. LORD. Mr. Chairman, I think I can answer that one, too. We have heard law enforcement tell us, several times, although we have not been studying the traditional groups, law enforcement tells us that the Asian groups are much more sophisticated. They get involved in a wider variety of criminal activities, such as the computer chip theft that we mentioned, and the insurance, and auto theft activities.

Law enforcement basically thinks that these groups are smart, they are sophisticated and they will get involved in just about anything.

Senator NUNN. Do you have evidence of wars between various Asian groups, or do they pretty much cooperate?

Mr. LORD. I think Mr. Boggs and Mr. Orchard can both report from both coasts.

Mr. BOGGS. Yes, in New York there has been an ongoing rivalry between the Ghost Shadows and the Flying Dragons gang. Also, when the Fuk Ching was in its embryonic stage, it attempted to establish its turf on East Broadway. The Tung On and Green Dragons resisted this move, and in 1987, Green Dragons were responsible for killing two members of the Fuk Ching gang.

More recently, the BTK gang has been competing with a number of other Chinatown gangs. Most notably, an argument with the Flying Dragons culminated a funeral shoot-out earlier this year.

Mr. ORCHARD. Additionally, I elaborated on the Wo Hop To rivalry with the Wah Ching gang, which, while the Wo Hop To seems to have established themselves as the dominant gang in San Francisco, the Wah Ching gang still has substantial membership in Southern California, and there are some links currently between the Wo Hop To in Northern California and some organizations in Southern California, which would seem to indicate that they may be moving southward in the State, as well.

In terms of whether or not the Wah Ching are completely eliminated in San Francisco, it is hard to say at this point. The Wah Ching is rumored to be recruiting elsewhere, and they do have some friends in high places in Los Angeles, New York and in the Far East, so they could certainly attempt some sort of a comeback.

Senator NUNN. Have you got any kind of overall assessment of how much of a role the Asian groups are playing in the heroin traffic in this country?

Mr. LORD. Mr. Chairman, we have substantial evidence that individuals who may be members of these groups—we do not have any evidence, substantially, that the groups themselves are involved in it—but individuals, who may be members of the groups, are involved, and they are primarily involved as middlemen.

They arrange for the heroin to be purchased in Southeast Asia, and then sold to the street sellers—the street dealers—in this country. They don't sell on the street—they act as middlemen. They get it here, and they get it to the street sellers.

Senator NUNN. Do they handle it themselves, or do they have a hands-off type of approach?

Mr. LORD. Well, from what we can tell, and from what the prosecutions that have come down show, they do handle it themselves. They move it along until they get to the actual street seller, but they don't actually sell to the users.

Senator NUNN. Do you have evidence as to whether there is much drug abuse within these groups?

Mr. LORD. There doesn't seem to be, Mr. Chairman. We have heard some reports that some of the Vietnamese gangs tend to be drug abusers, but we have heard no substantial reports of drug use among these Chinese and Asian groups.

Senator NUNN. With these groups, does most of the drug activity involve heroin or is cocaine also involved?

Mr. LORD. There are some minor reports of cocaine trafficking, but it is primarily heroin.

Senator NUNN. Where is the heroin coming from, primarily?

Mr. LORD. Well, it is coming from what is known as the Golden Triangle of Southeast Asia, which is Laos, Burma and Thailand.

Senator NUNN. How has legal gambling affected the illegal gambling operations that you have referred to as a core activity?

Mr. LORD. Well, we haven't really heard of it affecting the gambling activities on the West Coast. There are some reports that the activities on the East Coast, such as Atlantic City, have caused a slight decline in the illegal activities in New York.

Senator NUNN. How about the extortion business you have described taking place in New York? Is this also prevalent on the West Coast?

Mr. ORCHARD. It is not as prevalent, to the point where you can actually say that on a certain street the merchants will be extorted by a certain gang, or that type of situation, which is true in New York City. However, there are reports of ongoing extortion, I think I can say, in Southern California in all of the major Chinese and Vietnamese ethnic population centers in Southern California.

Additionally, in Northern California, the Wo Hop To, on September 15, sent 30 of its associates into Oakland, to extort merchants on a systematic basis, and that was a fairly recent occurrence in that part of the State of California—it had not been happening previously, so it seems that extortion activity may be on the rise.

Senator NUNN. Are business people who are being extorted cooperating and complaining to law enforcement? If so, where is that occurring?

Mr. ORCHARD. Very rarely have we seen that cooperation, and if that cooperation does exist, they are, again, rarely willing to come forward and testify in court. They will give a statement to a law enforcement officer if it is solicited, but generally it is not easy to get these individuals to come into court which is one of the reasons why there have been so few convictions.

Senator NUNN. Is there any evidence that the Chinese gangs and the other Asian gangs are spreading out around the country, or are they pretty much confined and staying put?

Mr. ORCHARD. The Vietnamese gangs are extremely mobile, and they will travel from place to place, even where there are very small populations of Asians, and prey on those communities.

You would be surprised at the cities that you will hear of Asian gang activity in, including Houston, New Orleans, Oklahoma City—some are places that you would not necessarily think of as having large Asian populations, yet there is a definite amount of Asian gang activity in those regions.

Senator NUNN. You mentioned in the statement, Mr. Orchard, that the level of control exercised by the tongs is substantially less on the West Coast than on the East Coast. Why do you think this is the case?

Mr. ORCHARD. Most importantly, I would have to say that on the West Coast the tongs don't have the definite relationship with a street gang on a consistent basis that you have in New York City, and since the tongs traditionally use the street gangs to perpetrate a lot of the criminal activity, that relationship just isn't as well defined out on the West Coast as it is on the East Coast. Other than that, I really cannot say as to why that has taken place. It just has.

Senator NUNN. You also mentioned that the Wo Hop To triad has become sort of an umbrella group for a number of gangs, Chinese as well as Vietnamese. Is this something that is just happening now, or has that been the case for some time?

Mr. ORCHARD. Over the last 18 months, during the time that a lot of these murders have taken place in the Bay Area, the Wo Hop To has effectively integrated many of these groups. They have gone to many known and existing Vietnamese and other street gangs, and essentially approached them with a join-or-face-the-consequences type of approach, and that has been effective.

Additionally, many of the young Vietnamese street gangs and other related gangs, such as Cambodian gangs, have traditionally aspired to be like the Chinese organized crime figures that they know about in the United States, and for that reason they are proud to have an affiliation with the Wo Hop To triad, and law enforcement is consistently told on the streets, yes, I am a Wo Hop To, and these guys are not ashamed of it.

Senator NUNN. Do you have evidence of any kind of allocation scheme that determines what territory each one of the gangs has control of, or is it that organized?

Mr. ORCHARD. On the West Coast, in San Francisco, there was a 13-year period where the Wah Ching controlled San Francisco. Since that time, now the Wo Hop To has gained control over the entire area, so there is no split there.

However, in Los Angeles, where there is so much territory, there are some definite distinctions from one area to the next, as to

which group is most prevalent and most active. However, there is so much territory in Los Angeles to go around at this point, that they really don't have to define turf in the traditional way, as it has been done in New York City.

Mr. BOGGS. I might add that in New York the tongs have been housed at the same location for many decades, and the territory remains largely unchanged. The gangs associated with the tongs operate in that territory only with the tongs' permission.

There are also a number of unaffiliated gangs that mark out their territory in peripheral areas of Chinatown, and in boroughs such as Queens and Brooklyn, often resorting to force and violence.

Senator NUNN. Mr. Orchard, you mentioned that the Wo Hop To triad is aggressively moving to consolidate power in the Bay Area. Are they moving their triad base from Hong Kong to the United States?

Mr. ORCHARD. Well, these groups have certainly moved a number of their major and important figures to the United States. However, whether they will actually be successful in moving a large number of the Wo Hop To members from Hong Kong to the United States is unclear. Some of their members may move to other areas, such as Australia and Canada, where they also allegedly have some affiliations.

I think they could certainly operate effectively in the United States, and they have access to all the same resources, particularly the financial resources, necessary to operate in America that they have enjoyed in Hong Kong. However, it is unclear as to whether all of them would actually pick up and move to America, or whether they would be able to.

Senator NUNN. You mentioned that Crazy Tai, the Wo Hop To triad's Dragon Head, or leader, lives in Hong Kong. He actually, I assume, controls activity here from Hong Kong?

Mr. ORCHARD. The exact amount of control that he exercises is not clear. There are also a number of other major leaders in Hong Kong, who exert some influence through the structure of the organization. As I noted earlier, he does have his daughter here in the United States; additionally, some members of the Wo Hop To have travelled back to Hong Kong at various times, and that would be a potential time for him to meet with them and exert some influence and control, but it is something that is yet to be completely identified.

Senator NUNN. Senator Roth.

Senator ROTH. Thank you, Mr. Chairman.

I first want to congratulate each of our staff members for an outstanding job. I regret that I could not be here for much of it, because of my requirement of being at another hearing at the same time.

I do want to ask just one question of the panel, and that is, what does the future hold? Is law enforcement winning the battle against Asian organized crime, or how would you evaluate the current situation?

Mr. Orchard.

Mr. ORCHARD. Although it does vary from place to place, I would say that the general consensus among law enforcement is that we may already be somewhat behind in confronting these organiza-

tions, because of the difficulty in getting the proper number of Asians and Asian officers and Asian speakers, and understanding the culture.

It is not something that is easy to get a handle on, and law enforcement is making a concerted effort in some areas to catch up and to share information, because some individuals have more knowledge than others in this area, and there is a definite sharing of expertise among law enforcement.

However, they are still not all the way up the learning curve, and I think most law enforcement officials you speak with will admit that. There just are not enough resources to effectively combat this problem. The most effective way of dealing with organized crime groups, as was used against the La Cosa Nostra, is to infiltrate these groups with informants, and that is how you took out many of the important members, but that just is not possible right now, due to the lack of Asian agents, Asian officers, and you just cannot infiltrate these groups very easily. They are very closed.

Senator NUNN. Mr. Lord.

Mr. LORD. Well, Senator, I think the one thing that we have noticed somewhat is that there have been successes out there by law enforcement, but those successes have been very sporadic, and they have not been consistent, and they have not been confined to one area.

You will get a successful case against money laundering in one place, but that is just one successful prosecution, or one successful drug seizure, and I think those seizures, and those prosecutions, are usually of activity of such a large scale that you have to wonder what else is going on out there—what is not being detected, and what is not being prosecuted.

Senator NUNN. Mr. Boggs.

Mr. BOGGS. Well, I would have to echo the comments of Mr. Orchard and Mr. Lord, that law enforcement is dealing with this problem reactively, rather than proactively, and I suggest that is one of the great importances of this hearing, to bring the problem of Asian organized crime to public attention, and to assist law enforcement agencies in dealing with this growing problem.

Senator ROTH. Thank you, gentlemen.

Thank you, Mr. Chairman.

Senator NUNN. Thank you.

Thank you all, for a good job. We appreciate it.

[Prepared staff statement follows:]

## STAFF STATEMENT

November 5, 1991

## Introduction

In June, 1991, the Minority Staff of the Permanent Subcommittee on Investigations of the United States Senate began an investigation into Asian organized crime groups. Hearings held by the Subcommittee in September, 1986 on emerging criminal groups had identified a wide range of newly emergent ethnically based criminal groups in the United States, including those of Asian origin.

For a variety of reasons, Asian criminal groups, especially Chinese criminal groups, now warrant separate and more detailed attention. First, there has been a substantial increase in Asian organized crime activity in the United States during the past decade. Traditional Asian organized criminal activities such as illegal gambling and prostitution have expanded to include money laundering, business extortion, alien smuggling, home invasion robberies, computer chip theft, and narcotics trafficking, among other crimes. Indeed, ethnic Chinese groups have substantially taken over the rapidly expanding heroin importation market in the U.S. Moreover, repeated warnings have been heard about the

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possible migration of secret criminal triad organizations from their base in Hong Kong prior to the assumption of control by the People's Republic of China in 1997.

Our investigation seeks to identify the major organizations and principal members of Asian crime groups, concentrating on the Chinese, and closely related Vietnamese, groups. In addition, we seek to determine how these organizations are structured and function, and attempt to determine how law enforcement might best deal with this growing problem.

The goals of the investigation are threefold. First, in order to effectively combat organized crime groups in this country, we must understand how these organizations are structured and how they operate. Second, in publicly exposing these organizations and identifying their principal members, we hope to neutralize their most important weapons: anonymity and invisibility. Finally, we have attempted to identify deficiencies, and opportunities for improvement, in the practices of the various law enforcement agencies and in the existing legal structure.

We began our investigation by contacting the federal, state and local agencies likely to have knowledge about Asian organized crime groups. These agencies included the U.S. Department of Justice, the Federal Bureau of Investigation,

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the Drug Enforcement Administration, the U.S. Customs Service, the Immigration and Naturalization Service, the Bureau of Alcohol, Tobacco and Firearms, and a long list of state and local law enforcement agencies. In the course of our investigation, we also consulted a number of academic experts on the subject.

The Subcommittee staff visited several U.S. cities with large Asian populations and high rates of Asian organized criminal activity, including New York, Boston, San Francisco, San Jose, Los Angeles, and several smaller communities in Southern California. While visiting these cities, the staff interviewed federal, state and local law enforcement authorities most familiar with Asian organized crime. The staff also met many Asian victims of Asian organized crime as well as past and present members of Asian crime groups.

#### I. Historical Overview

Before 1965, the crime rate within Chinese communities in the United States was very low. Chinese immigrants were generally law abiding, hard working and peaceful. The most common offenses were usually so-called victimless crimes such as prostitution or gambling. Offenders were primarily male adults.

The history of Chinese organized crime in the United States begins with the "tongs" of the mid-nineteenth century.<sup>1</sup> One must, however, be careful not to categorically label these organizations as criminal in nature. Tongs (tong means "hall" or "meeting place") have a long history of legitimate activities as well as criminal activities.

Tongs were established in the United States at the time of the first wave of Chinese immigration during the mid-nineteenth century. The 1851 rebellion in China led to a wave of immigrants who came to the United States to work in gold fields and then on the railroads. Discrimination against Chinese was at an all time high during this unfortunate period of U.S. history, and Congress eventually passed the Chinese Exclusion Act in 1882, which barred further immigration of Chinese workers and stripped those who were here of their right to become naturalized citizens.

During this period, Chinese in this country were subjected to racist mob violence and lynchings. For this reason, many Chinese gravitated towards urban areas where other Chinese had settled. This migration pattern is

<sup>1</sup>For a general history of Chinese immigration to the United States and Chinese criminal activities, see Chinese Subculture and Criminality: Non-Traditional Crime Groups in America, Ko-lin Chin (Greenwood Press 1990); The Chinese Mafia, Fenton Bresler (Stein and Day 1980).

credited by some for the creation of today's Chinatowns.<sup>2</sup>

Chinese benevolent associations were formed in cities with large Chinese populations such as New York and San Francisco. These organizations, which generally became known as tongs, enforced order in the various Chinatowns, but also functioned as operators of opium, prostitution and gambling dens for the migrant male Chinese labor force. Two early groups in New York were the On Leong tong, established as a Chinese business association, and the Hip Sing tong, established as a protective society for laborers and seamen. Rivalries and periodic violence among tong factions were not uncommon.

The passage of the Immigration and Naturalization Act of 1965 changed the face of Chinatowns in the United States by greatly easing, and thereby increasing, Chinese immigration to the United States.

In 1966, the first year after the passing of the Act, Chinese immigration went from 4,769 to 17,608 and increased steadily thereafter. In 1989, 55,986 ethnic Chinese immigrated to this country from Mainland China, Hong Kong and Taiwan. Since the initial increase in 1966, Chinese immigration has increased at a steady pace from Mainland

<sup>2</sup>A Reporter At Large: Chinatown-I and II, Gwen Kinkead, "New Yorker," (June 10, 1991 and June 17, 1991).

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China as well as Hong Kong. The most drastic change in the pattern of Chinese immigration occurred in 1988 when the number of ethnic Chinese immigrating from Hong Kong doubled. From 1980 to 1987 Chinese immigration from Hong Kong was anywhere from 3,860 to 5,948. Then in 1988, 10 years before Hong Kong's scheduled transfer from Britain's control to China's control, immigration from Hong Kong jumped to 8,546.

As these numbers indicate, the growth of the Chinese population in this country has increased enormously during the past 25 years, and the population has become much younger. Unfortunately, criminal activity within the Chinese community has also grown.

During the past 15 years, there has also been a massive influx of Vietnamese nationals into the United States. The fall of Saigon to Communist forces in 1975 marks the beginning of this major immigration. Although the Vietnamese have settled across the country, there are major population centers in Texas, New York and California. California alone is estimated to be the home of nearly 700,000 Vietnamese.

## II. Current Organized Criminal Activity

In recent years, organized criminal activity within the Asian community has drastically changed. In general, Asian organized crime groups have expanded their criminal activities and have become entrenched and continue to grow in the United States. Of these groups, those comprised of ethnic Chinese, and in some instances Vietnamese, appear to pose the most immediate and serious threat. Indeed, the Department of Justice ranks Asian organized crime as its number two priority nationwide just after La Cosa Nostra (LCN). In some cities it is the Department's first priority.

There are several reasons to support the conclusion that the Chinese and Vietnamese groups pose an immediate and serious threat. On the streets, law enforcement has seen the criminal activities of these groups expand from longstanding enterprises such as protection rackets, gambling, and prostitution into more widespread extortion, money laundering, armed robbery, home invasions, alien smuggling, and heroin trafficking, as well as innovative new areas such as computer chip theft.<sup>3</sup> In addition to the broadening

<sup>3</sup>San Jose Police Sergeant Douglas Zwemke testified that virtually all computer theft cases in Northern California involved Asians in some capacity. Hearings before the Permanent Subcommittee on Investigations, October 3, 1991.

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scope of criminal activity, the level at which these activities are being carried out is reaching new heights. The Subcommittee's files are replete with news articles, criminal indictments and law enforcement reports evidencing the alarming level at which Chinese and Vietnamese crime groups are operating.

In addition to what we see happening on the streets, authorities, including the Federal Bureau of Investigation,<sup>4</sup> consistently point to two further reasons for concern about Chinese criminal groups. First, law enforcement is especially concerned with the emerging dominance of ethnic Chinese in the heroin trade. More than one authority has stated that heroin could do for the Chinese crime groups what prohibition did for the La Cosa Nostra. Second, as previously stated, authorities are deeply concerned about the possible transfer of Hong Kong-based organized crime groups to the United States in 1997 when the British cede control of the colony to the People's Republic of China.

Statistics and the reports of law enforcement indicate a resurgence of heroin importation fueled largely by Chinese crime groups. Southeast Asian heroin, which is also known as

<sup>4</sup> Testimony of William S. Sessions, Director, Federal Bureau of Investigation before the Permanent Subcommittee on Investigations, October 3, 1991.

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"China White" and is trafficked by Chinese crime groups, has assumed a steadily increasing percentage of the U.S. heroin market share in recent years.<sup>5</sup> There has also been an alarming increase in the purity of street level "China White" heroin in the United States. Opium poppy cultivation -- the raw material for heroin -- in the Golden Triangle of Laos, Myanmar (formerly Burma) and Thailand has substantially increased.<sup>6</sup> The June, 1991 seizure by federal authorities of 1,080 pounds of 90 percent pure China White heroin in Hayward, California illustrates the incredible level at which Southeast heroin is being smuggled. Indeed, that seizure alone rivaled the amount of heroin confiscated by Customs agents nationwide in all of 1990, 1,497 pounds.

The threat of Asian criminal activity is exacerbated by the fact that law enforcement has found these groups particularly difficult to penetrate and to prosecute. This can be partially attributed to the traditional closed nature of Asian communities in the United States and to the fact that law enforcement personnel generally lack Asian language capabilities and an understanding of Asian culture. Staff is aware of several investigations that have been brought to a standstill due to the inability of law enforcement to translate intercepted communications.

<sup>5</sup>Worldwide Heroin Situation 1990, U.S. Department of Justice, Drug Enforcement Administration (May 1991).

<sup>6</sup>Id.

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There are many examples, however, where these admittedly difficult hurdles have been successfully overcome. Recruitment of Asian officers has assisted in overcoming many of the difficult language and cultural barriers in some cities. Testimony before the Subcommittee indicated that the San Jose, California Police Department has managed to recruit 20 percent of its recent officer recruits from the Asian community. Vietnamese language training has also been provided to other San Jose police officers. This may help explain the success of San Jose's sting operations against Vietnamese home invasion gangs, as presented at the Subcommittee's October 3, 1991 hearing.

In order to understand Asian crime groups, law enforcement may need to broaden its perspective. Concepts that are adequate for explaining the LCN, Jamaican or Hispanic crime groups may not be adequate for examining criminal organizations of Asian origin.

## II. Structure Within The United States

The Subcommittee's investigation has found that Asian crime groups within the United States are arranged and structured differently in every major city. There are patterns, however, from which one can generalize.

As mentioned previously, Chinese crime groups tend to take three forms. The first are the triads. Triads are secret, cohesive, hierarchical organizations that exist primarily for criminal purposes. The structure of triads and their membership is extremely difficult to document due to their culture of secrecy. The existence of triads is most extensively documented in Hong Kong where the number of triad members is estimated to be in the tens of thousands, and to a lesser extent in Taiwan. While there is clear evidence that triad members have engaged in criminal activities in the United States, the extent of triad structure and operations in the United States is disputed among law enforcement. We believe the best evidence of triad structure being transplanted to the U.S. is the current effort underway to establish the Wo Hop To triad as the dominant Asian organized group in San Francisco.

Although hierarchical in nature, authorities report that triads tend not to be run totally from the top, as the LCN traditionally has been. Instead, triad members frequently branch out on their own into criminal enterprises. While the triad leadership may not always initiate and direct the activities of all the triad members, triads do serve as international networking associations that facilitate such activity. Moreover, monetary profits from criminal activity of triad members often flow to the top in indirect ways, such

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as through gifts. One knowledgeable official described triads as "criminal Amways."

Even in the absence of triad organizations themselves, what has been referred to as the "triad subculture"<sup>7</sup> often permeates Chinese criminal groups in this country. In other words, some Chinese criminal groups in this country, although not triads themselves, are influenced to some degree by triad culture and traditions. Understanding triads, therefore, is important to understanding Chinese crime groups as a whole.

Triads were secret societies formed in the 17th century to overthrow the Ching Dynasty and to restore the Ming Dynasty to power. The term triad was coined by the British due to the triangular symbol worn by members. The symbol represents the three essential elements of heaven, earth and man.

Because the early triads were attempting to topple the ruling elements of the day, and had, in fact, been persecuted in the past, they developed secret forms of identification and communication. Triads today remain an obsessively secretive and closed criminal fraternity. The triads also developed highly ritualized initiation ceremonies meant to instill a strong sense of secrecy, and more importantly,

<sup>7</sup>See Chinese Subculture and Criminality: Non-Traditional Crime Groups in America, Ko-lin Chin (Greenwood Press 1990)

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loyalty to other triad members. The ceremonies center around 36 oaths. The greater part of these oaths deal with loyalty to the triad. Each oath ends with a promise of death if the oath is broken.

The existence of modern-day triads is most extensively documented in Hong Kong, and to a lesser extent, Taiwan. The triads of Mainland China migrated to these outposts gradually over time until the Communists took over Mainland China in 1947, when this migration increased dramatically. Hong Kong is the undisputed capital of modern day triads, even though it is a criminal offense to be a member of a triad in Hong Kong.

Triad organizations in Hong Kong comprise four major groups: the Chiu Chao, the Wo, the 14K, and the Big Four. Within the Chiu Chao groups, which are of Chiu Chao and Hakka origin, there are four criminal syndicates: Fuk Yee Hing, Sun Yee On, Gain Yee and Yee Kun. Of the four, the Sun Yee On is thought by authorities to be among the most powerful Hong Kong triads.<sup>8</sup> Sun Yee On runs brothels, bars and nightclubs. In addition, it is widely thought to be involved in a host of criminal activities including protection rackets, extortion and drug trafficking.

<sup>8</sup>Id.

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The 14K, whose members are of Cantonese origin, appear to be the Sun Yee On's principal rival in Hong Kong. The 14K also has a large presence in Taiwan. The 14K was established by a Kuomintang general and still has ties to the Kuomintang Party. Members of the 14K appear to be active in a variety of criminal activities, but are particularly active in heroin trafficking. Members of the 14K have been linked to heroin trafficking by law enforcement throughout the world.

The Wo Group, also Cantonese, includes some of the more powerful groups. Of these, the Wo On Lok, Wo Shen Wo, Wo Yung Yee, Wo Hop To, Wo Laik Wo and Wo Shen tong are particularly well known.

Also active in Hong Kong are the Mainland societies of the Ching group and the Big Circle. (Although the Big Circle is sometimes listed among triads, it is not a true triad and does not appear to follow the triad culture.) Other groups of Taiwanese origin include the United Bamboo, the Four Seas Gang, Tien Dao Mon and the Chao Tong. With the impending Communist takeover of Hong Kong in 1997, the Triads have been expanding their network worldwide and have generally gained a foothold wherever large Chinese immigrant communities have arisen, including Australia, the Netherlands and Canada as well as the United States.

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The second type of Chinese criminal group is known as a tong. Tongs hold themselves out as, and in some cases are, legitimate business associations. The word tong simply means "hall" or "gathering place." Many of the tongs in the United States are national organizations with chapters in cities that have large Chinese communities. Many tongs engage in a variety of legitimate activities and take an active and public role in their respective communities. Many tong members do not engage in criminal activities. On the other hand, tongs do have secret initiation ceremonies, and they appear, in many cases, to be fronts for criminal activities.

The economic mainstay of many tongs is illegal gambling. Although the majority of tong members do not appear to be involved with illegal activity other than gambling, tong officials and tong members have been known to direct criminal enterprises that include extortion, drug trafficking, robbery and alien smuggling, among other more serious crimes. Thus, tongs, in some respects, reflect the triad subculture.

The evidence that tong leadership is involved in criminal activities is substantial. In September, 1990, the New York On Leong tong, along with local chapters in Chicago and Houston, were indicted on racketeering, gambling and tax

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charges.<sup>9</sup> After a five-month trial, the jury convicted the Chicago On Leong and three other men of tax conspiracy. Other On Leong members were convicted of individual tax charges, and the Houston On Leong plead guilty to racketeering. In Boston, Harry Mook, a leader of the Chinese Freemasons recently pled guilty to being involved in a substantial money laundering operation.<sup>10</sup> The former president of the Three Mountain Association, a now defunct New York-based tong, is currently serving time on drug charges.

In order to protect and further support their criminal activities, tongs have, in many instances, affiliated with Chinese street gangs. Each major New York City tong is affiliated with a street gang. During the Subcommittee's October hearing, Kenneth Chu, a former member of both the On Leong tong and the Ghost Shadows street gang testified to the close association between the Ghost Shadows and the On Leong tong. Regardless of this association, he asserted that the Ghost Shadows could not continue to exist without the support and assistance of On Leong.

<sup>9</sup> Indictment of United States v. National On Leong Chinese Merchants Association et al., No. 90 CR 0760, United States District Court, Northern District of Illinois.

<sup>10</sup> United States of America v. Robert Chin, CR No. 90-10186-H, Joint Plea Agreement (D-Mass July 29, 1991).

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While the organizational structure of tongs seems to vary, they all follow a general pattern. The typical organizational structure of a tong is similar to that of a corporation. The tong is headed by a president and vice president, under which are various representatives, often including an auditor, public relations officers, counsel, collector and then finally the regular members. The members typically pay dues and have little involvement in the operation of the tong.

The third type of Chinese criminal group is the street gang. Chinese gangs generally consist of males in their late teens and early twenties. Leaders tend to be older, and some are over 30. This traditional pattern, however, appears to be changing with reports of all-girl Asian street gangs. The youths typically recruited into the street gangs are not doing well in school and do not speak much English. They generally face poor job prospects. While some gang members join voluntarily, others are coerced into joining. Chinese gangs sometimes conduct initiation ceremonies modeled after triad tradition and ritual.

While the organizational structure of the Chinese street gangs seems to vary, all seem to have some type of hierarchical structure. The Ghost Shadows, for example, have three organizational levels. The top level consists of gang leaders referred to as "dai-los" or big brothers. These

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members direct the lower members of the gang and are the farthest removed from the actual execution of any given crime. The leaders are the members who are most likely to have contact with other groups. The second level consists of the lieutenants of the gang who manage the ordinary members. At the bottom are the street soldiers known as the ma-jai (little horse). The soldiers carry out the assignments of the leaders.

Chinese gangs in the United States seem to function on two related but distinct levels. On one level, the gangs engage in their own independent criminal activities such as extortion and robbery. On a second level, the street gangs work for and with other Chinese organized crime groups such as tongs or triads. For example, a tong that runs a gambling house may hire a gang to protect the gambling house from other gangs or from local law enforcement. In exchange, the gang receives the prestige of being associated with the tong and has access to the tongs resources, such as lawyers. Gang members often belong to both tongs and gangs.<sup>11</sup>

<sup>11</sup>Testimony of former Ghost Shadow and On Leong tong member Kenneth Chu at the Subcommittee's October 3, 1991 hearing.

### III. Criminal Activities

#### 1. Gambling

Gambling appears to be the core criminal activity of the Chinese crime groups. Tongs appear to be at the center of this activity along with their affiliated gangs. Gambling also fuels much of the other criminal activity. First, it allows gangsters to launder their money. Gambling activity also provides potential victims of loan sharking, residential robbery and follow home robbery. Additionally, unlucky gamblers are sometimes recruited as "mules" to bring in heroin from Southeast Asia.

Numerous law enforcement sources have indicated that the Hong Kong-based Sun Yee On triad exerts influence in the Atlantic City casino entertainment industry. The President of the Tung On Association, Clifford Wong, a reputed Sun Yee On triad member, was banned from the tables because of his organized crime connections. In 1989, authorities revoked his "junket license" to bus Chinese to Atlantic City based on these connections. Nevertheless, the Sun Yee On triad continues to exert influence in the casino entertainment business.

## 2. Prostitution

Prostitution has historically been one of the illegal enterprises controlled by Chinese crime groups. The influx of unattached Chinese immigrants and Vietnamese refugees in the last 20 years has caused the demand for Asian prostitutes to rise significantly. That demand was originally met by Korean prostitutes who worked in the massage parlors managed and owned by Koreans. Many of the massage parlors, however, are controlled by Chinese crime groups and/or protected by Chinese and Vietnamese street gangs.

In New York, Subcommittee staff was alerted to a typical massage parlor containing exclusively Korean prostitutes. These women are almost always legal U.S. residents or citizens because of a previous marriage to an American serviceman. Once in the U.S., the women divorce and go to work in a massage parlor as arranged by the prostitution organization that assisted their marriage. The women are often virtual indentured servants to these groups until their costs are satisfied. Although women who work in massage parlors are still predominantly Korean, Taiwanese and other Asian women are also being imported to work in them as well. Generally, the amount owed by the prostitutes to the organization prohibits them from leaving the business for many years.

### 3. Narcotics

The French Connection, the old heroin smuggling route from Turkey to New York by way of Marseilles, has been replaced by the Chinese connection. Heroin from Southeast Asia begins in the poppy fields of the Golden Triangle area of Myanmar (formerly Burma), Laos and Thailand and continues through Hong Kong to the United States with the ultimate destination frequently New York City. The DEA's heroin signature program has found a substantial increase in the proportion of Southeast Asian heroin entering the United States,<sup>12</sup> and the Southeast Asian heroin trade is increasingly dominated by the Chinese. Fifty-six percent of all heroin seized by U.S. authorities was seized in New York. Seventy percent of that heroin was found to be of Southeast Asian origin.

The average street-level purity of Southeast Asian heroin in 1991 averaged 41 percent, significantly higher than just three years ago. While the purity has steadily increased, the price of heroin has decreased. A unit of heroin (700 grams) currently costs between \$60,000 and

<sup>12</sup>Worldwide Heroin Situation 1990, supra.

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\$80,000 wholesale. That price increases when Chinese sell to non-Chinese, up to \$140,000 per unit.

Most of the knowledgeable law enforcement personnel we interviewed contend that, while ethnic Chinese do dominate the Southeast heroin business, neither triads nor tongs nor street gangs are currently involved, as organizations, in heroin trafficking. There is strong evidence that individual triad members, tong officials and street gang leaders have all been involved in heroin importation, but the dominant law enforcement view is that these individuals act on their own in putting together specific ad hoc importation schemes and that these individuals typically do not employ their organizations in these schemes.<sup>44</sup> Nor is there thought to be much use of heroin in Asian communities or much street level distribution by Asian street gangs. According to reports from the New York Police Department, that latter situation may be changing, since some street gangs are apparently now conducting street sales of heroin on the borders of New York's Chinatown.

Whatever the current case, it seems likely the high profits of an expanding heroin market will sooner or later attract the involvement of organizations such as the triads. At the least, individual triad members take advantage of their criminal contacts to help arrange delivery, transportation and sale of narcotics, and their activities as

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drug-smuggling organizations, therefore, bear scrutiny by U.S. law enforcement.

#### 4. Extortion

One of the primary activities of Chinese street gangs is the systematic extortion of legitimate and illegitimate Chinese businesses. Our investigation uncovered significant evidence that such activity continues to be a mainstay of Chinese gang activity in New York's Chinatown. One study of New York Chinatown merchants indicated that more than 80 percent pay monthly extortion to street gangs in order to operate. Those that avoid paying generally have some type of relationship with the gang or the tong affiliated with the gang.<sup>13</sup>

The Subcommittee heard testimony from two New York Chinese merchants about gang extortion techniques. New York Asian street gangs employ numerous techniques to extort businesses. For example, gang members may ask a business owner to "invest" in the gang business or make a contribution to some cause. Gangs are also known to ask for substantial discounts from businesses such as restaurants. During holidays, gang members often sell festival-related goods to

<sup>13</sup>Unpublished Paper, "Chinese Street Gang Extortion", Ko-lin Chin, Robert Kelly, Jeffry Fagun (February 5, 1990)

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merchants at grossly inflated prices. Businesses are extorted on a regular basis, often monthly, as well as on special occasions such as grand openings and holidays.

The amount of money extorted generally depends on the type of business involved and more importantly, on the profitability of the business. A small business that is not particularly profitable might pay the relatively low amount of \$108 or \$208 per month. As the number "eight" rhymes with the word for prosperity in Cantonese, gangs often ask for amounts ending in that number.

Two Chinese restaurant owners testified that a restaurant might pay \$300 or more because restaurants tend to be more profitable. One merchant also informed the Subcommittee that he was required to pay a "grand opening fee" of \$1,330 for his restaurant. Both merchants were required to purchase "moon cakes" during the Chinese New Year. Although a package of such cakes would cost approximately \$7 in a bakery, merchants are obliged to buy them for between \$50 and \$200 each.

In New York's Chinatown, where extortion is most extensively documented, gangs have tended to extort merchants located in territory controlled by the gang. This practice, however, appears to be breaking down as the gangs become more

competitive and as new gangs, such as the Vietnamese, get involved in the extortion of businesses.

If a merchant does not cooperate with a gang, the gang will often assault the merchant or cause damage to his business by scaring away customers or doing physical damage to the merchant's property. One restaurant owner testified that when he refused to make a \$3,000 payment to a gang, the gang then did approximately \$3,000 worth of damage to his restaurant and scared away his customers.

An apparently new twist to gang extortion of Chinese merchants in New York's Chinatown involves illegal video gambling games. The gangs are evidently forcing merchants to install video gambling games such as black jack and joker poker, in the merchant's store and then requiring the merchant to split the proceeds with the gangs. Not only does this bring in additional revenue for the gangs, it also exposes merchants to liability for keeping the illegal games on their premises.

#### 5. Home Invasion Robberies

One of the most frightening aspects of Asian organized crime is the home invasion robbery. In a typical home

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invasion, gang members enter a home, tie up the inhabitants, and terrorize, torture, beat and rob them.

Home invasions are typically committed by street gang members who target a particular home after intelligence has been gathered about the residents. Home invasion gangs may be informal groups whose members are from outside the area where the robbery is perpetrated. Home invasion gangs are highly mobile, often entering a city to do one or several home invasions, then moving to a new area to commit more invasions or to "cool off."

Vietnamese gangs on the West Coast and in New York are reported to be very involved in home invasions and are also the most mobile. In September 1991, 10 members of the Vietnamese, "Born to Kill" gang were indicted in New York for their participation in a string of robberies from Connecticut to Georgia.

Law enforcement has had a difficult time preventing and prosecuting home invasions. Many go unreported because of intimidation of victims and because of distrust of law enforcement among the Asian community.

An innovative response to home invasions which was presented at the Subcommittee's October 3, 1991 hearing involved the San Jose, California Police Department's sting

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operation. The sting operation employed an informant who put out the word that he was interested in participating in home invasions. Those who volunteered to participate were then invited to an apartment equipped with video cameras where the proposed robberies were planned in detail. The police arrested the participants as they drove to the site of the proposed home invasions. The sting operation resulted in multiple arrests and a consequent reduction in reported home invasion robberies.

#### 6. Alien Smuggling

Asian alien smuggling rings have been increasingly active in recent years. There is some evidence that organized Asian criminal groups, attracted by the high profits (smugglers charge up to \$30,000 per person) and low risks (penalties, even if smugglers are caught, are low), are becoming more heavily involved in alien smuggling operations. One smuggler (or "Snakehead" as Asian smugglers are called) told us that his smuggling operation was run from Hong Kong by a 14K triad member.

The largest influx of illegal Asian immigrants is currently from the rural and relatively poor Fujian Province of Mainland China. The smugglers arrange for false documentation as well as the actual transportation.

After obtaining an exit visa from the People's Republic of China, aliens typically travel to Bangkok where they receive fraudulent identification papers. Stolen Taiwanese passports with valid United States tourist visas are sometimes photo-substituted and given to the alien. Aliens are then flown to a third country before entering the United States by land, sea or air. Immigration officials see a great deal of international organization among the smugglers.

The smugglers use several routes. Several popular routes run through South and Central America, because visas for Bolivia, Belize and Panama are readily purchased by the smugglers. One route took a Fujian native through Beijing to Bolivia to Miami and then to New York.

Usually the aliens being smuggled do not pay the entire charge before departure. As one INS agent stated, "If you have \$30,000 and live in Fujian Province, there is no reason to leave because you are one of the richest people there." In such cases, the alien, or his relatives, become indebted to the smuggling organization. When an alien is unable to pay, street gangs are sometimes hired to threaten or even kidnap the individual and hold him to ensure payment. There are also reports of recently smuggled aliens being used as drug couriers and being forced into prostitution to pay their debts.

## 7. Money Laundering

Like other organized crime groups, Asian crime groups are necessarily involved in laundering the proceeds from their illegal operations. Such laundering is thought to be accomplished primarily through Asian bank networks located mainly in the United States and Hong Kong. Law enforcement in this country has made little progress in attacking these networks, although in a recent Boston case, four men -- one of them a past president of a Boston tong -- pleaded guilty to operating and participating in an international, multimillion dollar, money laundering enterprise centered in Boston's Chinatown.<sup>14</sup> The lead defendant, Harry Mook (also known as Goon Chun Yee), is the past president of the Hung Mun (Chinese Freemasons Association). Mook also pleaded guilty in the same case to a charge that he paid bribes to several Boston police officers to ensure protection for several illegal gambling operations. As previously noted, gambling operations provide ready opportunities for money laundering.

<sup>14</sup>United States of America v. Robert Chin, aka "Bolo" et al., CR No. 90-10186-H (D-Mass).

## 8. Computer Chip Theft

While computer chip theft is most prevalent on the West coast, staff has also received reports of thefts in such places as Florida and Texas. It has been estimated that computer chip theft is costing American companies millions of dollars each year. One IBM plant in Texas alone has recently reported \$45 million in stolen computer chips.

The crime is especially attractive to Asian crime groups for several reasons. Such crime is very lucrative and difficult to detect and to prosecute. Computer chips are resold for 80 percent of their value as opposed to 20 percent for items such as jewelry. Since computer chips do not have registration numbers, they are very difficult to trace. Asian crime groups are uniquely positioned for computer chip theft because many Asians work for computer chip manufacturers and because there are markets for the chips in Southeast Asia.

Asian crime groups are believed to obtain computer chips in several ways. One is to use street gangs, often Vietnamese, to commit armed robberies of computer chip manufacturers. Such robberies frequently employ a modus operandi which is disturbingly similar to that of the typical home invasion robbery. Another method is to use individuals

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who have run up gambling debts who happen to work for companies that manufacture computer chips.

There are at least five major fencing rings for stolen computer chips in southern California alone. These rings receive, repackage and then sell the chips in the United States and abroad. The stolen chips are often sold at computer swap meets or shipped overseas to Taiwan, Thailand or Hong Kong. Few cases have been successfully prosecuted, although indictments have been handed down in Austin, Texas and Oklahoma City.<sup>15</sup>

#### IV. Specific Geographic Areas

In order to identify specific problems associated with Asian organized crime, staff conducted an in-depth review of activities in two geographic areas, New York City and California.

##### New York City

During the past 25 years, New York's Chinatown has increased in size tremendously. It consists largely of

<sup>15</sup>US v. Dinh Huu Tran et al., Case No. CR 90-28, Western District of Oklahoma, February 6, 1990

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first-generation Chinese and is recognized as the center of Chinese organized crime in the United States.

New York City is distinguished in part from other Chinatowns by the strong tradition of specifically delineated street gang and tong territories and by the wide prevalence of extortion of legitimate Asian businesses.

The so-called godfather of Chinatown is Benny Ong. Ong, also known as "Uncle Seven," is the officially designated "advisor for life" leader of the Hip Sing tong located on Pell Street. Now in his eighties, Ong has long been associated with organized crime in Chinatown. From 1935 to 1952, Ong was incarcerated for second degree murder and was jailed again briefly in 1977 and 1978 for bribing police and government officials. The Hip Sing tong is the sponsor of the Flying Dragons street gang in New York, as well as in other cities. That gang now has three factions in Chinatown. Sidney Ko is the "dai-lo" or street leader of one faction which had previously been run by Johnny "Onionhead" Eng. Eng, facing narcotics trafficking charges, abruptly fled the country. He has recently been extradited from Hong Kong and is awaiting trial in the U.S. Michael Lou (aka "Sticks") leads a Vietnamese or "Viet-ching" faction, while Norman Luk is leader of the American Born Chinese ("ABC") faction. The Flying Dragon's territory includes Doyer and Pell Streets.

The Hip Sing's traditional rival is the On Leong Chinese Merchants' Association. The On Leong tong is headquartered nationally in New York City and is currently run by Chan Wing Wah. His brother, Chan Wing Yeung, resigned the post in April of 1989. The Chan brothers, as well as the National On Leong Association, have been indicted in a Chicago-based RICO prosecution which charged 29 officers and associates of the National On Leong tong. The case recently resulted in a hung jury on the RICO counts and some convictions on tax evasion charges. The case is expected to be retried. A third brother, Chan Wing Lok, is the main street leader of the affiliated Ghost Shadows gang. Robin Chee and James Lee (aka "Bradley Joe") are also street leaders of the Ghost Shadows. The Ghost Shadows control Mott and Bayard Streets.

Another major tong in Chinatown is the Tung On. The Tung On's president is Clifford Wong (aka "Chi Fai Wong"). Wong is widely believed to be a member of the Sun Yee On triad in Hong Kong which dominates the entertainment industry there. Wong was heavily involved with Asian entertainment in Atlantic City until the authorities there revoked his license in early 1989. His younger brother, Steven "Tiger Boy" Wong ran the Tung On gang until his arrest several years ago for narcotics violations. Current leaders of the Tung On gang include Mickey Lee, Kwai Mak, and Yuk Chan Kwong. The Tung On Gang controls East Broadway and Division Street.

The Fukien American Association is another tong whose membership consists of Chinese from Fujian province in mainland China. The tong is believed to be heavily involved with alien smuggling as well as heroin trafficking. The elected president of the Fukien Association is Alex Lau (aka "Lau Man Sin"). Lung Kee Kwok (aka "Ah Kay") is currently the street leader of the associated Fuk Ching gang. The gang controls East Broadway and Eldridge Streets.

Two more gangs are located in Manhattan's Chinatown but do not have any tong affiliation. They are the White Tigers and the Canal Street Boys, better known as the Born To Kill gang ("BTK"), whose territory includes much of Canal Street. Although the White Tigers are based in Queens, they now operate on Mott Street in Chinatown with the permission of the Ghost Shadows gang. The leader of the White Tigers is Chris Chin.

The BTK is currently the most feared of the Chinatown gangs. They are mostly of Vietnamese origin and are considered more violent than the other street gangs. Until recently, the leader of the BTK was David Thai, who together with nine other BTK members was indicted on September 25, 1991 on charges of robbery, murder, illegal possession and sale of firearms, and other violent crimes. Johnny Li, aka Lam Loc, is now reputed to lead the gang. The BTK has not

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confined its activity to New York's Chinatown but has regularly committed offenses against primarily Asian victims throughout the United States and Canada.<sup>16</sup>

According to most sources, New York Asian street gangs have not been heavily involved in street sales of narcotics, although the retail sale of heroin by some gang members has been reported recently. New York City, as noted previously, is the destination for most Southeast Asian heroin entering the U.S. In 1989, in a single case, authorities in New York City netted \$3 million in cash and 820 pounds of 90 percent pure Southeast Asian heroin having an estimated street value of over \$1 billion. Code-named "White Mare," the investigation represented the largest heroin seizure in the United States at that time and has thus far resulted in over 40 arrests worldwide.<sup>17</sup> There is clear cut evidence that individual tong officials and street gang leaders are involved in heroin trafficking, but organizational involvement by the tongs and street gangs in drug trafficking appears limited.

New York gangs and tongs are all involved in various illegal activities. These crimes begin with arguably

<sup>16</sup>United States v. David Thai, et al., No. 91-838 (S-1) (CBA), United States District Court, Eastern District of New York

<sup>17</sup>U.S. vs. Woo Kok Leung, et. al., No. 89-CR-158 and 159, Eastern District of New York

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victimless crimes such as gambling and prostitution, but extend to much more serious offenses including extortion, theft, alien smuggling, drug smuggling and murder.

#### Northern California

The structure of Asian organized crime on the West coast is vastly different from the structure in New York City. First, while there are some relationships between gangs and tongs, particularly in San Francisco, the level of control exercised by tongs is substantially less on the West coast. A second major difference can be seen in the Wo Hop To triad's attempt to become an umbrella group for a number of different gangs. Several different gangs, of Chinese, Vietnamese-Chinese and Vietnamese descent, have come under the control of the Wo Hop To. California's Asian gang structure has been described as an illustration of the "Four Seas, One Brother" concept. This concept speaks to the new tendency of various Asian ethnic groups to work together. In both Northern and Southern California, Chinese organized crime uses young members of Vietnamese street gangs to protect gambling dens, extort merchants and conduct home invasion robberies.

During our investigation, the picture painted by law enforcement in Northern California was that of a dynamic,

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volatile environment which has resulted in a rash of Asian gang-war related murders. The current situation can be best understood by examining the history of Asian organized crime in the Bay Area.

The modern history of Asian organized crime in San Francisco begins in the mid-1960's. At that time, a number of gangs of young Chinese emerged, drawing their membership from the young Chinese men who arrived in San Francisco "fresh off the boat." Many of these young Chinese arrived ill-equipped to cope with the educational system, and dropped out of school. As their parents worked long hours in well-established Chinatown businesses, they had little supervision. The result was that gang membership grew dramatically. Gangs such as the Wah Ching, the Cheung Chee Yee, the Joe Boys and the Hop Sing Boys began to fight each other over turf in Chinatown.

Between 1965 and 1977 there were over 50 gang-related murders in San Francisco, culminating in the night of September 4, 1977, which is now commonly referred to as the night of the "Golden Dragon Massacre." This incident, which took place at the Golden Dragon Restaurant in Chinatown, a popular tourist attraction, was perpetrated by a segment of one gang, which sought revenge for a prior incident.<sup>18</sup>

<sup>18</sup>See testimony of Detective John McKenna, San Francisco Police Department, PSI Hearing on "Emerging Criminal Groups," September 24, 1986

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Gang members burst into the restaurant, in which rival gang members were present, killing five innocent people and severely wounding 11 others in a flurry of gun-fire. While none of the actual victims had any knowledge of gang activity, the intended victims all escaped. Fortunately, all of the suspects but one were apprehended.

The Golden Dragon incident provided the impetus for the San Francisco Police Department to form an Asian Gang Task Force. Another result, however, was that the Wah Ching gang emerged as the dominant gang in San Francisco. The Wah Ching was able to take over most of the gambling and protection rackets, maintaining this position for more than a decade. Only recently has its power been challenged.<sup>19</sup>

Vincent Jew established himself as the leader of the Wah Ching in Northern California during this period. One of his lieutenants, Tony Young, relocated from San Francisco to the Los Angeles area where he now controls the Southern California Branch of the Wah Ching. Under pressure from law enforcement, Vincent Jew eventually left San Francisco and now reportedly resides in Taiwan. He passed the leadership of the Wah Ching in San Francisco to Danny Wong.

<sup>19</sup>Supra, footnote 19.

During the mid-1980's, Chu Kong-Yin, aka Alfred Chu, a reputed "426" or enforcer of the Hong Kong-based Wo Hop To triad, began recruiting members for his organization in the East Bay. Chu managed the Key Club, a legal card club in Emeryville, a small community bordering on Oakland. Chu was arrested by INS in October of 1988 on immigration violations and sentenced to 15 years in August of 1989, although his case was recently reversed on appeal.<sup>20</sup> By the time of Chu's arrest, he had established a sizeable Wo Hop To operation in Oakland, and his recruits make up a key segment of the current Wo Hop To structure.

After Alfred Chu's arrest, Peter Chong, aka Chong Bing-Keung, a reputed Wo Hop To triad member from Hong Kong, assumed leadership of the group.<sup>21</sup> Chong has successfully integrated a number of criminal factions under the Wo Hop To umbrella, including Oakland gangs, disgruntled Wah Ching members, and several Vietnamese street gangs. Chong's activities have prompted a number of retaliatory moves by the Wah Ching. At least five murders of Wah Ching and Wo Hop To members have occurred, including the assassination of Danny

<sup>20</sup>See INS Report on "The INS Enforcement Approach to Chinese Organized Crime", June 1990, page 10

<sup>21</sup>See Memorandum In Support of Detaining Defendant Without Bail Pursuant to 18 U.S.C. Section 3142 in case of US v. Chien I. Chiang, Northern District of California, Case Number 3-91-598-SL, October 7, 1991, page 4

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Wong, the Wah Ching leader, on April 19, 1991. Although retaliatory moves continue, the Wo Hop To is now in control of virtually all of the gambling and protection rackets in the Bay Area.

Bay Area law enforcement officials expect the Wah Ching to attempt a comeback. Wah Ching members are rumored to be recruiting in Southern California and perhaps New York, where gang members may have connections through their association with the Hip Sing Tong, which has chapters in both San Francisco and New York. The gang remains active in a number of legitimate entertainment-related ventures in California.

As previously stated, Wo Hop To members are involved in a wide range of illegal activities in the San Francisco Bay Area. Importantly, some links have been established between the triad's U.S. associates and heroin traffickers. In addition, William Mui, a close associate of Peter Chong, has been linked to heroin operations by several Bay Area law enforcement representatives.

Gambling is a major source of cash for the Wo Hop To's operations. Underground gambling parlors, of which there are at least 50 in San Francisco's Chinatown alone, pay \$200-750 per table, per week for protection. The Wo Hop To is also active in many of the "legal" card clubs in Emeryville, San Bruno and San Jose. Such activity includes dispatching loan

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sharks to the various locations to contact dealers and pit bosses about potentially vulnerable customers. Some of these card clubs' employees are also Wo Hop To associates or members.

A recent illustration of the new-found dominance of the Wo Hop To in the Bay Area can be seen in the outbreak of extortion against merchants in Oakland. Oakland's Chinatown has grown from a geographical area of four square blocks in 1982 to 16 square blocks today. Additionally, there is now a second Chinatown which is home to many ethnic Chinese of Vietnamese descent. On September 15, 1991, over 30 Wo Hop To members and associates masquerading as Hop Sing tong representatives, went door to door in Oakland's Chinatown in an attempt to extort money.<sup>22</sup> This extortion effort proceeded under the guise of an attempt to sell tickets to a concert of a well-known Hong Kong entertainer, Amy Yip, who is sometimes referred to as the Madonna of Hong Kong.

The Amy Yip concert tour represents an effort by Peter Chong to establish himself as a legitimate businessman and community leader in San Francisco. Through his New Paradise Investment Company, he arranged for Amy Yip to come to the United States and give performances in Lake Tahoe and San Francisco. Reportedly, Chong ordered all the illegal

<sup>22</sup>See San Francisco Chronicle, October 3, 1991, "3 Youths Held in Gang Extortion", p. A20

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gambling parlors in San Francisco closed on the day of the Lake Tahoe performance and chartered buses to the performance. Peter Chong has also participated in a charity fund drive to provide relief for flood victims in China. Members of the law enforcement community have expressed concern over the accountability of this project, as well as the methods of fund solicitation.

Apparently, the Wo Hop To leadership anticipated further violence. Peter Chong is reported to have recently ordered 300 bullet proof vests from a supplier. A house belonging to Chong was previously the subject of a bomb attack and was recently destroyed by a fire of suspicious origin.<sup>23</sup> As the group extends its recruiting tentacles southward to Los Angeles, as is currently both rumored and expected, law enforcement will truly be challenged.

The extortion in Oakland's Chinatown has been linked to Peter Chong's "right-hand man," Raymond Chow aka Chow Kwok Chung, aka "Shrimp Boy". Raymond Chow is a well-known source of muscle in the Asian gang scene in the San Francisco Bay Area. He has allegedly been involved in kidnapping<sup>24</sup> and

<sup>23</sup>See San Francisco Chronicle, September 24, 1991, "True Believer" Figure Hurt, 2 Men Burned in Suspicious Sunset District Fire."

<sup>24</sup>See San Francisco Chronicle, September 5, 1990, "Chinese Gang Leader Held in Kidnapping"

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home invasion robberies<sup>25</sup> and has been identified by law enforcement agencies as a critical player in the Wo Hop To's recent surge. Other important players in the Wo Hop To have been identified in the organizational chart of the group, which is part of the hearing record.<sup>26</sup>

Bay Area Asian gang activity is not isolated within San Francisco or Oakland. In the South Bay, San Jose has recently seen a massive influx of Vietnamese immigrants. The Vietnamese population has increased 500 percent in the last decade, and now totals over 100,000, the largest in California.<sup>27</sup> There are several Vietnamese gangs in San Jose, most notably Hung Pho, which has been brought under the Wo Hop To umbrella. Young Vietnamese gangsters are involved in home invasion robberies, car theft, and extortion of merchants and gambling operations. As mentioned previously, the Wo Hop To controls virtually all underground gambling in the Bay Area, including that in San Jose. The legal card clubs in the area have also been infiltrated by Wo Hop To. The larger gangs in the city appear to answer to a higher

<sup>25</sup>See Memorandum in Support of Detaining Defendant Without Bail Pursuant to 18 U.S.C. Section 3142, US v. Chien I. Chiang, Northern District of California, No. 3-91-598-SL, October 7, 1991, page 4

<sup>26</sup>See Wo Hop To Organizational Chart, prepared by PSI staff

<sup>27</sup>See testimony of Detective Douglas Zwemke, San Jose Police Department before PSI, Hearing on Asian Organized Crime, October 3, 1991

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authority in San Francisco.<sup>28</sup> However, many of the gangs do not appear to have much structure or permanence, and answer to no one.

### Southern California

Southern California now has three distinct Asian population centers within its territory. The oldest of these areas is the downtown Los Angeles Chinatown. This area is home to many Cantonese-speaking Chinese who politically favor the Taiwanese government. The second area with a large Asian population is the San Gabriel Valley, which includes communities such as Monterey Park, Alhambra, Rosemead and San Gabriel. Many of these cities have seen a dramatic influx of Asians over the past decade, and Asian organized crime has accompanied this Asian immigration. The San Gabriel Valley is home to immigrants from China, Taiwan and Hong Kong, which has led to political conflicts in some of the communities. There is also a definite split between Mandarin and Cantonese speakers. Los Angeles County, which includes downtown Los Angeles and the San Gabriel Valley, has a number of active Chinese and Viet-Ching (ethnic Chinese from Vietnam) gangs.

<sup>28</sup>See testimony of Detective Douglas Zwenke, San Jose Police Department, before PSI, Hearing on Asian Organized Crime, October 3, 1991

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The newest Asian population center is actually known to many as "Little Saigon." Three cities in Orange County, Westminster, Garden Grove and Santa Ana, house over 75,000 Vietnamese and over 40,000 Chinese residents. These numbers are from the 1990 census, which local authorities argue undercounts these populations. Other estimates range up to 130,000 Vietnamese in the area. The fact that the Vietnamese population more than tripled in the 1980's is not disputed. Many of these Vietnamese are refugees, and large numbers of young Vietnamese have had problems assimilating into American life. The result has been a rise in gang membership and gang-perpetrated violence.

Orange County authorities estimate that there are as many as 80 Indo-Chinese gangs in the region. These gangs are often hyper-violent in nature and are most active in home invasion robberies, extortion, auto theft and auto burglary. Many members of the law enforcement community feel that Vietnamese gangsters aspire to follow the lead of their Chinese counterparts into "bigger ticket" crime such as gambling and narcotics.

In contrast to Northern California, which is currently controlled by one major umbrella group, Southern California's various areas are exploited by different groups. The United Bamboo gang, a Taiwan-based group which has also been active in Houston and New York, has operations in the San Gabriel

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Valley. A law enforcement raid on a safe house in the Los Angeles area uncovered an organizational chart showing part of the United Bamboo's Los Angeles organization. This chart details the involvement of Benson Wang aka "Ah Di" aka Wang Chih Pin aka Tung Kuei Chun in gambling and extortion. Benson Wang was deported to Taiwan in October, 1991 in connection with the murder of a Taiwanese family in the Phillipines.<sup>29</sup> Other United Bamboo operations include several semi-legitimate business ventures, through which money is laundered.

The Wah Ching gang is involved in criminal activity in the downtown Los Angeles Chinatown and, to a lesser extent, in Monterey Park and surrounding San Gabriel Valley cities. The Wah Ching is also active in semi-legitimate businesses such as entertainment promotion and bulk leasing of video cassettes. Both the United Bamboo and the Wah Ching utilize ethnic Chinese-Vietnamese gangs for intimidation and street-level activity, such as home invasions and protection of gambling establishments. These gangs and their leadership remain somewhat insulated from the street level and are able to maintain a low profile.

<sup>29</sup>See Prosecutor's Indictment, Office of Public Prosecutors, Taipei District Court, Taiwan, Accused: Chi Jui-Sheng, Tung Kuei-Sen et al, July 26, 1985

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The Wah Ching gang in Southern California is led by Tony Young, aka "Sweet Plum," the former lieutenant of Wah Ching leader Vincent Jew.<sup>30</sup> Tony Chan is a Wah Ching member who has worked with Tony Young to extort video merchants. He is a well-known source of "muscle" in Southern California. Cac Van Tran is an ex-Vietnamese military frogman who leads a Vietnamese gang which is associated with the Wah Ching. Other leaders include Tai Liu, who has been involved in gambling and prostitution for the Wah Ching. Paul Liu is a member who has been linked to extortion in Monterey Park, a community located eight miles east of Los Angeles's Downtown Chinatown. Finally, Morgan Ko was a Wah Ching member who now runs an associated group known as the "Red Door Association." This group has been active in home invasion robberies in the San Gabriel Valley.

The structure of gang activity in Southern California appears to be in a state of turmoil, influenced by a number of events, including the gang warfare in Northern California. The Wah Ching have been orchestrating Viet-Ching groups in home invasion robberies, but have recently had some problems as these young groups mature and begin to act independently. This may demonstrate that such groups no longer need the advice of the Wah Ching, who traditionally have taken a piece of the action. The United Bamboo have

<sup>30</sup>See Wah Ching organizational chart, prepared by PSI staff

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previously used the Black Dragons (an offshoot of the Ghost Shadows), the V-Boys and the Hung Pho gang to do their "dirty work". However, the recent affiliation of the Hung Pho with the Wo Hop To in Northern California has created some question as to whether these relationships will continue to be functional.

Gambling is an enormous source of funds for Asian organized crime in Southern California, and may be the key to other operations as well. Winners are often home invasion victims, and others are used as "mules" in narcotics trafficking. It is estimated that there are 150 to 200 illegal gambling parlors in Los Angeles County. The United Bamboo and the Wah Ching each control an estimated one quarter of these locations, with the remainder being under the control of Viet-Ching or Vietnamese groups.

In addition to such illegal gambling parlors, there are several large legal card clubs in the San Gabriel Valley. Two of the largest are the Bicycle Club, in Bell Gardens, and the Commerce Club, in the City of Commerce. The Bicycle Club was partially seized in 1990 by the United States government, because one of the owners used profits from a drug importation scheme to purchase part of the club. The Bicycle Club netted \$9.5 million per month in 1990. An estimated \$107 million was wagered in the Commerce Club in 1990.

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Business has increased substantially in recent years because of greater emphasis on what are called "Asian games," such as Pai Gow, over the more traditional poker games. Asian game management is contracted out by the clubs, and more than one of these managers has been linked to Asian organized crime. A law enforcement source described his investigation of one Asian game contractor as "like dealing with a [John] Gotti, there are so many layers beneath him." Additionally, gang members are known by law enforcement to be employees of the clubs, working as pit bosses and dealers. Other gang members lurk in the casino to provide loan shark services.

The legal card clubs in California are an issue of major concern. These clubs maintain their legality, because the house has no interest in the outcome of the game. Individual players serve as the bank for any given hand, and the club's earnings are purportedly derived only from table rentals and amenities. In order to operate, clubs must be issued a permit by the city and pay taxes to the city's coffers. These clubs have become a major source of revenue for the cities in which they operate.

The State of California does not have a gaming commission, a regulatory deficiency bemoaned by law enforcement throughout the state as a serious problem. The lack of regulation has allowed these clubs to exist while

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maintaining very little accountability. Additionally, the lack of adequate record keeping or accountability for cash flow in these clubs opens the door to obvious opportunities for money laundering. Casino reports in such clubs are nonexistent or meaningless.

One other significant criminal venture in Southern California is computer chip theft. Chips are stolen from Silicon Valley or Irvine high-tech firms, and repackaged in a number of receiver rings in Southern California.<sup>31</sup> These crimes are often perpetrated by Vietnamese gangs, who take over computer chip facilities just as they would a residence in a home invasion.<sup>32</sup> This has been called "the perfect crime" by law enforcement, because there are no registration numbers on computer chips. They are untraceable. Law enforcement has discovered chips in the car trunks of young Vietnamese gang members, but the unmarked nature of these chips makes it virtually impossible to build cases. There have also been indictments in computer chip theft cases in Oklahoma City<sup>33</sup> and Austin against Vietnamese defendants.

<sup>31</sup>Article, Los Angeles Times, "O.C. Gangs Implicated in Computer Chip Ring," October 16, 1989.

<sup>32</sup>See testimony of Detective Douglas Zwemke, San Jose Police Department, before PSI, Hearing on Asian Organized Crime, October 3, 1991

<sup>33</sup>See Indictment, US v. Dinh Huu Tran et al., Western District of Oklahoma, No. CR 90-28, February 6, 1990

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Law enforcement's efforts to attack Asian organized crime in Southern California are in an "embryonic" stage. There have been very few successful prosecutions of Asian organized crime figures in Southern California. The FBI in Los Angeles has only recently created a unit dedicated to Asian organized crime. Additionally, the Bureau of Alcohol, Tobacco and Firearms has recently begun to push for the creation of a task force.<sup>34</sup> Clearly, a concerted and integrated law enforcement effort is required in Southern California if the threat posed by Asian organized crime is to be met.

<sup>34</sup>See "Vietnamese Gang Enforcement Proposal", Bureau of Alcohol, Tobacco & Firearms and Garden Grove Police Department

Senator NUNN. Our next witness is Mr. Tony Poon, who currently resides in San Francisco's Chinatown.

I will ask you to take the oath, if you will. We swear in all the witnesses before the Subcommittee.

Do you swear to testimony you give before the Subcommittee will be the truth, the whole truth, and nothing but the truth, so help you God?

Would you say that louder, sir?

Mr. POON. I do.

Senator NUNN. Thank you.

I understand you will be testifying through an interpreter, and if you could just have a seat there, if you would, and then—you can sit right up here. I believe you are going to have to put those ear-phones on.

I believe that Channel 1 is the English translation, is that correct?

AUDIO ENGINEER. Yes.

#### TESTIMONY OF TONY POON, SAN FRANCISCO, CA

Senator NUNN. Mr. Poon, do I need to give you the oath again? Do you understand the significance of the oath?

Mr. POON. [Through Interpreter.] It's not necessary, sir, to take the oath again. I understand what I did before.

Senator NUNN. Mr. Poon, do you understand that you are under oath now, that you have taken the oath to tell the truth, the whole truth, and nothing but the truth, to this Subcommittee?

Mr. POON. [Through Interpreter.] Yes, I understand, sir.

Senator NUNN. Senator Roth.

Senator ROTH. Mr. Poon, you are known both as Poon Lam and Tony Poon, are you not?

Mr. POON. [Through Interpreter.] That's correct, sir.

Senator ROTH. You were born in Hong Kong, I believe, and you became a naturalized U.S. citizen in 1989, is that correct?

Mr. POON. [Through Interpreter.] That's correct, Senator.

Senator ROTH. When did you first arrive in the U.S.?

Mr. POON. [Through Interpreter.] It was in 1981, sir. In August.

Senator ROTH. What kind of a visa did you have when you came to the U.S.?

Mr. POON. [Through Interpreter.] It was a Hong Kong identification card, and I have an immigration visa.

Senator ROTH. Did you come in through your relationship to your sister?

Mr. POON. [Through Interpreter.] That's correct, Senator.

Senator ROTH. Were you at one time employed by the Hong Kong Police Department?

Mr. POON. [Through Interpreter.] Yes.

Senator ROTH. For how long?

Mr. POON. [Through Interpreter.] It was about 2 to 3 years, Senator.

Senator ROTH. And did you operate, at one time, a gambling parlor in Hong Kong?

Mr. POON. [Through Interpreter.] No, I did not.

Senator ROTH. Well, did you operate a licensed Mah-Jongg parlor?

Mr. POON. [Through Interpreter.] Yes, I had one.

Senator ROTH. Is Mah-Jongg a form of gambling?

Mr. POON. [Through Interpreter.] It was gambling, but it was legal and required a license to open the Mah-Jongg parlor.

Senator ROTH. So you, in effect, did operate a legal gambling parlor in the form of a Mah-Jongg parlor?

Mr. POON. [Through Interpreter.] It was approved by the Hong Kong government, and would require a license to operate a Mah-Jongg parlor.

Senator ROTH. Now, when you lived in Hong Kong, did you know an Alfred Chu?

Mr. POON. [Through Interpreter.] Yes, I knew him, sir.

Senator ROTH. Where did you know him?

Mr. POON. [Through Interpreter.] When I was running the Mah-Jongg club, then I knew him then.

Senator ROTH. He would come into the Mah-Jongg parlor to gamble?

Mr. POON. [Through Interpreter.] That is correct, Senator.

Senator ROTH. Now, were you aware, when you were in Hong Kong, that Alfred Chu was a triad member?

Mr. POON. [Through Interpreter.] I have heard about that in Hong Kong.

Senator ROTH. And of what triad did you hear that he was a member?

Mr. POON. [Through Interpreter.] I have heard, and also read in newspapers, he was a Wo Hop member.

Senator ROTH. Wo Hop To member? Is that correct?

Mr. POON. [Through Interpreter.] I was not clear about all the details.

Senator ROTH. Well, but when you said "Wo Hop," you meant Wo Hop To?

Mr. POON. [Through Interpreter.] Yes, that is correct.

Senator ROTH. Now, after you arrived in the United States, did you work for Alfred Chu at the Key Club, a card club in Emoryville, California?

Mr. POON. [Through Interpreter.] I did not work directly for him. I rent from him a house, and a group of us rent a table—gambling table—from him at the Key Club.

Senator ROTH. So, in effect, and what you are saying is that you rented the house from Alfred Chu, as well as Pai Gow table?

Mr. POON. [Through Interpreter.] Yes, I rented a Pai Gow table from him, and it was all legal that we got together to do this.

Senator ROTH. Now, did you know, or had you heard that Alfred Chu was recruiting Wo Hop To members in the U.S.?

Mr. POON. [Through Interpreter.] I have not heard about that, sir.

Senator ROTH. Alfred Chu is currently in jail, is he not?

Mr. POON. [Through Interpreter.] Yes, I have heard about it, and I have also read it in the newspaper. Yes, he is in jail.

Senator ROTH. Do you know a person by the name of Peter Chong?

Mr. POON. [Through Interpreter.] Yes, I knew him.

Senator ROTH. How did you come to know him?

Mr. POON. [Through Interpreter.] Yes, he was also in the Mah-Jongg parlor when I was there. He had come to my place to play Mah-Jongg.

Senator ROTH. Was that in Hong Kong?

Mr. POON. [Through Interpreter.] That's correct, sir.

Senator ROTH. Have you had any contact with Peter Chong since you came to the United States?

Mr. POON. [Through Interpreter.] No, I did not.

Senator ROTH. Did you not see him from time to time in the United States?

Mr. POON. [Through Interpreter.] Yes, I had.

Senator ROTH. So the answer to my question is that, yes, you have seen Peter Chong, on occasion, is that correct?

Mr. POON. [Through Interpreter.] Yes, that is correct.

Senator ROTH. Now, did you make a \$500 donation for tickets for the Amy Yip concert to Peter Chong?

Mr. POON. [Through Interpreter.] At that time, I was the sponsor in my company, so I pay \$500 as a donation, as a sort of insurance.

Senator ROTH. And did you pay that directly to Peter Chong?

Mr. POON. [Through Interpreter.] I wrote a check to his company for the amount of \$500.

Senator ROTH. Now, in your earlier answer, you said you paid \$500 "for insurance." What do you mean by "for insurance"?

Mr. POON. [Through Interpreter.] I meant to say—in other words, I gave him a check of \$500, so I would become a sole sponsor.

Senator ROTH. What do you mean by the words, that you paid that for insurance?

Mr. POON. [Through Interpreter.] I did not mean to say "insurance," sir. I meant a sole sponsor.

Senator ROTH. Well, who is Amy Yip?

Mr. POON. [Through Interpreter.] She was a popular singer from Hong Kong—a singing star.

Senator ROTH. Do you know, or have you ever heard, that Peter Chong is head of the Wo Hop To in San Francisco?

Mr. POON. [Through Interpreter.] I have not heard about that, sir.

Senator ROTH. Is Peter Chong involved in any illegal gambling operations in San Francisco?

Mr. POON. [Through Interpreter.] I do not know, sir.

Senator ROTH. Have you ever heard any rumors to that effect?

Mr. POON. [Through Interpreter.] Yes, I have heard something of—to that effect.

Senator ROTH. Now, I think you have been handed a copy of this document, and it says, "Amy Yip and Lu Ming Quang concert, 1991." Do you have a copy of that?

[The document referred to was marked Exhibit 42 and can be found on page 369.]

Mr. POON. [Through Interpreter.] Yes, I have.

Senator ROTH. Now, did you get a copy of this when you contributed the \$500?

Mr. POON. [Through Interpreter.] Yes, I did.

Senator ROTH. You did get a copy. At the top of this, it says, "New Paradise Investment Company," is that correct?

Mr. POON. [Through Interpreter.] That is correct, sir.

Senator ROTH. Now, is that Peter Chong's company?

Mr. POON. [Through Interpreter.] I don't know for sure, but he asked me if I were interested for sponsorship, and I agreed to sponsor the event.

Senator ROTH. Now, who asked you whether you would be interested? Peter Chong? Is that correct?

Mr. POON. [Through Interpreter.] It was somebody else who assisted him in business.

Senator ROTH. And who was that?

Mr. POON. [Through Interpreter.] I cannot remember the name of his friend, but it was somebody in his company who showed me the sheet of paper.

Senator ROTH. So that he was handing you the piece of paper on behalf of Peter Chong? Is that correct?

Mr. POON. [Through Interpreter.] That is correct.

Senator ROTH. How many illegal gambling parlors do you estimate now exist in San Francisco's Chinatown?

Mr. POON. [Through Interpreter.] So far as I can recall, some of them are actually underground Mah-Jongg parlors, opening only at night, and some of them were engaged in Pai Gow gambling. I would say approximately, perhaps, more than 20 such places in San Francisco.

Senator ROTH. More than 20 illegal gambling parlors in San Francisco's Chinatown?

Mr. POON. [Through Interpreter.] Yes, some of them were merely bystanders, while I don't know exactly the number of these gambling places.

Senator ROTH. Would you say that there are currently more than 20?

Mr. POON. [Through Interpreter.] Yes, I would say approximately more than 20, but I am not sure about the exact figure.

Senator ROTH. Now, are you familiar with an illegal gambling parlor at 38 Wentworth in Chinatown?

Mr. POON. [Through Interpreter.] Yes, I know that.

Senator ROTH. Isn't it a fact that you once were the manager of the illegal gambling parlor at 38 Wentworth?

Mr. POON. [Through Interpreter.] I was not the manager there. I was a manager in the front office of a company located in front of the gambling house.

Senator ROTH. So you were a manager of a company that was located in the front of—

Mr. POON. [Through Interpreter.] I have a pager company, located in front of the gambling house.

Senator ROTH. What is a pager company?

Mr. POON. [Through Interpreter.] We managed those machines people would carry, that made the sound of beeping, to call somebody to the telephone. That was our business.

Senator ROTH. Now, were you once present when this gambling parlor was raided by the San Francisco police?

Mr. POON. [Through Interpreter.] Yes, I was there. I went in there to use their rest room, because there was no rest room in my office, in the front.

Senator ROTH. Did not the police charge you with being the manager?

Mr. POON. [Through Interpreter.] Yes, that was the police allegation, but I was not admitting to that.

Senator ROTH. Were you ever a dealer in an illegal gambling parlor managed by Michael Wu?

Mr. POON. [Through Interpreter.] Yes, I was once there, but not for very long.

Senator ROTH. But you were there?

Mr. POON. [Through Interpreter.] Yes.

Senator ROTH. All right, Michael Wu was shot to death on May 14, 1990, was he not?

Mr. POON. [Through Interpreter.] No, he was not.

Senator ROTH. He was not shot? Michael Wu was not shot to death on May 14, 1990? When was he shot to death?

Mr. POON. [Through Interpreter.] Yes, I was there then, at that time.

Senator ROTH. On that date, May 14, 1990, you were there, is that correct?

Mr. POON. [Through Interpreter.] Yes, I was there with him in a car.

Senator ROTH. And Michael Wu was shot at that time?

Mr. POON. [Through Interpreter.] That is correct.

Senator ROTH. So, in fact, you were also wounded in that shooting, were you not?

Mr. POON. [Through Interpreter.] That is correct.

Senator ROTH. And would you please describe the circumstances?

Mr. POON. [Through Interpreter.] At that time, I sat in the rear of the car, I heard some shots fired, then I noticed I was hit 3 times. Then I left the car, and I was confused at the time—I really didn't see and didn't know what happened.

Senator ROTH. Where was Michael Wu sitting? At the time he was shot.

Mr. POON. [Through Interpreter.] At that time, I was the second person to enter the car. He came in and then he was shot immediately.

Senator ROTH. Now, other people were also shot and wounded in that incident, were they not?

Mr. POON. [Through Interpreter.] Yes, that's correct.

Senator ROTH. Who were they?

Mr. POON. [Through Interpreter.] Next to me was somebody by the surname of Lee.

Senator ROTH. Was it Margaret Lee?

Mr. POON. [Through Interpreter.] That is correct.

Senator ROTH. Is she a friend of yours?

Mr. POON. [Through Interpreter.] Yes, she is.

Senator ROTH. Was she not a dealer at the Key Club?

Mr. POON. [Through Interpreter.] Yes, she was a coworker of mine there.

Senator ROTH. And who was in the car besides Margaret Lee?

Mr. POON. [Through Interpreter.] There was also another person by the name of Lee, a man.

Senator ROTH. Raymond Lee?

Mr. POON. [Through Interpreter.] Yes, that was him.

Senator ROTH. Was he shot?

Mr. POON. [Through Interpreter.] Yes, he was.

Senator ROTH. And what about Margaret Lee? Was her husband in the car as well?

Mr. POON. [Through Interpreter.] Yes.

Senator ROTH. Do you know who shot you?

Mr. POON. [Through Interpreter.] I do not know, and I couldn't see it.

Senator ROTH. Do you know why you were shot?

Mr. POON. [Through Interpreter.] No, I do not know, sir.

Senator ROTH. Now, the newspapers reported that you were shot by Wah Ching gang members in retaliation for the murder of a Wah Ching member. Is that true?

Mr. POON. [Through Interpreter.] That was what the newspapers said.

Senator ROTH. Is it true?

Mr. POON. [Through Interpreter.] Certain truth to it, probably.

Senator ROTH. So there is certain truth to it, probably.

You've heard of the Wah Ching gang, have you not?

Mr. POON. [Through Interpreter.] Yes, it was known in Chinatown, and also printed in the newspapers.

Senator ROTH. Did you know Danny Wong?

Mr. POON. [Through Interpreter.] Yes, I knew him.

Senator ROTH. What was his other name? Chinese name?

Mr. POON. [Through Interpreter.] He was also called Ah Pai.

Senator ROTH. When Danny Wong was murdered on April 19, 1991, in Chinatown. Was he not a leader of the Wah Ching?

Mr. POON. [Through Interpreter.] I am not sure about that.

Senator ROTH. What do you think?

Mr. POON. [Through Interpreter.] I do not know, sir.

Senator ROTH. Have you ever heard that he was a leader of the Wah Ching?

Mr. POON. [Through Interpreter.] I have not heard about that.

Senator ROTH. Do you know Johnny Yee?

Mr. POON. [Through Interpreter.] Yes, I have seen him—met him.

Senator ROTH. Have you heard that Johnny Yee runs some illegal gambling parlors?

Mr. POON. [Through Interpreter.] I have not heard about that.

Senator ROTH. You earlier testified in a deposition that you had heard that he ran some gambling institutions. Do you recall that?

Mr. POON. [Through Interpreter.] Yes, I recall that.

Senator ROTH. You heard that he ran some illegal gambling dens, is that correct?

Mr. POON. [Through Interpreter.] Yes, I have heard about that in Chinatown, but I do not know exactly whether that was true.

Senator ROTH. Do you know which ones he was supposed to have been involved in?

Mr. POON. [Through Interpreter.] I do not know, sir.

Senator ROTH. Which ones did you hear?

Mr. POON. [Through Interpreter.] No, I do not recall. I do not recall which specific gambling place.

Senator ROTH. Now, Johnny Yee used to be a member of the Wah Ching, did he not?

Mr. POON. [Through Interpreter.] I do not know, sir.

Senator ROTH. Now, let me repeat: Johnny Yee used to be a member of the Wah Ching, is that not right?

Mr. POON. [Through Interpreter.] I have heard about that, but I cannot vouch for the truthfulness. That was what people in Chinatown were saying.

Senator ROTH. Now, do you know Raymond Chow, or "Shrimp Boy"?

Mr. POON. [Through Interpreter.] Yes, I knew him.

Senator ROTH. When he got out of jail, did Shrimp Boy join the Wo Hop To?

Mr. POON. [Through Interpreter.] I do not know, sir.

Senator ROTH. Who is Pius Lee?

Mr. POON. [Through Interpreter.] He was my elder brother-in-law.

Senator ROTH. And he is your brother-in-law, isn't that correct? He still is?

Mr. POON. [Through Interpreter.] Yes, he is. He is a husband of my elder sister.

Senator ROTH. Is Pius Lee also a member of the San Francisco Police Commission?

Mr. POON. [Through Interpreter.] Yes.

Senator ROTH. Have you ever discussed with Pius Lee any of the gangsters that you know in Chinatown?

Mr. POON. [Through Interpreter.] No, I have never discussed that with him.

Senator ROTH. Never at any time talked about any gangsters with your brother-in-law?

Mr. POON. [Through Interpreter.] No, I did not.

Senator ROTH. Have you ever discussed the police with Pius Lee?

Mr. POON. [Through Interpreter.] No, I did not.

Senator ROTH. Never had any kind of discussion at any time about police with your brother-in-law?

Mr. POON. [Through Interpreter.] No, I seldom see him, in fact.

Senator ROTH. After you were shot, did Pius Lee ever tell you to stay out of Chinatown?

Mr. POON. [Through Interpreter.] When he came to see me in the hospital, he mentioned once. He suggested I be careful, and not to work in Chinatown.

Senator ROTH. Do you know what loan sharking is?

Mr. POON. [Through Interpreter.] I am not—I don't know all the details. I have heard about it.

Senator ROTH. Well, what is a loan shark?

Mr. POON. [Through Interpreter.] I have heard people talking about it, and also read in the newspaper that you make a loan and you collect very high interest rate.

Senator ROTH. Ten percent a week, isn't that what the going rate is supposed to be?

Mr. POON. [Through Interpreter.] Yes, that was what the newspaper said, but I don't know the details.

Senator ROTH. Have you ever engaged in loan sharking?

Mr. POON. [Through Interpreter.] No, I did not.

Senator ROTH. Have you or your business partners, in any legal or illegal gambling club, ever engaged in loan sharking?

Mr. POON. [Through Interpreter.] When we were engaged in the legalized gambling business, sometimes the clients who was losing money, they would come to us for a loan, but we did not collect any interest on our loans.

Senator ROTH. Do you mean that you gave the money out free?

Mr. POON. [Through Interpreter.] That is correct. But it was a loan paid out by the parlors, not myself.

Senator ROTH. What happens if you don't pay the interest due to a loan shark?

Mr. POON. [Through Interpreter.] Nothing would happen, sir.

Senator ROTH. Didn't you say in your deposition that they would threaten you, or they would threaten to hit you, or beat you up, or something?

Mr. POON. [Through Interpreter.] No, I did not make such statement.

Senator ROTH. Now, in your deposition, the question was asked of you, "If you don't pay the interest, what happens?" Your answer, "Well, yes, of course, I have heard that if you don't repay, or you can't repay, that they threaten you, or they threaten to hit you, or beat you up, or something."

Do you recall that?

Mr. POON. [Through Interpreter.] In my previous statement, I answered the questions, so I told them what I had read in the newspapers, but the statement was based on newspaper reports, not my own invention.

Senator ROTH. Well, let me ask you this, do you now have any financial interest in, or own any shares in, any illegal gambling parlor in San Francisco?

Mr. POON. [Through Interpreter.] No, I do not.

Senator ROTH. Have you ever previously owned any financial interest in, or any shares in, any illegal gambling parlor in San Francisco?

Mr. POON. [Through Interpreter.] No, I did not.

Senator ROTH. Isn't it true that everyone who owns or operates an illegal gambling parlor in San Francisco's Chinatown must get permission from Peter Chong?

Mr. POON. [Through Interpreter.] I do not know about that.

Senator ROTH. What are the top gangs in Chinatown right now?

Mr. POON. [Through Interpreter.] I am not clear about it.

Senator ROTH. Well, what do you understand to be the principal gangs in Chinatown?

Mr. POON. [Through Interpreter.] Newspapers have often reported several gangs.

Senator ROTH. Who are they?

Mr. POON. [Through Interpreter.] I do not know the major ones. According to the newspaper reports, there were Hip Sing, Wah Ching, Hop Sing, and also names like that. That's what I read in the papers.

Senator ROTH. Well, what about Wo Hop To?

Mr. POON. [Through Interpreter.] Yes, there is also Wo Hop To. Yes, a lot of information on that.

Senator ROTH. Now, you seem to know most of the gangsters in Chinatown, isn't that true?

Mr. POON. [Through Interpreter.] Yes, I have seen these people. I have met them in Chinatown for about 10 years. Sometimes I met them through friends, but I do not know personally which gang they belong to.

Senator ROTH. Are you a Wo Hop To member or associate?

Mr. POON. [Through Interpreter.] No, I do not.

Senator ROTH. Okay, those are all the questions I have, Mr. Poon. Thank you, you are excused.

Our next witness is Peter Chong, who currently resides in San Francisco.

Mr. Chong, will you please come forward?

Mr. Chong, as you know, our practice is to require all witnesses to be sworn. Would you please rise and raise your right hand? Do you swear the testimony you will give before this Subcommittee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. CHONG [Through Interpreter]. Yes, I do.

Senator ROTH. Mr. Chong, I would appreciate it if your counsel would introduce himself and his firm at this stage.

Mr. LUSKIN. Senator Roth, my name is Robert Luskin; I am with the law firm of Powell, Goldstein, Frazier and Murphy in Washington.

Mr. BOURDON. Senator, my name is Charles Bourdon, and I am a partner with the firm of Bourdon and Reisman in San Francisco, California.

Mr. LUSKIN. Senator Roth, I know that a witness before this proceeding is entitled to make an opening statement. Obviously, Mr. Chong will not do so, but in lieu of that I would like to place in the record correspondence that I have had with Mr. Rinzel, the Chief Counsel for the Minority—2 letters, dated the 29th of October and the 1st of November—indicating that Mr. Chong intended to assert his 5th Amendment privilege in response to any substantive questions that would be asked concerning the subject matter of this inquiry.

We have tried, repeatedly, to ask this counsel to excuse his presence. Mr. Chong appeared at a deposition on Friday, and asserted his 5th Amendment privilege, and we believe that it is contrary to the legal ethics as set down by the American Bar Association, and an opinion of the D.C. Bar, both of which state unequivocally that calling a witness before a congressional proceeding for the purpose of requiring him to assert his 5th Amendment privilege in a public session is unethical and inappropriate behavior.

I strongly urge, based on the testimony we have heard this morning, that Mr. Chong not be required to assert his 5th Amendment privilege in public, and under the circumstances I would respectfully ask, under Rule 11 of the Subcommittee's rules, that television cameras and still cameras be turned off, because I believe that taking photographs of Mr. Chong is solely for the purpose of harassment.

Senator ROTH. Well, let me start out by saying that, first, the various correspondence—not only the 2 letters referred to by you, but others, will be incorporated as part of the record.

Mr. LUSKIN. Thank you, sir.

[The correspondence referred to by Mr. Luskin and Senator Roth was marked Exhibit 58, and is held in the files of the Subcommittee.]

Senator ROTH. I would say that how the Subcommittee addresses its investigation and hearings is, of course, a matter for the Subcommittee itself to determine, and it has been the practice that, under normal circumstances, a witness will be called before the Subcommittee, at which time, of course, he does have the right, if he so chooses, to plead the 5th Amendment, as provided for in the Constitution and under our laws.

As far as television is concerned, this is an open hearing, it is a practice of Congress to hold their hearings, as a general rule, in the open. What the television cameras determine to do with a particular witness is a matter for them, but the request that they be instructed to turn off their cameras is rejected.

#### TESTIMONY OF PETER CHONG, SAN FRANCISCO, CA

Senator ROTH. Mr. Chong, would you please tell me, what is your full name?

Mr. CHONG. [Through Interpreter.] My name is Peter Chong. Chong Bing-Keung.

Senator ROTH. Now, I understand that you are a citizen of the Peoples Republic of China, and a permanent resident alien in the United States. Is that correct?

Mr. CHONG. [Through Interpreter.] That is correct, sir.

Senator ROTH. What is your current residence?

Mr. CHONG. [Through Interpreter.] 335 Buckingham Way in California—San Francisco.

Senator ROTH. And how are you employed?

Mr. CHONG. I take my 5th Amendment privilege.

Senator ROTH. Now, Mr. Chong, you recently headed up a drive in San Francisco to raise money for the relief of flood victims in China. What happened to the money that you raised?

Mr. CHONG. I take my 5th Amendment privilege.

Mr. LUSKIN. And I might note for the record, Senator Roth, that we have provided the Subcommittee, through Mr. Rinzel, with third party documents which indicate that the sum of approximately \$65,000 was paid to the New China Agency.

Senator ROTH. Mr. Chong, of course, is the one who has taken the oath and is the witness, so we would restrict the answers to him.

Mr. Chong, your attorneys recently furnished us with a court document filed in Federal court by the U.S. Attorney in San Francisco, which alleges that you are the head of the Wo Hop To triad in San Francisco. Is that accusation correct?

Mr. CHONG. I take my 5th Amendment privilege.

Senator ROTH. Mr. Chong, did you have any involvement, or responsibility, for the murder of Danny Wong, head of the Wah Ching gang?

Mr. CHONG. I take my 5th Amendment privilege.

Senator ROTH. Do you intend to exercise your 5th Amendment privilege to any further questions that the Subcommittee may have today?

Mr. CHONG. Yes.

Senator ROTH. Well, Mr. Chong, I am disappointed. We have strong reason to believe that you have a great deal of information about Asian organized crime, and are disappointed that you will not speak with us today.

The witness is excused.

Mr. LUSKIN. Thank you, Senator.

Mr. CHONG. Thank you.

Senator ROTH. Our next witness is Bobby Tsang, who currently resides in San Francisco.

Mr. Tsang, will you please come forward? Do you speak English, Mr. Tsang?

Mr. TSANG. No.

Senator ROTH. Mr. Tsang, will you please rise? Well, wait for the earphones first.

All right, will you please rise and raise your right hand. Do you swear the testimony you will give before this Subcommittee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. TSANG. I do.

Senator ROTH. Thank you, please be seated.

#### TESTIMONY OF BOBBY TSANG, SAN FRANCISCO, CA

Senator ROTH. Would your counsel please introduce himself, and his firm, for the record?

Mr. ASBILL. For the record, my name is Henry Asbill, of the law firm of Asbill, Junkin, Myers and Buffone in Washington, D.C. I am counsel for Mr. Tsang.

Senator ROTH. Thank you.

Mr. ASBILL. Senator Roth, to begin with, I would like to register the same objections registered by Mr. Luskin previously on behalf of his client. My understanding is that California counsel for Mr. Tsang, George Walker, has communicated with Mr. Rinzel on several occasions that my client intends to exercise his 5th Amendment privilege in response to questions from this Subcommittee.

Senator ROTH. Your comments will be duly noted. You, of course, heard my earlier rulings.

Mr. Tsang, what is your full name?

Mr. TSANG. [Through Interpreter.] My name is Chi-Keung Tsang.

Senator ROTH. Now, are you also known as Bobby Tsang?

Mr. TSANG. [Through Interpreter.] That is correct.

Senator ROTH. And how old are you?

Mr. TSANG. [Through Interpreter.] Twenty-six.

Senator ROTH. Where do you live?

Mr. TSANG. San Francisco.

Senator ROTH. What is your address in San Francisco?

Mr. TSANG. 1315 Kearney.

Senator ROTH. What is your occupation?

Mr. TSANG. On my lawyer's advice, I refuse to answer that question.

Senator ROTH. Upon what grounds are you refusing to answer the question?

Mr. TSANG. On the ground of the 5th Amendment.

Senator ROTH. Now, Mr. Tsang, were you present at a shooting near the Purple Onion night club in San Francisco on May 14, 1990, when Michael Wu was murdered?

Mr. TSANG. On my lawyer's advice, I refuse to answer that question on the grounds of the 5th Amendment.

Senator ROTH. Do you know Peter Chong?

Mr. TSANG. On my lawyer's advice, I refuse to answer that question on the grounds of the 5th Amendment.

Senator ROTH. Are you a Wo Hop To member?

Mr. TSANG. On my lawyer's advice, I refuse to answer that question on the grounds of the 5th Amendment.

Senator ROTH. Do you intend to exercise your 5th Amendment privilege to any further questions the Subcommittee may pose today?

Mr. TSANG. Yes.

Senator ROTH. Mr. Tsang, we, again, have strong reason to believe that you know a great deal about the Asian organized crimes in San Francisco, and I am disappointed that you will not speak with us today.

Mr. Tsang, do you have anything else you would like to say?

Mr. TSANG. No.

Senator ROTH. Thank you. You are excused.

The Subcommittee issued Subpoena Number EO 1762 to Kai Suk Ong, also known as Benny Ong, requiring him to appear before the Subcommittee on November 5 and 6, 1991. Mr. Ong is the "Advisor for Life" of the Hip Sing Association in New York's Chinatown.

On October 31, 1991, the Committee received a letter from Mr. Ong's attorney, Michael Shapiro, requesting that Mr. Ong's appearance before the Subcommittee on November 5 and 6, 1991, be waived, due to concerns over his ill health. Included with the letter from the attorney were letters from 2 doctors advising that Ong's advanced age and fragile health would prevent him from travelling at the present time.

In a letter to the Subcommittee dated November 1, 1991, Mr. Ong's attorney suggested that Mr. Ong's deposition be taken in New York City, in lieu of his appearance today.

Based upon the above representations regarding Mr. Ong's health, and upon Mr. Ong's agreement, through his attorney, to be disposed by the Subcommittee staff in New York, we have agreed to waive Mr. Ong's appearance before the Subcommittee today.

[Subcommittee staff deposed Mr. Ong on November 14, 1991. That deposition was marked Exhibit 52 for reference and follows:]

EXHIBIT 52

UNITED STATES SENATE  
PERMANENT SUBCOMMITTEE ON INVESTIGATIONS

1

-----X

In Re:

INVESTIGATION OF  
ASIAN ORGANIZED CRIME

2

-----X

26 Federal Plaza  
New York, New York  
Thurs., Nov. 14, 1990

The above-entitled matter came on for  
investigation, at 2:00 p.m.

APPEARANCES:

DANIEL F. RINZEL, ESQ., Chief Counsel  
J. CALEB BOGGS III, ESQ., Staff Counsel  
United States Senate  
Permanent Subcommittee on Investigations  
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Washington, D.C. 20510

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ALSO PRESENT: STEPHEN WAGNER, Video Operator

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I N D E X

EXHIBIT NO.

FOR IDENTIFICATION

1

8

BENNY ONG,

having been first duly sworn, was examined and testified as follows:

MR. RINZEL: Just for the record, I would like to set out a little bit of the background of why we are here. Mr. Ong was served with a subpoena number E01761 requiring his attendance at a deposition in Washington, D.C. and a subpoena numbered E01762 requiring his appearance at a subcommittee in Washington, D.C. on November 5 and 6, 1991. Based on certain representations made by counsel for Mr. Ong, the subcommittee agreed to defer Mr. Ong's appearance in Washington, D.C. In lieu of those appearances, this deposition has been scheduled here in New York City.

EXAMINATION BY MR. RINZEL:

Q. Could you state your full name, please, sir?

A. I cannot hear nothing.

Q. Are you going to put in your hearing aid?  
(Pause.)

Q. Can you hear me now, Mr. Ong? Can you hear me?

A. Yes.

Q. Could you state your full name, please,

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sir?

A. My name Benny Ong.

Q. Are you also known as Kai Sui Ong?

A. Yes, also Kai Sui Ong.

Q. How do you spell that?

A. K-A-I, S-U-I, O-N-G.

Q. Are you also sometimes called Uncle Seven?

A. They are calling me--they call me Uncle  
Seven.

Q. Where is your residence, sir, where do you  
live?

A. I live in 8 Pell Street.

Q. Is that in New York City?

A. Pell Street, P-E-L-L Street.

Q. What is your date of birth, sir?

A. September 4.

Q. In what year?

A. 1907.

Q. Where were you born?

A. China.

Q. Any particular province or community?

A. Canton.

Q. What is your citizenship, sir?

A. Still in China.

Q. Are you a permanent resident alien, then,

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in the United States?

A. Yes. I came to this country 1923.

Q. Your counsel indicated to us that your health prevents you from traveling to Washington, D.C.

Can you tell us what some of your health problems are, sir?

A. I get two operations.

Q. Two operations?

A. Yes.

Q. What kind of operations?

A. Something about (indicating).

Q. A male operation?

A. Yes.

Q. When did you have those operations?

MR. SLOTNICK: I respectfully indicate that we have supplied letters from the doctor that indicate the operation and the prior circumstance. If the committee would like them, we would be happy to provide them.

MR. RINZEL: I appreciate that. But part of our inquiry is the current state of the health of the witness. And I think it is a legitimate area to inquire.

Q. Have you any other health problems other  
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than your recent operations?

A. Some, I don't know. I don't understand you.

Q. You don't understand? What don't you understand? You don't understand the question?

A. Yes, I understand the question. Meaning they affect my heart, my--

Q. Your heart and what else?

A. My leg, everything.

Q. When is the last time you have traveled outside of New York City?

A. I got--use the Fifth Amendment.

Q. You are refusing to answer the question on the grounds of the Fifth Amendment; is that correct?

You have to answer out loud.

A. Yes.

Q. Is it true that you were convicted of a homicide sometime in the 1930's?

A. 1935--amendment.

Q. What is your answer, sir, I am sorry?

A. Fifth Amendment.

Q. You are invoking your privilege under the Fifth Amendment?

A. You know all of that, in record.

Q. Well, I am asking you some questions and

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we are seeking answers. If you wish to answer, we would be happy to receive your answers.

Is it true that you were convicted of second degree murder--excuse me.

Is it true that you were convicted in the 1970's of bribery?

A. Invoke the Fifth Amendment again.

Q. What role do you play in the Hip Sing Association, sir?

A. Fifth Amendment, too.

Q. Are you not advisor for life to the Hip Sing Association?

A. Fifth Amendment, too.

Q. Do you exercise any authority or control over the Hip Sing Association?

A. Fifth Amendment.

Q. Have you ever heard of a street gang called the Flying Dragons?

A. Fifth Amendment again.

Q. Do you exercise any influence or control over the Flying Dragons?

A. Fifth Amendment.

Q. Do you know a person by the name of Johnny Eng?

A. Fifth Amendment again.

Q. Do you know whether the Flying Dragons are exportation merchants in Chinatown?

A. Don't know nothing.

Q. You don't know anything about that?

A. Fifth Amendment.

Q. Are you aware of an illegal gambling establishment located at number 9 Pell Street?

A. Fifth Amendment.

Q. Have you ever received any financial benefits from that establishment?

A. Fifth Amendment.

Q. I have a chart here that was introduced into evidence before the subcommittee in Washington, D.C. on the 6th of November and I will have it marked as Exhibit 1.

(Exhibit No. 1 was so marked for identification.)

Q. I would ask you to look at that chart, sir, and can you tell me if there are any persons depicted on that chart who you recognize?

A. Fifth Amendment again.

Q. Do you know a person by the name of Eddie Chan?

A. Fifth Amendment again.

MR. RINZEL: Yes. You are much more  
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handsome than that, Mr. Ong.

THE WITNESS: No.

MR. SLOTNICK: Yes. That is an old picture of you.

Q. Did you have anything to do with or do you have any knowledge of a murder of Peter Wong also known as Peter Eng?

A. Fifth Amendment.

Q. Which occurred March 20, 1991 in New York City's Chinatown?

A. Fifth Amendment.

Q. Do you intend to invoke your Fifth Amendment rights in response to any further questions that we may have for you today about organized crime activity in New York?

A. Yes.

Q. The answer is yes?

MR. SLOTNICK: Yes.

MR. RINZEL: Under those circumstances, I think that we can conclude this deposition here today.

MR. SLOTNICK: Thank you.

MR. RINZEL: Thank you for being here.

We are going to go off the record.

(TIME NOTED: 3:00 P.M.)

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C E R T I F I C A T I O N

I, CATHERINE ADAMS, a shorthand reporter and notary public, within and for the State of New York, do hereby certify:

That I reported the investigatory proceedings in the matter of Investigation of Asian Organized Crime, on November 14, 1991, at the offices of the Federal Bureau of Investigation, 26 Federal Plaza, New York, New York, and that this is an accurate copy of what transpired at that time.

Catherine Adams

CATHERINE ADAMS,

Shorthand Reporter

# Leadership Structure of Primary Tongues and Affiliated Gangs in New York City

TONGS

**On Leong Association**  
 1915 - Present




**Hip Sing Association**  
 1915 - Present



**Tung On Association**  
 1915 - Present



**Fukien American Association**  
 1915 - Present



GANGS

**Ghost Shadows**  
 1915 - Present



**Flying Dragons**  
 1915 - Present




**Tung On Boys**  
 1915 - Present




**Fuk Ching**  
 1915 - Present



UNAFFILIATED GANGS

**White Tigers**  
 1915 - Present



**Born to Kill**  
 (a.k.a. Canal Street Boys)




**Green Dragons**  
 1915 - Present



Deposition Exhibit 1

Senator ROTH. So at this time we would like to call forward Mr. Clifford Wong.

Mr. Wong, do you speak English?

Mr. WONG. Yes.

Senator ROTH. Would you please rise and raise your right hand? Do you swear that the testimony that you give this Subcommittee is the truth, the whole truth, and nothing but the truth, so help you God?

Mr. WONG. Yes.

Senator ROTH. Thank you. Please be seated.

**TESTIMONY OF CLIFFORD WONG, PRESIDENT, TUNG ON ASSOCIATION, NEW YORK CITY, NY**

Senator ROTH. Mr. Wong, pursuant to Subpoena Number 01759, you have provided certain documents relating to the Tung On Association, including a lease agreement between Tung On Association, Inc., and Po On Investment, Inc., phone records, and records from Chemical Bank, concerning the Tung On Association accounting, including information regarding check drafts.

Subpoena Number 01759 also requests payroll information, travel records, and information regarding the names and titles of all present and former directors and officers of the Tung On Association.

Were these documents produced in accordance with the subpoena?

Mr. WONG. I have all the documents I was able to find. I couldn't find any of the others.

[The documents referred to were marked Exhibits 62 and 63 and are retained in the files of the Subcommittee.]

Senator ROTH. You supplied all the documents you were able to find, is that what you are testifying?

Mr. WONG. Yes.

Senator ROTH. Before we proceed, I would like to ask the counsel to identify himself and his law firm.

Mr. GOTLIN. Yes, my name is Daniel Gotlin, and the name of my firm is Gotlin and Jaffee, from New York City, in Manhattan.

As the previous attorneys, I would like to place the same objections on the record. We have also been in contact with Mr. Rinzel and members of the Committee, informing them that my client was going to invoke his 5th Amendment privilege as to any substantive questions. We have tried to comply as best we could with the things we felt that we had to, and I would just like to place that on the record.

Senator ROTH. As in the prior cases, your comments will be duly noted.

Mr. Wong, when and where were you born?

Mr. WONG. Hong Kong.

Senator ROTH. When were you born?

Mr. WONG. June 2, 1954.

Senator ROTH. Are you a United States citizen?

Mr. WONG. Yes.

Senator ROTH. I'm sorry, would you pull the microphone a little closer, so we can hear you.

Mr. Wong, are you the president of the Tung On Association in New York's Chinatown?

Mr. WONG. I respectfully decline to answer on the basis of my 5th Amendment right, under the United States Constitution.

Senator ROTH. Did you at any time control a corporation known as Clifford Wong, Inc.?

Mr. WONG. I respectfully decline to answer on the basis of my 5th Amendment right, under the United States Constitution.

Senator ROTH. Did authorities in Atlantic City revoke your license because of your connections with organized criminal groups?

Mr. WONG. I respectfully decline to answer on the basis of my 5th Amendment right, under the United States Constitution.

Senator ROTH. Mr. Wong, are you a member of the Sun Yee On triad?

Mr. WONG. I respectfully decline to answer on the basis of my 5th Amendment right, under the United States Constitution.

Senator ROTH. What knowledge do you have of a gambling den located at One Catherine Street in New York City?

Mr. WONG. I respectfully decline to answer on the basis of my 5th Amendment right, under the United States Constitution.

Senator ROTH. Do you have any knowledge of horse race fixing in Hong Kong?

Mr. WONG. I respectfully decline to answer on the basis of my 5th Amendment right, under the United States Constitution.

Senator ROTH. Were you involved in a shoot-out on East Broadway in New York City in 1985?

Mr. WONG. I respectfully decline to answer on the basis of my 5th Amendment right, under the United States Constitution.

Senator ROTH. Mr. Wong, do you intend to exercise your 5th Amendment privilege in regard to all other questions the Subcommittee might ask?

Mr. WONG. Yes.

Senator ROTH. Well, again, we are disappointed at your unwillingness to testify here, and under the circumstances you are excused.

Mr. WONG. Thank you.

Senator ROTH. At this time I shall call forward Detective William Howell, of the Los Angeles County Sheriff's Department.

Detective Howell has been investigating Asian organized criminal groups in L.A. since 1983, and I want to thank Detective Howell for his outstanding cooperation with our Subcommittee during this investigation, as well as for his testimony here today.

I want to say, we particularly appreciate your being here today. I understand you have just had to fly to Taiwan and back, in connection with a prisoner, so that your being here is in many ways beyond the call of duty.

Mr. HOWELL. Thank you.

Senator ROTH. But we do appreciate it.

I would ask you to stand and raise your right hand. Do you swear that the testimony you give before this Subcommittee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. HOWELL. I do.

Senator ROTH. Thank you, Detective Howell. Would you please proceed with your testimony?

**TESTIMONY OF DETECTIVE WILLIAM HOWELL,<sup>1</sup> LOS ANGELES  
COUNTY SHERIFF'S OFFICE, CA**

Mr. HOWELL. Thank you, Senators, for allowing me this opportunity to speak to you on the subject of Asian organized crime. My name is William Howell, and I am a detective assigned to the Special Investigations Bureau—

Senator ROTH. Would you pull the microphone closer, please?

Mr. HOWELL. I'm assigned to the Special Investigations Bureau of the Los Angeles County Sheriff's Department. My job is to identify Asian organized criminal groups, and their members, and to topple these organizations through criminal prosecution.

The Los Angeles County Sheriff's Department jurisdiction covers approximately 38 contract cities and the unincorporated areas of the county. Within these boundaries are 3 of the 5 distinct Asian population centers in Southern California. These areas are the San Gabriel Valley, the Pomona Corridor, the South Bay Region, which includes Long Beach. The fourth of these areas is the Downtown Chinatown area, which consists largely of Cantonese-speaking Chinese and Vietnamese.

The downtown Chinatown was the only major Chinese area throughout the 1960's and the 1970's. Recently, however, the Asian population has grown dramatically throughout the Los Angeles County area.

This is particularly true in the San Gabriel Valley east of Los Angeles. The area has eclipsed the Downtown Chinatown area as a cultural and business center. This area includes such communities as Monterey Park, Alhambra, Rosemead and the San Gabriel area. The San Gabriel Valley has a mix of both Mandarin and Cantonese speaking residents.

The fifth Asian population center is located in the Orange County communities of Westminster, Garden Grove and Santa Ana, and is home to over 100,000 primarily Vietnamese immigrants. The variation in ethnicity among the various population centers is significant, because the ethnic nature or the criminal gangs parallels that of the local communities.

One of the most active organized criminal groups in the Downtown area of Los Angeles is the Wah Ching, which consists of ethnic Chinese. The most active groups in the San Gabriel Valley are the United Bamboo gang, which is known as the Bamboo Union in Taiwan, and the Four Seas gang, which are Taiwanese-based organized crime groups, and a number of ethnic Chinese-Vietnamese gangs, sometimes called Viet-Ching, such as the Black Dragons, the Hung Pho and the V-Boys.

Wah Ching also operates in the San Gabriel Valley and the Pomona Corridor. In the Vietnamese community of Orange County, several large Vietnamese gangs are active in home invasion robberies and extortions. These groups are hyperviolent, and pose a uniquely dangerous threat to society.

<sup>1</sup> The prepared statement of Detective Howell appears on page 267.

Asian gangs participate in a broad range of activities in Southern California, including extortion, residential robberies, which is sometimes called home invasion robberies, narcotics trafficking, loan sharking, and alien smuggling. While all of these activities are significant, perhaps the most widespread criminal activity is gambling.

Gambling also fuels much of the other activity. First, it allows gangsters to launder their money. Gambling activity also provides the gangs with potential victims of loan sharking, residential robberies and the follow-home robberies. Additionally, unlucky gamblers are sometimes used as "mules" to bring in heroin from Southeast Asia.

Southern California is home to an enormous amount of both legal and illegal gambling, much of which is controlled by Asian gangs. There are currently believed to be 150 to 200 illegal underground gambling parlors operating in Los Angeles County. Many of these underground gambling parlors are under the control of Asian organized crime groups.

Los Angeles is also the home of several legal casinos, also known as card clubs. These card clubs have experienced enormous growth in recent years in what are called "Asian Games," such as pai gow. The largest clubs are the Commerce Club, located in the City of Commerce, and the Bicycle Club, located in Bell Gardens.

The Bicycle Club was partially seized in 1990 by the U.S. The club remains open, however, and business is booming. The Bicycle Club, which is the largest legal card club, netted approximately \$9.5 million per month in 1990.

Now, I might add that 20 percent of the games in this particular club are Asian games, yet they netted approximately 60 percent of the revenue.

At the Commerce Club, an estimated \$107 million was wagered in 1990, with the same percentages as far as the Asian games and the revenue. The stakes of these clubs, particularly in the Asian games, can be enormous, and it is not unusual for tens of thousands of dollars to be on the table in any given hand of pai gow. California is said to have the largest gambling revenue of any State in the Union.

These clubs subcontract the Asian games to so-called "consultants," some of whom have ties to Asian organized crime. Additionally, gang members are often used by the Asian games contractor as dealers and as pit bosses in the casinos.

The State of California does not have a gaming commission. Card clubs are licensed through a regulatory board of the State Department of Justice, but this process involves only a cursory review of criminal records of the clubs' owners and employees. Consequently, the clubs employ numerous known gang members and serve as a central meeting place for gangsters.

As a result of the lack of regulation, card clubs operating in both Northern and Southern California have come under Asian organized crime influence.

A disturbing trend in Asian organized crime is the increasing involvement of Asian gangs in semilegitimate businesses. For example, the leaders of the Wah Ching gang in California have insulat-

ed themselves from the street level, and are now primarily involved in the entertainment industry and leasing of videotapes.

Gang members have control of a number of very popular video cassette libraries, and investigations have disclosed that the Wah Ching has been extorting video merchants, and forcing them to lease these videotapes.

Asian organized crime figures are also laundering money through ownership interests in nightclubs and restaurants. As these gangsters mature, they generally insulate themselves from direct contact with street level crime. For example, the Wah Ching and the United Bamboo generally use Viet-Chinese or Vietnamese gangs to do their "dirty work."

As these gangsters age and mature, however, they tend to branch out on their own. This creates a particularly disturbing prospect, since these groups tend to use violence to back up all of their activities.

The Los Angeles County Sheriff's Office has a number of recommendations that we would like to offer you for consideration. First, we feel that a multijurisdictional and joint Federal-local approach to this problem is critical. Law enforcement must increase its level of interagency cooperation, in order to effectively combat these groups.

Second, a number of changes are needed in immigration and extradition practices. I have recently returned from Taiwan, where I helped return a wanted murder suspect who had been at large in the United States for approximately 5 years. Unfortunately, it took 2 of those years to get this individual out of the country, even though he murdered an entire family of Taiwanese in the Philippines.

The deportation process currently takes too much time, and allows for too much due process. Incidentally, within 8 hours after we arrived in Taiwan, he confessed to the murders.

I would be happy to answer any questions that you have at this point.

Thank you.

Senator ROTH. Thank you, Detective Howell. We've heard a great deal in these hearings about the triad groups from the Far East. Are you aware of any triads' presence in the L.A. area?

Mr. HOWELL. We know of members who allegedly belong to the Wo Hop To, 14K, and Kung Lok triads operating in the Los Angeles area.

Senator ROTH. Now, do these triads have any affiliation with the so-called "street gangs," or tongs in your region?

Mr. HOWELL. We feel that they have a lot of influence with many of the gangs and organized crime groups in the Los Angeles area.

Senator ROTH. Do you think the triads are likely to establish a larger presence in the United States? Why or why not?

Mr. HOWELL. Senator, the triads have been in existence for hundreds of years, if not thousands of years. With the increasing Asian population in the United States, I am pretty sure that they will come.

Senator ROTH. They will be a larger presence?

Mr. HOWELL. They will be a larger presence, yes.

Senator ROTH. Now, you have been involved, as I understand, roughly the last 8 years in Asian criminal activity. What changes have taken place in this period?

Mr. HOWELL. We have seen an increase in the activity of Asian organized crime, Asian street gangs, within the Los Angeles area. We have seen the violence among these groups increase dramatically, and we have seen a control of these groups within each of the Asian communities in our area.

Senator ROTH. Has there been any effort to move into legitimate business as well by these illegal activities groups?

Mr. HOWELL. Many of the organized criminal groups that I am aware of, and their members, have started to venture into the night club and entertainment fields, along with the videotapes. They have also established a presence in the card clubs—running the card clubs.

Senator ROTH. Now, how do you see the Asian criminal groups—organized crime—the Asian organized crime differing from the more traditional groups we have had in America?

Mr. HOWELL. Well, first of all, they are older. They are influenced by the triad groups. Their actual organization is a lot looser than the LCN type organizations. However, they do band together when needed, and they do work with each other, as far as their criminal activities are concerned.

The basis for all their activity is money, and that is the driving force.

Senator ROTH. Thirst for money.

Mr. HOWELL. Yes.

Senator ROTH. The Subcommittee introduced a chart during the previous hearing on the Wah Ching gang. This chart was prepared by the FBI, and illustrates that the Wah Ching have a number of interstate and international connections.

[The document referred to was marked Exhibit 41 and can be found on page 368.]

Can you tell the Subcommittee anything about these connections?

Mr. HOWELL. The chart appears to be fairly accurate, as far as their locations and the types of crimes that they are involved in. I would probably only add about a half a dozen more cities in there.

Senator ROTH. There should be, you say, another half dozen?

Mr. HOWELL. At least another half dozen cities: Dallas; Houston; Denver, Colorado; Boston; Arlington, Virginia; San Diego; Oklahoma City; Rapid City, South Dakota.

Senator ROTH. There is Asian criminal activity in each of those cities?

Mr. HOWELL. Yes, sir. I am just going off the top of my head right now.

Senator ROTH. Let me ask you this: We have another chart of the Wah Ching gang, which was introduced today and prepared by the staff. Tony Young is identified as the leader of this group in Southern California.

[The document referred to was marked Exhibit 39 and can be found on page 367.]

I would like to ask you the same question: Is this chart accurate?

Mr. HOWELL. As far as I can tell, yes, sir.

Senator ROTH. What evidence, if any, have you found that Asian organized crime is involved in heroin trafficking?

Mr. HOWELL. Well, basically we have heard the word on the street. We have assisted several local and Federal agencies in their investigation of heroin trafficking. We have seen numerous arrests in that area, and increasing arrests in that area in our county.

Senator ROTH. Can you detail the efforts of the L.A. County Sheriff's Department in rooting Asian organized crime out of the legal card clubs in the area?

Mr. HOWELL. Well, our department has developed an organization, or a unit which is part of the bureau that I belong to, in which they maintain contacts with the clubs, they do much of the criminal backgrounds, or checking for criminal backgrounds, of many of the card club employees.

We attempt to keep track of who goes in and who goes out of the clubs, and try to weed out the criminal element.

Senator ROTH. I understand that you have been involved in the investigations made of United Bamboo.

Mr. HOWELL. Yes, sir.

Senator ROTH. Could you tell us a little about that? How you got involved?

Mr. HOWELL. Well, basically the United Bamboo originated in 1956 in Taiwan, under—when Chaing Kai Shek was able to come into the country from the Republic of China. We started to see their influence in the Los Angeles area about 1983 and 1984, with the involvement of An Lo Chang, who was considered to be the leader for the Southern California chapter at that time. He is also known as "White Wolf."

White Wolf was involved in several violent crimes, including attempted murder. He was involved in the plot to assassinate 2 local law enforcement officers, which took a national investigation to uncover.

In October of 1989, I became involved in an investigation involving Benson Wang, who was at that time, and up until his arrest a few months ago, took over—was alleged to have taken over An Lo Chang's position in the United Bamboo in Los Angeles.

Senator ROTH. Can you identify this photograph?

[The document referred to was marked Exhibit 44 and can be found on page 370.]

Mr. HOWELL. That is Benson Wang, also know as Ah Di.

Senator ROTH. Right, and what again was his illegal activity?

Mr. HOWELL. Gambling, extortion, he was wanted in Taiwan for the murder of an entire family in the Philippines.

Senator ROTH. Is he the guy you just took back to Taiwan?

Mr. HOWELL. Yes, sir.

Senator ROTH. How difficult was it to make that kind of arrangements?

Mr. HOWELL. Well, it took 2 years.

Senator ROTH. Two years?

Mr. HOWELL. Two years. We uncovered the evidence to the murder in the Philippines in October of 1989. We advised Immigration authorities at that time; it took them approximately 22 to 23 months to get the okay to arrest him for passport violations, and

when we arrested him for the passport violations, we seized several weapons.

Senator ROTH. In your own personal experience, are we getting pretty good cooperation from authorities, say, in Hong Kong and Taiwan?

Mr. HOWELL. During my contact this past few days with the Taiwanese authorities, they have expressed an extreme interest in cooperating with our government, in cooperating with law enforcement, and returning their criminals. Unfortunately, because we don't have an extradition treaty with their government, it makes it extremely hard.

Senator ROTH. Well, I would appreciate if you would detail those discussions with my staff, so that we could look into the possibility of helping develop better coordination.

Mr. HOWELL. I would say that the Deputy Director of the Interpol—Taiwanese Interpol—asked that during these hearings that he would hope that some memorandum of understanding would be established with their government, to expedite the extradition of criminals back to Taiwan.

Senator ROTH. How did you return Benson Wang to Taiwan without an extradition treaty?

Mr. HOWELL. Basically through a manipulation of the legal system, with the experience of 3 investigators—myself, my partner, and then an Immigration officer—we were able to use the system, and pretty much bombard Benson with a series of State and Federal offenses. Some of the Federal offenses had minimum jail terms of 10 years, and during his incarceration in our county jail, he expressed a deep interest in returning to Taiwan under voluntary departure, under safeguards.

Senator ROTH. Well, thank you very much, Detective Howell. As I said, I particularly appreciate the extra effort you made to be here today, and I congratulate you for the good work you are doing.

Mr. HOWELL. Thank you, Senator.

Senator ROTH. We have a number of exhibits, from 35 to 79, several under seal, that we will include as part of the record, without objection.

We will now recess until tomorrow at 9:30.

[Whereupon, at 11:55 a.m., the Subcommittee recessed, to reconvene at 9:30 a.m., Wednesday, November 6, 1991.]

# HEARINGS ON ASIAN ORGANIZED CRIME

WEDNESDAY, NOVEMBER 6, 1991

U.S. SENATE,  
PERMANENT SUBCOMMITTEE ON INVESTIGATIONS,  
COMMITTEE ON GOVERNMENTAL AFFAIRS,  
*Washington, DC.*

The Subcommittee met, pursuant to notice, at 10:30 a.m., in room SD-342, Dirksen Senate Office Building, Hon. Sam Nunn, Chairman of the Subcommittee, presiding.

Present: Senators Nunn, Roth, and Seymour.

Staff Present: Eleanore J. Hill, Chief Counsel; Mary D. Robertson, Chief Clerk; Grace McPhearson, Investigator; Cynthia Comstock, Executive Assistant to the Chief Counsel; Kimberly O'Dell, Staff Assistant; Daniel F. Rinzel, Minority Chief Counsel; Stephen H. Levin, Minority Counsel; Mary E. Michels, Minority Counsel; Scott Orchard, Minority Staff Assistant; Sallie B. Cribbs, Minority Executive Assistant to the Chief Counsel; Carla J. Martin, Minority Assistant Chief Clerk; W. Leighton Lord, Minority Counsel; J. Caleb Boggs, Minority Counsel; Rosemary Warren (Sen. Sasser); Richard Ashooh (Sen. Rudman); and Mark Procopio (Sen. Seymour).

## OPENING STATEMENT OF SENATOR NUNN

Senator NUNN. The Subcommittee will come to order.

Today the Permanent Subcommittee on Investigations will hold its third day of testimony concerning Asian organized crime. Yesterday the Subcommittee heard from our staff that there are indeed identifiable Asian organized crime figures operating in the United States, and through charts we sought to establish just who these figures are. We also learned more about Chinese gambling establishments and the degree to which these operations are enmeshed with Asian organized crime.

This morning we will hear from Bob Mueller, the Assistant Attorney General for the Criminal Division of the Department of Justice. Accompanying him will be Lourdes Baird, U.S. Attorney for the Central District of California, and Andrew Maloney, U.S. Attorney for the Eastern District of New York. We welcome all of you here this morning.

These individuals can give us the prosecutor's perspective in fighting organized crime, particularly Asian crime, and tell us where their districts in New York and California are headed on this issue. We welcome all of you here today, as well as Assistant

U.S. Attorney Catherine Palmer, from the Eastern District of New York.

As was mentioned in last month's hearing, organized Asian criminal activity is not limited to any single criminal exercise nor any one region of the country, a point that will be made most clear when we turn our attention today to the smuggling of aliens into the United States.

In the short time the Subcommittee has been studying this activity, immigration officials have given us a glimpse of the dozens of carefully orchestrated routes and techniques that thousands of Asians use to illegally enter the United States each year. This influx of illegals was described by one immigration official as "an increasing and seemingly unstoppable flow."

In my home State of Georgia, the regional office of the Immigration and Naturalization Service has had several significant cases dealing with Asians attempting to illegally enter the country through various points in the South. These cases have not only involved immigration violations, but also bribery, extortion, physical assaults, and other criminal violations.

We will hear more details about smuggling later this morning from Michael Lempres, the Executive Commissioner of the INS, and we look forward to that testimony.

Not only has the flow of illegal Asian elements into the United States frustrated and concerned officials, but of equal if not greater concern, is what happens to a great many of these people after they reach our country. In many instances, newly arriving aliens have virtually become indentured servants to established business owners in order to pay for their passage. Other illegal aliens have been tortured and held for ransom because kidnapers know that relatives, who may also be illegal aliens themselves, are hesitant to reach to the police for help.

We have asked Lieutenant Joseph Pollini, who heads the New York Police Department's Major Case Squad, to share some of his knowledge of these types of cases this morning.

Again, I would like to thank the ranking minority leader of our Subcommittee, Senator Roth, for bringing this issue to the forefront and for guiding us through these hearings. With the dedication of his staff, we have been able to learn a great deal about organized Asian criminal activity in this country.

#### PREPARED STATEMENT OF SENATOR NUNN

Today the Permanent Subcommittee on Investigations will hear its third day of testimony concerning Asian organized crime. Yesterday the Subcommittee heard from its staff that there are indeed identifiable Asian organized crime figures operating in the United States and through charts, sought to establish just who those figures are. We also learned more about Chinese gambling establishments and the degree to which those operations are enmeshed with Asian organized crime.

This morning we will hear from Bob Mueller, the Assistant Attorney General for the Criminal Division of the Department of Justice. Accompanying him will be Lourdes Baird, U.S. Attorney for the Central District of California and Andrew Maloney, U.S. Attorney for the Eastern District of New York. These individuals can give us the prosecutor's perspective on fighting Asian crime and tell us where there districts, in New York and California, are headed on this issue. We welcome all three here today.

As was mentioned in last month's hearing, organized Asian criminal activity is not limited to any single criminal exercise nor any one region of the country—a point made most clear when we turn our attention today to the smuggling of aliens

into the United States. In the short time the Subcommittee has been studying this activity, immigration officials have given us a glimpse of the dozens of carefully orchestrated routes and techniques that thousands of Asians use to illegally enter the United States each year. This influx of illegals was described by one immigration official as "an increasing and seemingly unstoppable flow."

In my home state of Georgia, the regional office of the Immigration and Naturalization Service has had several significant cases dealing with Asians attempting to illegally enter the country through various points in the south. These cases have not only involved immigration violations but also bribery, extortion, physical assaults and other criminal violations. We will hear more details about smuggling later this morning from Michael Lempres, the Executive Commissioner of INS. I look forward to his testimony.

Not only has the flow of illegal Asian elements into the United States frustrated and concerned officials, but of equal if not greater concern, is what happens to a great many of these people after they reach our country. In many instances newly arriving aliens have virtually become indentured servants to established Asian business owners in order to pay for their passage. Other illegal aliens have been tortured and held for ransom because kidnappers know that relatives, who may also be illegal aliens themselves, are hesitant to reach to the police for help. We have asked Lieutenant Joseph Pollini who heads the New York Police Department's Major Case Squad, to share some of his knowledge of these types of cases with us this morning.

Again, I would like to thank the Ranking Minority Leader, Senator Roth, for bringing this issue to the forefront and for guiding us through these hearings. Without the dedication of he and his staff, much less would be known about organized Asian criminal activity in this country.

Senator NUNN. Senator Roth is on his way. He had another meeting.

We are pleased to welcome each of our witnesses this morning. We have, as I have already alluded to, Assistant Attorney General Robert Mueller who heads the Criminal Division, Department of Justice. Mr. Mueller recently hosted an international conference on Asian organized crime in San Francisco which brought together police officials from some ten different countries.

Accompanying Mr. Mueller today are Ms. Baird, U.S. Attorney for Los Angeles, and Andrew Maloney, U.S. Attorney from Brooklyn; and also we welcome, as I mentioned, Assistant U.S. Attorney Cathy Palmer. Ms. Palmer has compiled an enviable record as prosecutor of Asian organized crime figures, particularly in the narcotics area.

We thank all of you for coming today. I would ask each of you that is going to be testifying, if you would raise your right hand as you come up to take your seat and we will give the oath, as we do to all witnesses who appear before this Subcommittee.

Do you swear the testimony you give before this Subcommittee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. MUELLER. I do.

Ms. BAIRD. I do.

Mr. MALONEY. I do.

Ms. PALMER. I do.

Senator NUNN. Thank you.

Mr. Mueller, why don't you lead off.

TESTIMONY OF ROBERT S. MUELLER III,<sup>1</sup> ASSISTANT ATTORNEY GENERAL, CRIMINAL DIVISION, U.S. DEPARTMENT OF JUSTICE, ACCOMPANIED BY LOURDES BAIRD, U.S. ATTORNEY, CENTRAL DISTRICT OF CALIFORNIA; ANDREW J. MALONEY, U.S. ATTORNEY, EASTERN DISTRICT OF NEW YORK; AND CATHERINE E. PALMER, ASSISTANT U.S. ATTORNEY, EASTERN DISTRICT OF NEW YORK

Mr. MUELLER. Thank you, Mr. Chairman. Speaking on behalf of Ms. Lourdes Baird to my right, the U.S. Attorney for the Central District of California; Mr. Andrew Maloney to my far left, who is the U.S. Attorney for the Eastern District of New York; and for Ms. Cathy Palmer, Assistant United States Attorney in the Eastern District of New York, and for myself, we thank you for the opportunity to testify today.

Mr. Chairman and members of the Subcommittee, as I have said, the Department of Justice appreciates this opportunity to discuss its successful, expanding programs to combat Asian organized crime. As you will hear, the Government is making significant progress, and we are now taking additional steps and planning comprehensive new initiatives that will have an even greater impact.

In recent years, we have developed major criminal prosecutions of some of the largest and most dangerous Asian organized crime groups in the Nation. A large number of complex investigations of other groups are currently under way.

None of this has happened by accident. The progress that has been made and the initiatives being planned are part of a comprehensive effort by the Justice Department. And it is a priority effort not only against Asian organized crime; it is a priority effort against all organized crime.

As this Committee is very well aware, organized crime is not new in America. For too long our country ignored La Cosa Nostra as it developed enormous power. The Government, in particular the Justice Department, has learned from past mistakes in that regard.

Great progress has been made against La Cosa Nostra. To date, large numbers of its top leaders have been imprisoned. In some cities, the LCN structure has been virtually destroyed. And we are keeping up that relentless pressure. The destruction of the LCN remains our first organized crime priority.

Our second priority, however, is to attack other emerging organized crime groups so that they are stopped in their tracks and then dismantled. Our society cannot allow any group to attain the power attained previously by La Cosa Nostra.

As we reported to this Subcommittee in 1988, the Justice Department had already achieved successes against Asian organized crime and even then was developing even more intensive efforts.

It was already apparent in 1988 that Asian organized crime was beginning to grow. Like all organized crime groups, it began by preying most often on the overwhelmingly law-abiding members of its own ethnic groups. It also was spreading its criminality into the general society. Since 1988, in addition to prosecuting a number of

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<sup>1</sup> The prepared statement of Mr. Mueller appears on page 272.

major Asian organized crime cases, we have at the same time, enlarged and refined our planning and intelligence.

Last year, in 1990, the Justice Department directed all United States Attorneys to reassess their regional crime problems and submit new plans for attacking all organized crime in their districts. These plans were then consolidated and issued as our new Organized Crime National Strategy last January. The Justice Department also created the Organized Crime Council, in conjunction with the Criminal Division, to implement this national strategy.

The national strategy requires that United States Attorneys identify the most serious organized crime threat in their districts and to direct resources accordingly. In those cities where Asian organized crime poses a greater threat than La Cosa Nostra, the United States Attorney is expected to concentrate more heavily on the former. Some cities, such as Chicago and New York, are threatened by both La Cosa Nostra and Asian organized crime groups, thus placing a complex and heavy demand on law enforcement.

We have seen, however, many positive results. For instance, there are more investigations and prosecutions and more personnel assigned to these cases than ever before.

Let me speak for a moment about the Asian organized crime problem in this country. It, in essence, consists of 4 major groups: first, Chinese organized crime, including triads, criminally-influenced tongs, and street gangs; second, the Japanese criminal society known as the Boryokudan, or "Yakuza"; third, Vietnamese organized crime, which largely consists of street gangs; and, lastly, Korean gangs, some of which are closely associated with the Boryokudan.

These groups engage in illegal activities ranging from extortion and drug trafficking to prostitution, weapons smuggling, and money laundering—in short, the traditional activities of organized crime. Vietnamese gangs have moved into even more brutal activities, such as home-invasion robberies.

We are attacking Asian organized crime on many fronts.

We are imprisoning major leaders. We are using such statutes as RICO to dismantle criminal organizations. We are using other laws and are stripping away the assets and financial foundations of Asian organized crime groups. We are making greater inroads into drug trafficking, especially trafficking in heroin. And on this last topic, let me give you just one example.

Last May, Customs agents seized 1,080 pounds of heroin shipped from Thailand to the Join Sun Corporation in the San Francisco Bay area. This was the largest heroin seizure ever in the United States. The drugs had an estimated street value of \$3 billion. In the course of that operation, the agents arrested 5 Asians.

In 1983, as you can see from the chart that we have just put up, Southeast Asia accounted for only 19 percent of the heroin imported into the United States. As this chart shows, since 1989, 56 percent of the heroin available in this country has come from Southeast Asia. Much of this heroin trade is controlled by Chinese organized crime syndicates.

Senator NUNN. Is there something on that chart that tells us—where the heroin is coming from and how that has shifted. Is there

something that tells us just about the pure availability of the drug and measures how much it has gone up or down from 1983 to 1990?

Mr. MUELLER. No. That has fluctuated over the years, but this chart does not show the amount of heroin overall that has come into the country by year.

Senator NUNN. What is that from 1983 to 1990? Has it gone up overall? Has it gone down? Has it been level?

Mr. MUELLER. Without being tremendously specific, Mr. Chairman, I believe we have seen, in particular in the last year, an increase in the importation of heroin into the country. It is my understanding that it did level off for a period of time—

Senator NUNN. It is going back up.

Mr. MUELLER. But there has been a resurgence of heroin imported into the country, and an increase in heroin usage.

Senator NUNN. Is that because of a big crop in the Golden Triangle area, or is it because of more usage. Or is it because of crack-down on cocaine? Is there a general description of why heroin imports have gone up in the last year?

Mr. MUELLER. Well, I am not certain that we can specify, Mr. Chairman, the specific origins of this increase. I know there is some intelligence that indicates that those who are responsible for the importation of cocaine are changing over, where appropriate, to heroin, which would increase the availability of heroin. My understanding is that it is in part attributable also to increased usage. I have less information currently about the increase in crop production.

Senator NUNN. Any relationship to the turmoil and change of government in Burma?

Mr. MUELLER. Not directly that we are aware of, that I am personally aware of at this point in time. In other words, I have not heard anything specifically that is attributable to the turmoil in Burma.

Senator NUNN. Could you submit something for the record on this point as to the best analysis you all have at this time?

Mr. MUELLER. We would be glad to.

Senator NUNN. Thank you.

Mr. MUELLER. What I would like to do now, Mr. Chairman, is to discuss with you a number of priority matters concerning Asian organized crime. First I would like to give a summary of the problems in major cities, explanations that are contained in far greater detail in the full statement that we have given to the Subcommittee. Secondly, I would like to brief you on the highlights of some of the major cases which we have brought. Then I would like to spend a few moments discussing the new steps we are taking, both in the United States and on the international scene, in conjunction with a large number of other nations.

FBI Director Sessions earlier said that 10 cities were of particular concern to the FBI. Those cities are Boston, Baltimore, Chicago, Dallas, Honolulu, New Orleans, New York, Philadelphia, Portland, Oregon, and Sacramento. There also has been significant activity by Asian criminal groups in Atlanta, Los Angeles, and San Francisco. This list of cities is not exclusive. We do from time to time see Asian criminal activity in other areas, such as Houston and At-

lantic City. We constantly monitor the situation across the Nation to keep track of changing patterns of organized criminal behavior.

Let me discuss these cities, if I might, with you, Senator, beginning with Atlanta.

I appreciate seeing Senator Roth here today. Good morning, Senator. As we were discussing before you came in, we are reviewing briefly the areas of our activities in various cities across the United States.

Senator ROTH. Yes. Let me interrupt just to welcome each and every one of you. I am delighted that you are here. I apologize for being late, but unfortunately Senator Bentsen and I had a press conference to cut your taxes. So we will move ahead.

[Laughter.]

Mr. MUELLER. Thank you, Senator.

Let me turn, if I could, to Atlanta. I will start with Atlanta, which I will discuss with regard to its Asian organized crime problem.

From our perspective, Atlanta has a growing problem from Asian criminal activity. Some groups are highly structured, engaging in criminal activity ranging from white-collar offenses to narcotics trafficking. The United States Attorney's Office. In Atlanta, in order to address the Asian organized crime problem, is planning a law enforcement coordinating committee in the near future to develop a more effective coordinated attack.

You will see that I am addressing each of these cities in alphabetical order, not necessarily in terms of prominence of the problem.

Turning to Baltimore, the Organized Crime Drug Enforcement Task Force there recently investigated the On Leong Tong, and the Ghost Shadows organization, which was distributing cocaine and heroin in Maryland, New Jersey, Virginia, New York, California, and Washington, D.C. The Ghost Shadows case resulted in the successful prosecution of 24 defendants.

Turning to Boston, the Asian organized crime infrastructure there is in substantial disarray as a result of the successful RICO prosecution of the most influential member there, Harry Mook. That prosecution has left Boston without a stable, dominant Asian organized crime group.

Chicago. The principal Asian criminal faction in the Chicago area is the criminally influenced On Leong Tong. As I will discuss later, it was the subject of a recent major prosecution involving illegal gambling and other activities.

Dallas. The main concern there are the highly mobile, loosely knit gangs such as the Angel Boys, Born to Kill, and the New Boys. These gangs are involved in massage parlor protection, illegal gambling, home-invasion robberies, and narcotics trafficking.

Honolulu. Japanese and Korean organized crime groups constitute Hawaii's principal Asian organized crime enterprises. The Japanese Boryokudan has been active in the State since the late 1960's, engaging in activities such as narcotics trafficking. The INS has developed prosecutable cases against Boryokudan members with criminal records who enter the United States on fraudulently obtained visas.

Los Angeles. Ms. Baird will be speaking to the problem there later on in the presentation. In Los Angeles, the most prominent organized crime factions are Chinese. The most active groups at present are believed to be the Wah Ching, the United Bamboo, the Four Seas Gang, and the 14K Triad. These groups are engaged in narcotics trafficking, extortion, murder for hire, money laundering, illegal gambling, loan sharking, and copyright infringement. Los Angeles also has a significant problem from Asian street gangs of many nationalities.

New Orleans. The principal Asian criminal groups in the Eastern District of Louisiana are Vietnamese, followed in significance by Koreans and some Chinese. These groups engage in activities such as illegal gambling, prostitution, bribery of public officials, narcotics trafficking, extortion, and loan sharking.

New York. New York City is a primary site of major Asian organized crime activity in the United States. There are violent Chinese gangs such as the Ghost Shadows, the United Bamboo, and the Green Dragons—well-organized international heroin importers. Vietnamese gangs such as the Born to Kill also are a part of the mixture of groups that have been in operation in these districts over the past several years. We have been devoting tremendous resources to the problems in these districts. Andrew Maloney, from the Eastern District of New York, will be able to speak to you in more detail on that. Our investigative agencies, such as the DEA and the FBI, in conjunction with State and local authorities, have developed great expertise in New York.

Philadelphia. Philadelphia-based Asian gangs, composed of young adult Chinese and Vietnamese males, have committed a substantial number of home-invasion robberies and kidnappings, principally in Asian communities. The Philadelphia Strike Force Unit currently has an active program targeting the Asian organized crime problem.

Portland, Oregon. Gangs have become polarized into 2 highly visible competing groups: the Red Cobras and the Vung Tao Boys. They both are involved in crimes including car thefts, burglaries, extortions, robberies, and home invasions.

Sacramento. The Eastern District of California has a Vietnamese organized crime problem centered primarily in Sacramento. This group is not involved in narcotics trafficking, but currently limits its activities to burglary and extortion of businesses.

In San Francisco, the most serious Asian organized crime influences are the Chinese members of the triads, the criminally-influenced tongs, and the Asian street gangs. San Francisco also has problems with violent Vietnamese gangs, some of which include former military officers of South Vietnam. Some gang members have been indicted for murder, including the killing of a law enforcement officer.

Mr. Chairman, the Federal Government has been mounting a growing and successful attack on Asian organized crime for some years, and our efforts are indeed being intensified.

The Justice Department has brought a large number of major cases against Asian organized crime over the past 5 years; 18 of these cases are summarized in the chart to my right. Those 18

major cases resulted in the indictment of nearly 200 of what we could consider to be major defendants.

As I will discuss shortly, our conviction rate has been high. Unfortunately, a number of the indicted cases are pending trial, and we cannot speak about them in detail. Nonetheless, we believe that we will continue to have a high success rate from our prosecutive effort.

Although we cannot divulge the details, quite obviously, I can tell you that the Department of Justice strike forces alone have under way today more than 30 of the highest level cases involving Asian organized crime. Other cases are being developed both within the strike forces and in the U.S. Attorney's Offices in other sections.

As this committee is well aware, it takes time to create such complex cases, but we are bringing larger and more significant cases, with continued emphasis on use of the enterprise approach under the RICO statute. As you know, this approach has been the heart of our successful attack on the LCN. We in the Justice Department, including the FBI and other agencies, are convinced that this, in conjunction with the use of the Federal racketeering statutes, is the most effective way to prosecute Asian criminal groups.

Let me, if I may, cite some examples of significant Asian organized crime prosecutions brought by the Federal Government within the last 5 years.

Last May, the United States Attorney's Office in Brooklyn indicted 13 members and associates of the Green Dragons, a Chinese gang. They are charged with a pattern of racketeering activity that includes murder. Two other members of the gang have entered into cooperation agreements with the Government.

Last September, another grand jury in Brooklyn indicted 11 members of the Born to Kill, the violent, marauding Vietnamese street gang in New York City. They are charged with 2 murders in New York and the attempted murder of a jewelry store owner in Georgia.

Last July, the Strike Force Unit of the U.S. Attorney's Office in Boston obtained guilty pleas in 2 important cases. Harry Mook, a powerful member of the 14K Triad, pled guilty to 2 RICO counts of operating an enterprise that laundered and attempted to transport to Hong Kong over \$1.6 million of the proceeds of illegal gambling and drug dealing in New York and Chicago. The currency was forfeited.

The national, Chicago, Houston, and New York On Leong Merchants Associations and 29 members and associates of the On Leong were indicted in Chicago in 1990 in connection with an illegal gambling business. Sixteen defendants pled guilty prior to trial, one pled guilty at trial, and 5 of 6 defendants charged with tax violations were found guilty. There was a mistrial on the RICO counts, and we intend to proceed on those particular counts through a retrial.

Last year, the United States Attorney's Office for the Northern District of California obtained a conviction in San Francisco of Hieu Duc Tran, the leader of a Vietnamese gang that engaged in home invasions and robberies.

A Federal grand jury in Los Angeles in the Central District of California indicted 4 members of a Korean organized crime group last year for importation and distribution of methamphetamine and money laundering. All were convicted and sentenced to terms ranging from 5 to 15 years.

Last June, the United States Attorney's Office obtained an indictment in San Francisco of 5 persons in connection with the seizure by Customs of approximately 1,000 pounds of heroin at the port of Oakland. This is a matter that I discussed earlier in my remarks today.

Also, in 1989, United States Customs and DEA agents seized 125 pounds of heroin packed in cans of lychee nuts being imported into the United States from Hong Kong. The United States Attorney's Office for the Central District of California and Los Angeles arrested 3 Chinese defendants and 1 Vietnamese. Three were convicted last August and received sentences ranging from 22 to 24 years. The fourth is in Hong Kong, where a decision on his extradition to the United States is currently pending.

A Federal grand jury in Los Angeles in the Central District of California indicted 9 defendants last September on alien smuggling charges. The defendants allegedly conspired to hire a boat in San Pedro Harbor for \$50,000 to meet a ship 100 miles off the California coast. All 132 of the aliens were seized and detained by the United States.

Fourteen members and associates of the United Bamboo gang were indicted in 1986 by a Federal grand jury in Manhattan in the Southern District of New York, as the result of a joint New York City Police Department and FBI undercover operation. Among the predicate offenses in the RICO counts were the murder of Henry Liu, a California journalist, and illegal gambling and drug trafficking charges. Most defendants were found guilty of most of the major charges, including the murder of Liu.

A lengthy investigation of the Ghost Shadows, a major Chinese street gang in New York City, resulted in a Federal indictment of 25 members in 1985. Among the 85 racketeering acts charged were 13 murders. Twenty-one defendants pled guilty and 4 defendants remain fugitives.

More than 40 individuals have been indicted and 26 defendants have been convicted in a series of cases as part of the joint FBI/New York City Police Department "Whitemare" investigation into heroin and cocaine trafficking. The "Whitemare" investigation led to the second largest U.S. seizure of heroin—approximately 900 pounds of high-purity heroin.

An investigation into heroin importers and distributors in San Francisco led to the indictment of 4 individuals on drug trafficking charges. One defendant is awaiting trial. The remaining 3 defendants were convicted.

As is the case with La Cosa Nostra, we target our investigations and prosecutions where we believe the greatest results will be achieved. It is important to note that we constantly re-evaluate the crime conditions in metropolitan areas and are working diligently to make certain that any problems that may arise are resolved in the most effective way. We can shift or increase resources to meet new demands, and in fact, we are doing so now in certain areas.

In fighting crime, it is essential to always be planning for the future. As was alluded to previously, the Department recently held an important conference to improve cooperation among 11 Pacific Rim and Western countries in the fight against Asian organized crime.

The 3-day meeting in San Francisco was attended by more than 100 high-level police and prosecution officials from the United States and 10 other nations. Those other nations participating were Japan, the Republic of Korea, Australia, Canada, Hong Kong, Malaysia, Singapore, Thailand, New Zealand, and The Netherlands.

We believe that the conference was a watershed event in the fight against Asian organized crime and will result in international cooperation such as we have not seen before. Our staff of international specialists is hard at work taking advantage of these enhanced contacts. We expect the establishment of new Mutual Legal Assistant Treaties as well as enactment of relatively uniform domestic legislation within the region.

The Justice Department is placing great emphasis not only on numbers of personnel in the fight against Asian organized crime, but also in their quality and expertise. We have active programs to increase the needed number of specialists.

We are establishing training programs in language and culture. We are now exploring with foreign jurisdictions the exchange and cross-training of agents and prosecutors. We also hope to hire retired police officials from Hong Kong to increase our expertise on Chinese criminal groups.

Let me cite another outstanding area of cooperation. We now have in place extradition treaties with many of these nations, including Japan, Hong Kong, Thailand, Malaysia, Myanmar, and Singapore. An MLAT with Thailand has just gone into force, and we are in an advanced stage of MLAT negotiations with the Republic of Korea. In addition, we have MLAT's and extradition treaties with other countries strongly affected by Asian organized crime, such as Canada and The Netherlands, and we are in the process of MLAT negotiations with Australia.

We also are aggressively pursuing closer ties among Federal, State, and local law enforcement authorities within the United States when dealing with crimes by Asian groups. Many of the crimes typically committed by such groups are "local" crimes traditionally handled by States, crimes such as weapons offenses, assaults, home-invasion robberies.

Local and State police forces have been confronted with these problems for several years. They have developed considerable expertise, particularly in large cities such as Los Angeles, San Francisco, and Boston. However, when the groups' members begin to travel interstate and internationally, as they have, it becomes impossible for local authorities to deal effectively with the problem. Accordingly, joint task forces have become the weapon of choice against these mobile groups. The task forces draw on local expertise and manpower while taking full advantage of Federal investigative abilities and statutory tools. We have found the task forces to be extremely effective against Asian criminal groups.

In New York City, Federal agents cooperate with New York City Police Department officers assigned to the Jade Squad, which mon-

itors a wide range of Asian organized crime investigations. And in Chicago, we have 2 task forces in operation.

In New Orleans, the United States Attorney has formed an Asian organized crime task force consisting of FBI, DEA, Customs, and INS agents, as well as officers from the New Orleans Police Department and the Jefferson Parish Sheriff's Office.

Asian organized crime task forces also exist in Dallas, Washington, D.C., Miami, San Juan, and Portland, Oregon. We soon expect Seattle and Los Angeles to follow suit.

Los Angeles, of course, is an example of a city plagued with almost every form of organized criminality. As we step up our efforts against Asian organized crime, we also will do everything possible within our limited resources to curtail the daily murders and drive-by shootings attributed to Los Angeles' notorious street gangs, such as the Cripps and Bloods, and the growing presence in Southern California of South American and Mexican drug traffickers and money launderers. To have the maximum impact on these groups while addressing the many other crime problems, we have to focus on the criminal hierarchies of these groups; we cannot afford to dilute our overall efforts by targeting all individuals who are arguably associated with organized crime organizations.

The Justice Department has in place its own specific groups devoted to addressing the Asian crime problem. Most prominent is the Criminal Division's Organized Crime and Racketeering Section, which is responsible for coordinating the Department's program against all forms of organized crime, including Asian.

The Section coordinates the operation of Strike Force Units in United States Attorneys' Offices in 26 cities. These units are dedicated to the investigation and prosecution of organized crime cases, as defined in the Organized Crime National Strategy.

The Strike Force Units must continue to deal with the high-priority areas of traditional and Sicilian organized crime. But at least 9 of our offices—those in Atlanta, Boston, Chicago, Honolulu, Houston, Los Angeles, New Orleans, New York, and San Francisco—have already brought Asian organized crime cases.

The Department of Justice has a sophisticated, complex program in place to combat Asian organized crime. One important arm is the expertise of our FBI, DEA, and INS agents. Another is the professionalism of our prosecutors—those assigned to the organized crime strike forces, those who are assigned to the Department of Justice in Washington, D.C., and others on staffs of the United States Attorneys throughout the Nation.

Our intelligence programs are widespread and comprehensive. Our planning mechanisms, I believe, are the best in Justice Department history. We have developed historic and unprecedented relationships with other nations that are our enthusiastic partners in stemming and then eliminating Asian and all other organized crime. For they know, as we know, that organized crime and drugs can destroy and do destroy nations.

There have been significant achievements. Far, far more will be done in the future. Organized crime has the most insidious of goals, goals such as to make fear the public's constant companion, to corrupt, and to ultimately destroy the democratic process and structure.

But I can assure you that the Department of Justice is determined that organized crime will not succeed. It will not be society that is overwhelmed; rather, organized crime eventually will be destroyed.

Thank you, Mr. Chairman, for the opportunity to testify here today, and I as well as my colleagues here are very willing and happy to answer whatever questions the Committee may have.

Senator ROTH. [Presiding.] Well, thank you, Mr. Mueller. First of all, I do want to express my appreciation for your very extensive, thoughtful statement. I think it is very helpful in our investigation.

We do have Senator Seymour here. I know he has an opening statement. Do you care to read that, Mr. Seymour?

Senator SEYMOUR. No, thank you, Mr. Chairman. In order to make the best use of the panel's time and the panel that will be following, I would just ask that my statement be entered into the record.

Senator ROTH. Without objection. I will do the same with my opening statement.

[The prepared statement of Senator Roth follows:]

#### PREPARED STATEMENT OF SENATOR ROTH

The Subcommittee's investigation has found that Asian organized crime is an existing, and rapidly growing threat to this country. Witness after witness has told the Subcommittee of the violence of these groups as well as their extensive and highly sophisticated criminal network activities.

Yesterday the Subcommittee received extensive evidence concerning the structure and organization of major U.S. based Chinese crime groups. Organizational charts identifying the leaders of some of these groups were made public for the first time.

Today, we will hear from several federal law enforcement agencies about their efforts to combat Asian organized crime. Prosecutors at the Department of Justice are on the front lines in the fight against Asian organized crime, and we are interested in hearing about their efforts.

The Subcommittee will also hear from the Immigration and Naturalization Service. The INS has the potential to be a key player in this fight for several reasons. First, the INS has the power to deport criminal aliens. A large portion of these Asian organized crime figures are aliens, some in this country illegally. Second, the INS has the power to prevent organized crime figures from entering this country.

Alien smuggling has, in fact, become a very lucrative business. We heard yesterday that alien smugglers sometimes charge up to \$30,000 per person to smuggle people out of China and into this country. Once here, however, the aliens are sometimes kidnapped and tortured in order to force payment of the smugglers' fees.

Once again, I want to thank Chairman Nunn for calling these hearings and his staff for their valuable assistance in preparing for them.

[The prepared statement of Senator Seymour follows:]

#### PREPARED STATEMENT OF SENATOR SEYMOUR

Thank you, Mr. Chairman. I join with the rest of my colleagues here in welcoming today's distinguished witnesses, including U.S. Attorney Lourdes Baird from Southern California, INS Executive Director Michael Lempres, and INS District Director Robert Moschorak from Los Angeles.

Today marks the third day of hearings by the Permanent Subcommittee on Investigations on the subject of Asian organized crime. The past two hearings have outlined in great detail the tremendous growth in criminal activity within Asian communities on both the West and East Coasts. Indeed, the battle against Asian organized crime has intensified greatly over the past 25 years.

The first two hearings have outlined the tremendous scope of illegal activities pursued by Asian criminal syndicates. FBI Director William Sessions pointed out in our first hearing that the link between Asian gang crime and the drug war is hardly coincidental. He echoed what the FBI first reported two years ago: that "the

illegal drug trade appears to be the vehicle which will move Asian criminals into the mainstream of America today."

The growing instances of drug trafficking by Asian gangs in California are numerous and well-documented, including the recent record seizure of 1,080 pounds of heroin in Hayward by the Drug Enforcement Administration. The head of San Francisco's DEA office, Robert Bender, felt that this operation had "ripped the heart out" of a major Asian smuggling ring.

However, drug trafficking is merely one of many illegal activities pursued by these organized criminal syndicates. To say that these Asian triads are "organized" is an understatement. As we heard from Director Sessions and others, the triads and other forms of Asian syndicates take part in activities that include racketeering, money laundering, alien smuggling, and prostitution.

But one of the most brutal criminal acts that has been occurring regularly in many Asian communities in California is the home invasion. In our previous hearings, we've heard terrifying stories of Asian gangs storming into a family's home, tying up and pistol whipping them before stealing the family's possessions. Such stories of violence normally call up images common to the lawlessness of a much earlier era, but the sad fact is these images are far too real for many Asian-American families in my state.

I said this before at the first hearing, but I believe it's worth regearing to the witnesses assembled here: probably the most tragic aspect of Asian gang activity is the fact that these gang members are as young as eleven years old. Rather than being recruited for little league baseball, the speech or drama teams, these kids are being allured to contribute not to community pride, but community plan.

It is for our nation's youth that we must pursue initiatives to achieve victory over any and all criminal gang activity. Indeed, every victory in the fight against organized gang activity is important, but it is efforts like those in Hayward which are most critical, for they strike a double blow at both the illicit drug trade and organized Asian gangs. Thus, we must use today's hearing to ask of our panelists—most representing the federal law enforcement community—what methods can be pursued in the future to eradicate this activity and how we here in Washington can best assist law enforcement in this crucial task.

Earlier this year, I joined with my friend from Pennsylvania, Senator Specter, to introduce a comprehensive anti-gang strategy. This legislation calls for creation of a federal anti-gang unit whose mission is to coordinate strategies to combat gang violence with state and local law enforcement. I've also introduced legislation that establishes new penalties against those who assist or further criminal gang activity, or commit federal crimes on behalf of criminal gangs. Finally, I added an amendment to the Violent Crime Control Act, which impose heavy fines on those who use illegal aliens to commit aggravated felonies, and then use those funds to identify and deport illegal aliens.

I look forward to asking our distinguished witnesses if these legislative initiatives can be helpful in their task, and what other matters can be pursued to strike a blow against these criminal syndicates.

Further more, in our first hearing, Director Session touched on the problems law enforcement faces in terms of language. But I believe that the language barrier is symptomatic of an even larger cultural barrier, one which makes it difficult for law enforcement at all levels to cooperate with law-abiding citizens who fear that we can't bring an end to the violence that darkens their very homes.

From the Golden Dragon restaurant killings of 1977 to the recent rash of assassinations between rival gangs in San Francisco, Asian gangs have terrorized the people of my state and damaged parks, schools and communities throughout California. Their contribution to a crime wave of drug trafficking and violence is unmistakable and I look forward to hearing from and working with the witnesses here to direct our resources to efforts that will bring this organized criminal activity to an end.

In closing, I want to thank the distinguished Chairman, Senator Nunn, and my good friend from Delaware, Senator Roth, for their leadership on this important issue. I also want to thank the witnesses here today for their cooperation and their dedication to the cause of law enforcement.

Senator ROTH. Mr. Mueller, the Justice Department ranks Asian organized crime nationally as the second most important organized crime problem. I have two questions. Are there any cities where Asian organized crime is the number one priority of the Justice Department? Secondly, how would you rank the various Asian orga-

nized crime groups? You have the Chinese, the Japanese, the Vietnamese, and others. In importance, how would you rank them?

Mr. MUELLER. Senator, before I answer your questions, may I correct one misstatement, if I might, that I made in the course of my remarks? I did a disservice to my colleagues in Chicago by indicating that 5 individuals in the On Leong case were found not guilty, where, in fact, there were 5 that were found guilty of the tax charges. I wanted to make certain that that was on the record so that it could be clarified.

Senator ROTH. Duly noted.

Mr. MUELLER. In response to the first question of whether there is any city in which it is a priority or any area where it is the number one priority, the answer to that is yes, sir. That is in San Francisco, where it is the number one priority.

Now, as I have indicated in the statement, we have a process whereby we annually review the priorities in each of the cities, and we are about to undertake next year an additional—the next stage, the next review. It may well be, after the review of the submissions from the various United States Attorneys' Offices, that Asian organized crime becomes the number one priority in some other regions or cities in the country. But that review is not to take place until—

Senator ROTH. What about L.A.?

Mr. MUELLER. I will have Ms. Baird speak to the issue in L.A. Before I turn it over to Ms. Baird, if I might, let me just say in response to the second question, with regard to the ranking of the groups, I think it fair to say that it depends on the city and the region as to the impact of any particular groups. Perhaps Mr. Maloney could speak to that, because I think there are certain gangs that may have tentacles throughout the country but are most prevalent in New York City, for instance, but would not be prevalent in either Los Angeles or San Francisco; for instance, Vietnamese street gangs operating in Los Angeles, which might present much more of a problem to Los Angeles than perhaps they do to New York or Houston.

Let me, if I might, with respect to the issue of priority in Los Angeles, turn it over to the United States Attorney from that district.

Senator ROTH. Ms. Baird, I understand you took over this position within the last year. Is that correct?

Ms. BAIRD. 15 months ago, Senator.

With regard to the priorities of organized crime in Los Angeles, we always have to keep in mind that the LCN is something that is always present. I don't believe that the LCN has been nearly the threat in Los Angeles as it has on the East Coast. However, we can't turn our backs upon LCN because it is always there and ever present to fill in whatever void might occur.

The other organized crime groups, if you will, in that area—and I will not include Colombians or Mexican narcotics traffickers, because that is a totally different thing and I will separate that. Asian organized crime is indeed a priority. We are looking at Asian organized crime as well as non-Asian street gangs. The interesting thing, I believe, in the Los Angeles area and in the Orange County area, the Central District—I think Senator Seymour will under-

stand this very well—is in looking at the statistics from the census: from 1982 until 1990 the Asian population in Los Angeles County alone increased by 125 percent. And I would venture a guess that in Orange County it was at least the same, if not perhaps more.

So the phenomenon that we see in Los Angeles at this time, with the intelligence base that we have, is perhaps that the street gangs that have indeed come up in the last decade, in the 1980's—and these are from the immigrations that have occurred from the Pacific Rim countries—that at the moment they appear to be perhaps what we might call the greatest threat. But in short, yes, Asian organized crime is indeed a priority in the Central District of California.

Senator ROTH. Before we continue, let me ask you one question, Ms. Baird. You are relatively new to the job. I understand that. What kind of cooperation—I am always concerned about the rivalries and turf disputes and so forth. What kind of cooperation are you finding in the various law enforcement agencies in L.A.?

Ms. BAIRD. Well, I would like to answer that on a broader spectrum; then we might possibly focus on Asian organized crime. I have been in the office as a U.S. Attorney since the summer before last, so it has been about 15, 16 months. I was an Assistant U.S. Attorney up until 1983 and did practice as an Assistant U.S. Attorney for 7 years in Los Angeles.

When I came back after that 7-year hiatus, if you will, one of the most startling things that I found was the incredible cooperation that had occurred, not only among Federal agencies, but among the State agencies and the Federal agencies.

Now, this is most prevalent and most obvious in the narcotics area. Through OCDETF, through HIDA, we have had a tremendous amount of cooperation.

Now, with regard to the Asian organized crime, which I believe is what your specific question was, we are relatively new at attacking Asian organized crime as an organization, although we have had tremendous successes over the years. As Mr. Mueller just pointed out, we have been extremely successful in narcotics, our narcotics section. The DEA Southeast Asian heroin group has brought substantial cases. We have had substantial convictions. The Bureau of Alcohol, Tobacco, and Firearms has been very active, and the Bureau of Alcohol, Tobacco, and Firearms has a cooperative task force effort operating in Orange County, with the Garden Grove Police Department and the Westminster Police Department, where there are high concentrations of Vietnamese immigrants and, unfortunately, the street gangs that prey upon those immigrants.

We have had some substantial inroads in those areas, and quite frankly, with that focus, with the cooperation of the ATF and the local police departments, we are making inroads. And I would certainly venture to say that in the very near future we should see some substantial progress with Vietnamese street gangs.

Now, also with the HIDA, the FBI has an intelligence group that has done a great deal of work with United Bamboo. We now have United Bamboo as a group that we have targeted in the Los Angeles County area as well as in Orange County. So the cooperation is coming. It is there. We expect a great deal more. We organized in

spring a roundtable discussion of Federal agencies and local police departments and law enforcement agencies to talk about Asian organized crime. We had an overwhelming response. And in the process, we are now working up individual groups in individual countries.

Senator ROTH. Anything more on my first question?

Mr. MUELLER. Hopefully we did answer your original question.

Senator ROTH. Let me ask you this: Is RICO an effective enough tool in fighting Asian organized crime, or are there additional legislative changes needed?

Mr. MUELLER. Speaking as a prosecutor who has used RICO in organized crime cases, as all of us at the table are, we think it is an exceptionally effective tool against all types of criminal activity, including Asian organized crime. Our prosecutorial effort in addressing an organized crime problem is to identify the infrastructure of the organization and then to utilize the racketeering statute, which allows the gathering of evidence and the presentation of evidence in court on an enterprise theory, utilizing that statute to address in particular the leadership, as well as the middle echelons and those would-be leaders who would want to take over if and when we did eliminate the leaders. And the racketeering statute is an extremely effective tool that enables us to do that.

With regard to additional legislation, quite obviously the crime bill is under discussion by Congress, and that would be helpful in addressing organized crime in general, but also Asian organized crime. It has provisions that would assist prosecutors, particularly in the area of Asian organized crime, where so much of the activity relates to narcotics, and in particular heroin importation.

There are provisions that I believe are on the Hill relating to money laundering that would assist us to a certain extent, and we are hopeful that Congress will give us help there.

Lastly, there are issues that we are exploring with regard to what is a somewhat gray area; that is, the admissibility of evidence obtained from overseas in joint investigations conducted with our counterparts overseas in which the conspiracy extends into the United States, and where we seek to admit in court in the United States evidence that has been seized by police departments in a foreign country. There is a gray area there, and we are looking at what might be done legislatively to address that.

There was a case last year, the Verdugo case, in which under the particular circumstances of that case the court upheld the admissibility of evidence. But it may well be that we would ask for a clearer, more precise answer as to the admissibility of evidence obtained in joint operations overseas.

Senator SEYMOUR. Mr. Chairman?

Senator ROTH. Yes, Mr. Seymour.

Senator SEYMOUR. If I could just follow up on that question and ask for a little expansion from Mr. Mueller or Ms. Baird. Could either of you be more explicit relative to the ties of triads and tongs to legitimate business enterprises and how those ties go?

Mr. MUELLER. Each one of these, particularly the more sophisticated, whether it be a Chinese triad, gang, Yakuza, where there is a sophisticated and relatively integrated structure and where the organization has been in existence for a period of time, as opposed

to the street gangs that have sprung up over the past years and do not have the integrated structure; where you have the integrated sophisticated structure that has been in place, whether it be established initially overseas and transported to this country or built up here, where you have that, you do find the infiltration of legitimate business. Once people, criminals, make money, substantial amounts of money, they seek a way to hide it. The best way to hide it and utilize it is either to launder it offshore, or to try to invest it in a legitimate enterprise. So I think it fair to say that we have seen in a number of cases around the country efforts to invest in legitimate enterprises.

Again, that is the reason why the RICO statute is such an effective tool for us, because it enables us to utilize the substantive RICO offenses to indict, prosecute, and convict, as well as gives us the forfeiture statutes so we can forfeit that percentage of any particular enterprise that is attributable to the ill-gotten gains from narcotics trafficking, extortion, or other criminal organized activity.

Senator SEYMOUR. Thank you.

Ms. Baird, do you have anything to add to that?

Ms. BAIRD. I would certainly concur with everything that Mr. Mueller has stated, and in the Central District of California, there is no question that looking at the more traditional organized crime as opposed to the street gangs—and we do have to make that distinction—money laundering and the investment of illegal proceeds into Central District business, if you will, is something that is a very important part of our overall look at the problem.

Again, we are establishing our intelligence base now. Each of the agencies is independently and concurrently working on that basis, and there is no question that there are allegations that are being looked into within that structure of the investment of illegal gains into the Central District money laundering, if you will, through the traditional banks as well as through card clubs, et cetera.

Senator SEYMOUR. I just have one follow-up question.

Senator ROTH. Please proceed.

Senator SEYMOUR. Thank you, Mr. Chairman.

Ms. Baird, you may be familiar with the, at least in my opinion, very successful program in the city of San Jose in which they really brought together community resources to try to deter gang activity. I was particularly impressed with their efforts in recruiting 20 percent of their new law enforcement officials from the Asian-American population who are most familiar with the cultural aspects of that particular kind of gang activity. My question, therefore, would be: At the Federal level, is there an attempt to assign Asian personnel who would be more sensitive and understanding of the cultural aspects of this gang activity to the federal government's coordinated activities with local law enforcement?

Ms. BAIRD. If I may defer to Mr. Mueller?

Senator SEYMOUR. Fine. Thank you.

Mr. MUELLER. Certainly at the Federal level, there is an effort to assign persons with that expertise to address the particular problem. But beyond that, we have recognized that in order to effectively prosecute such cases, we need particularly agents, both local and Federal, who have the expertise and the language capabilities, as

well as prosecutors who are familiar not only with the intelligence relating to a particular organized criminal group, but also the use of the racketeering statute and other tools that we have, and we need to hire, train, and assign these individuals to Asian organized crime.

We have efforts under way—I can speak specifically about the Criminal Division, but also the FBI, the DEA, and other agencies—to hire individuals, whether they be agents or otherwise, who are familiar with both the culture and the language to effectively be able to handle these cases.

In addition, we have sought—and one of the purposes in having this conference in San Francisco was to develop the ties, not just between the prosecutors, but between the investigators and the police officers so that on particular cases, when we need a particular expertise, we might be able to pick up the telephone and call our counterpart in Hong Kong or Japan and say, Do you have somebody who can help with the language, help with the intelligence, and can you send him or her to us for a 2-week or a 3-week period to help on a particular investigation?

In addition to the conference we had in San Francisco, we had a number of United States Attorneys and Federal agents attend the National Asian Organized Crime Conference, which has been meeting for several years, and which is put on by the State and local police authorities, but in which we had had a limited participation in past years. We had a much heightened participation this year. We had our own seminars, and we had a number of our Federal prosecutors, Federal agents, and United States Attorneys attend—again, understanding that there were a number of agents there with whom we can develop those close, informal ties that will assist us in making the investigations.

Senator SEYMOUR. Thank you, Mr. Mueller.

Thank you, Mr. Chairman.

Senator ROTH. Let me just go one step further. Have there been any discussions, for example, about hiring Hong Kong police officers for the FBI or Department of Justice? As I understand, part of the problem in addressing Asian organized crime is that we don't have the personnel with the understanding of the culture, with the knowledge of the language and so forth. Is this a potential resource?

Mr. MUELLER. It certainly is a potential resource. It has been exploited by Australia and Canada, and we see their example. And we are attempting to devise ways to attract, for instance, Hong Kong police officers to our ranks.

As I am sure you can understand, there are immigration issues and other issues that have to be addressed in terms of putting together an attractive package to entice someone to come to the United States to be in one of our agencies as opposed to going to Australia or Canada. But that is certainly an idea that we are exploring and we would like to take advantage of.

Any particular tool that is available to enhance our ability to address these particular cases, we are looking at and hoping to successfully bring to bear on the issue.

Senator ROTH. You know, there are always these bureaucratic problems. I understand that, and I think it is important that some-

how we cut through them. If that requires legislation, we would like to work with you. But I think the important thing is, we want results. And I know all the problems that you do face in trying to bring about this kind of thing, but somehow we ought to be able to cut through it. We would like to work with you on that.

Let me turn to you, Mr. Maloney. I know you have had a substantial number of prosecutions of La Cosa Nostra organized crime figures in your district, as well as prosecutions of Asian organized crime figures. What is the biggest problem for you right now?

Mr. MALONEY. In all candor, it is pretty hard to say. In Brooklyn there is no want of sin, Senator. We have 3 major problems in New York, in Brooklyn, in the Eastern District: La Cosa Nostra, because we have the 5 La Cosa Nostra families in New York, although 2 of them are rather weak at this moment. Of course, we have an avalanche of Asian organized crime cases, which are referred to on this chart.

[The document referred to was marked Exhibit 55 and can be found on page 493.]

We also have major Colombian Cali cartel problems. So we have three significant areas of prosecution in our district.

Senator ROTH. Are there any notable differences in the prosecution of Asian organized crime as opposed to the more traditional organized crime?

Mr. MALONEY. Yes, I think so. The bright side of the Asian organized crime problem, as I see it—at least from past prosecutions—is that they are not as disciplined by way of omerta, like the old La Cosa Nostra. So quite often when we catch some of these smugglers, quite often we get cooperation.

For instance, what is not on that chart is a case that Ms. Palmer worked some years ago, Johnny Kon, who was considered the third or fourth most important heroin smuggler in the world by DEA. When that case was successfully brought by Ms. Palmer with DEA, he eventually cooperated. He is serving 27 years, but he just testified for Ms. Palmer only a few months ago. And that is repeated time and again with these Asian organized crime figures.

We see most of their ventures, their smuggling ventures—whether it is Whitemare or some of the other cases—as sort of a joint venture on the part of the players. Some may be triad members; some may be tong members; some may be just simple associate businessmen. And they join on each particular organizational chart for purposes of smuggling that particular load or loads. They don't have the traditional organized crime attitude about non-cooperation with the Government. So that has been the plus.

Senator ROTH. Well, I know you have had a great deal of success against both groups, Asian as well as the more traditional. I congratulate you on that.

Ms. Palmer, you have certainly achieved great success in prosecuting Asian organized crime in Brooklyn. I understand I should address you as "Ms. Dragon Lady" because of your successes. [Laughter.]

Could you tell us something about your cases and what you attribute your success to?

Ms. PALMER. Well, I think the initial reason, as alluded to by Mr. Mueller in his testimony, the underlying reason for most of our

success is New York, I think, can fairly be characterized as the hunting ground. That is where it all is. That is where the major Southeast Asian heroin distributors and trafficking networks are located initially, and it is certainly where most of the more significant, what we call for lack of a better word, Asian organized crime figures operate, reside, frequently, and spend a lot of time investing. So it was there to be developed.

I think the second reason, which started us back in 1986 down the road, was DEA at that time had the foresight to set up a group referred to as Group 41 to focus specifically on long-term, historical Southeast Asian heroin investigations. That has been ongoing now for the last 5 years, and that is really what gave us the foothold initially into this whole area of Asian organized crime. That then grew into a task force concept. DEA established a task force which consists of DEA, Customs, IRS, INS, and the New York City Police Department.

Through that, we have, with folks here at the Department of Justice, managed to really start in Brooklyn and New York and expand very much in terms of working overseas through the Department, through the Office of International Affairs, with many people in Hong Kong, Thailand, Japan, specifically, and we have been able to make over the years several major investigations, which have as their focal point New York, but really span the world.

I really attribute a lot of it just to the efforts of a lot of individual people kind of throwing away—putting egos aside and working together. That is really what it has been, and it has been a sustained commitment, a sustained commitment from those of us in Brooklyn, the people in Group 41, the people at the Department who have backed us up every step when we have needed a lot of help sometimes overseas, working through the murky areas of MLAT's or extradition or sometimes in countries where we don't have any formal arrangements.

Senator ROTH. Do you see any connection between the triads or tongs and the drug traffickers?

Ms. PALMER. It is a problem. That is what makes this area so difficult for all of us really to address, because it is not something that is easy to pigeonhole at all for those folks, most of whom are sitting in back of me, who have had a lot of experience with LCN.

This is really a different phenomenon. We cannot look at Asians as a hierarchical structure where everything goes from the top down. And certainly you cannot look at the problem of Asian organized crime without looking at drugs, because what you see is a lot of people who are very high-placed triad figures in the 14K. We have several that we have convicted in Brooklyn who have maybe control over 200 14K members because of their high ranking. They also happen to be some of the most significant heroin traffickers in the world. But what is curious is they don't use their 14K connections to import or distribute the heroin. They oftentimes will go outside the established 14K—and it is not frowned upon—and do, as Mr. Maloney suggested, joint ventures with the Sun Yee On or with Big Circle members.

So it is a very difficult problem for us to address because we can't just attack a very straight hierarchical structure. We can't

ignore the drugs because it is part and parcel. In fact, in the Green Dragons case, which we worked on with the FBI and the NYPD, the leader of the Green Dragons set up a very, very dangerous and violent street gang in New York which is involved in all the typical OC type things: extortion, murder, gambling, and loan sharking. And he set that up to establish his own turf in New York and generated profits through that. But he also is one of the most well-known heroin traffickers. He didn't use the Green Dragons to traffic heroin. He specifically kept the Green Dragons away. But he is a notorious heroin trafficker.

Certainly, high-level triad people are very involved in the drugs, but they don't necessarily use their triads to run the drugs through.

Senator ROTH. One problem that concerns me is that, as I understand it, many of the tongs are legitimate in what they do. Others have a mixed legitimate/illegitimate purpose. Many members of tongs, even those that are involved in illicit practices, are good citizens. How does one deal with this problem?

Ms. PALMER. It is a real problem, and what it comes down to ultimately is all of us in the Department and in law enforcement agencies establishing a toehold, a basis of trust in the community. We have strived very hard to do that, because it absolutely is correct that the tongs started off as benevolent associations or merchants associations, where the new immigrants into New York or L.A. or San Francisco could go, because it is such an insular community, and find help with businesses and loans and things like that. So it was very much needed in the Asian immigrant community.

But I think it is fair to say that just about every tong that we are aware of in New York, the Tung On, the Hip Sing, the On Leong, has affiliated with it some of the most notorious criminal elements that we are aware of in Asian organized crime. Johnny Eng was just recently extradited—"Onionhead" he is better known as—from Hong Kong to the Eastern District of New York. A notorious heroin trafficker, head of the Flying Dragons, which is very closely associated with the Hip Sing Tong. Clifford Wong is the head of the Tung On. His brother we convicted on heroin trafficking charges.

So it is a real problem. But the way we address it is twofold: it is by focusing our enforcement efforts against the criminal elements and at the same time working with the Asian community, letting them know what we are doing out there. And I think we have had a lot of success in the last 2 years in our investigations, actually having people come in, assist us. In terms of extortion, extortion victims have come in; relatives of murder victims have come in. That is what it needs, but it takes a lot of work.

Senator ROTH. Ms. Baird, there do not seem to be as many prosecutions against high-ranking Asian criminal figures in L.A. as there have been, for example, in New York. And yet we have had substantial evidence of very active Asian organized crime groups involved in a whole array of criminal activities in the Los Angeles area.

For example, Mr. Mueller's prepared statement lists the Wah Ching, United Bamboc, Four Seas, and 14K as active in the L.A. area. Are there any special problems you face in bringing Asian organized crime prosecutions?

Ms. BAIRD. As I referred to earlier, Mr. Chairman, in Los Angeles we really are still developing an intelligence base. We are hoping to be able to follow in the footsteps of what Ms. Palmer just described.

Now, clearly Los Angeles is a different entity than the Eastern District of New York. For example, although we have had perhaps well over 30, about 35 or 36 heroin convictions over the last 3 years, for the most part Los Angeles is a transit point to New York. We have presently right now 2 or 3 investigations in which we are working with the Eastern District. We have another one with Chicago.

I hope to see that we will be able to do what the Eastern District has done. That is going to require the building of an intelligence base, the focusing in on organizations under the enterprise RICO theory. And that is more, if you will, a proactive type of an effort as opposed to a reactive effort.

We have been—and I could list a great number of, I believe, very successful and very good prosecutions against Asian criminals. What we are building now is the basis in order to be able to develop the enterprise prosecutions. You mentioned four of the Chinese groups, and I mentioned earlier the United Bamboo. That is something that we are looking at very closely. We have a good deal of intelligence, much more intelligence on the United Bamboo than on the other 3. We are developing at this point intelligence on the Wah Ching, the 14K, and the Four Seas. But at this point it is not sufficiently hard or developed enough to be able to say that we are ready to proceed on the enterprise prosecution theory.

Senator ROTH. Yesterday we heard Detective Howell of the L.A. Sheriff's Office. He testified about Asian organized crime's involvement in the legal card clubs in the L.A. area. Have you been able to prosecute any of those individuals? What is your view about the Asian organized crime involvement in these legal gambling clubs?

Ms. BAIRD. Well, interestingly, Mr. Chairman, in the 1980's the Central District did prosecute individuals at the Bell Card Club, but it had nothing to do with their gambling organization, quite frankly. It had to do with kickbacks and public corruption. So that is really the only gambling club prosecution that we have had, which is not at all related to what we are talking about.

We do have an investigation which is in progress now, and we are cooperating with the Eastern District of New York. I can't go into a great deal of detail, but as you probably know, the ownership of those clubs do not necessarily have a stake in the games. They rent, if you will, their space and their facilities to individuals to come in and play the games, so the individual customers play against one another at the tables, and the individuals will then bank the game.

What we see which has occurred as the Asian games that have become very popular over the last, oh, 2 or 3 years and have brought a tremendous amount of activity and business to that area, is that it appears as if the owners of the clubs are hiring Asians to run their Asian games; that is, the pai gow poker games and all the variations of pai gow.

What is occurring, I believe, has created an atmosphere where the criminal element in the Asian community can come in with

things like loan sharking, extortion of the customers themselves—that is, the players that come in.

We are looking into that, and we do have one specific area that we are working on, together with the Eastern District of New York, and hopefully we will have some more information and hopefully something coming from it.

Senator ROTH. Well, time is moving on. I do want to ask 1 or 2 more questions, but I think what we will do is submit a number of these questions in writing.

A few more questions to you, Mr. Mueller. Has a vacuum been created by the Department of Justice success against LCN? And will Asian organized crime tend to fill that void? In which areas of criminal activity is this likely to occur?

Mr. MUELLER. I think we can point perhaps to certain cities and say that we believe that there has been a vacuum in organized crime leadership with regard to the LCN in particular. Los Angeles is one of those, I might add, but also Cleveland, Philadelphia, and perhaps, somewhat more questionable, Detroit. We have had, as I know this Committee in particular knows, substantial successes against the hierarchies in New York and elsewhere, and those have created vacuums in leadership for a period of time. But in these cities I mentioned, there have been vacuums.

It is too early to say whether those vacuums have been fully exploited by Asian organized crime. I can tell you that we are monitoring the situations very closely to assure that where organized crime has been devastated by successful prosecutions, neither Asian organized crime or Jamaican posses or Crips and Bloods or any other emergent criminal organized activity moves in to supplant or to take over that which we hopefully have eradicated for the present.

Senator ROTH. Let me ask you this: It is my understanding that many crimes perpetrated by Asian gangs are not reported, partly because the Asian members of the community are often fearful of doing so and lack trust or confidence in the law enforcement agencies because of their background.

What is the Department of Justice doing to assist Asian organized crime victims in better understanding their rights in particular and in the U.S. legal system in general?

Mr. MUELLER. We are doing a number of things. One was the subject of a question earlier, and that is hiring individuals and recruiting individuals who are knowledgeable in these areas, both with regard to the cultural aspect as well as the language capability, so that when members of the Asian communities talk to and relate to law enforcement, they are talking to and relating to persons who are knowledgeable and in whom they will place some degree of trust.

Secondly, in those areas in which we have had substantial successful prosecutions, the Eastern District of New York, we have developed credibility with the community, utilizing the task force concept so that we, as the Federal authorities, work closely with the State and locals, where in particular the State and local authorities may have developed a rapport with the community that perhaps at the Federal level we have not.

Lastly, we are exploring the possibility, which has worked successfully in certain places, of some sort of hotline network which would allow the reporting of crimes in such a way that it would give some—it would allow us to know about these offenses, but also provide some protection to those in the community that would report the crimes except for fear for their safety. So we are trying to address the problem across the board.

Senator ROTH. I wonder, Ms. Palmer, if you have anything to add in this area.

Ms. PALMER. I just think, as Mr. Mueller alluded to, that the best way to enhance our community relations is to show them that we are committed to their problems. And that is what we are trying to do by aggressively addressing the Asian organized crime problem. And once they see that we understand that so much of this crime is aimed at the Asian community itself and that we are willing to work with them to rid their houses and their homes and their families of that fear, that is when we develop their confidence, when they see that we don't just do one case and walk away, but we are there for the telephone calls and we are there with continuing prosecutions. And I think that is what is happening.

Senator ROTH. Finally, it is my understanding that Canada has a law that subjects to forfeiture the proceeds of any criminal activity. Would such a law make sense in the United States?

Mr. MUELLER. I must thank Congress. We have in the past several years had substantial addition—or Congress has passed statutes that have given us far greater capability in the forfeiture area. It is a piecemeal approach, and we are looking at and will spend more time looking at the Canadian approach to determine whether or not it should be addressed not in a piecemeal fashion but, as Canada has done, across the board.

I think it is fair to say now that the tools we have in the forfeiture area are substantial, and each year any gap that we find is being closed by Congress' willingness to append a forfeiture provision to whatever criminal statutes are out there. But we will be looking at that.

Senator ROTH. Well, time is moving on. We do have to proceed. We will submit a number of additional questions probably to each of you.

[The document referred to was marked Exhibit 48 and can be found on page 388.]

Again, I want to thank you for being here today. I appreciate your help and cooperation.

Mr. MUELLER. Thank you for the opportunity, Mr. Chairman.

Senator ROTH. Thank you.

At this stage we will call forward Michael T. Lempres, INS Executive Commissioner; William Slattery, who is INS District Director, New York City; and Robert Moschorak, who is District Director, L.A.

Gentlemen, please raise your right hands. Do you swear the testimony you will give before the Subcommittee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. LEMPRES. I do.

Mr. SLATTERY. I do.

Mr. MOSCHORAK. I do.

Senator ROTH. Thank you very much. Please be seated. We are pleased to have you here today. I want to say we very much appreciate the INS cooperation in this investigation.

Mr. Lempres, would you please proceed with your statement?

**TESTIMONY OF MICHAEL T. LEMPRES,<sup>1</sup> EXECUTIVE ASSOCIATE COMMISSIONER FOR OPERATIONS, U.S. IMMIGRATION AND NATURALIZATION SERVICE, ACCOMPANIED BY WILLIAM SLATTERY, DISTRICT DIRECTOR, NEW YORK CITY, AND ROBERT M. MOSCHORAK, DISTRICT DIRECTOR, LOS ANGELES**

Mr. LEMPRES. Yes, Mr. Chairman, I will. I would first like to take the opportunity to thank you for this chance to discuss the very important issue of Asian organized crime here today. The INS appreciates the support that Congress and this Subcommittee are giving to our efforts to combat emerging organized crime groups.

As you mentioned earlier, I have with me today the INS District Director from the City of New York, the New York District, Mr. William Slattery, and Robert Moschorak, who is our District Director from the Los Angeles District.

Since the INS does not regularly appear before this Committee, it may prove helpful to provide an overview of the INS involvement in the fight against organized crime. The primary mission of the INS is to enforce the immigration laws of the United States, and in doing so to encourage nationals of other countries who wish to live in our country to use our legal immigration system to gain entry. Essentially, the INS regulates the entry and stay of aliens in the U.S., provides for their naturalization, and enforces the criminal provisions of Title VIII of the United States Code.

With regard to organized crime, the INS functions on several levels. First, the Service attempts to prevent the entry of all persons who are not entitled admission to the United States, and in particular criminals or members of criminal organizations intending to enter this country for criminal purposes. This activity itself is multifaceted. Our inspectors and special agents at the ports of entry identify those aliens who seek to enter this country with false documents or who seek to enter with documents procured by fraudulent means. Our anti-smuggling units investigate criminal smuggling syndicates, and the Border Patrol apprehends those who attempt to cross our borders surreptitiously and illegally.

Once in the United States, if an alien commits a serious crime, he becomes deportable. The INS dedicates significant resources to locating criminal aliens, investigating criminal conspiracies and organized crime groups, and moving to deport aliens on both administrative and criminal charges. Additionally, the INS serves as part of many cooperative task forces, combining the resources of Federal, State, and local law enforcement officials. These task forces leverage the resources of each participant so that the whole effort is far greater than the sum of its individual parts.

I know that this Subcommittee has heard a considerable amount of testimony about the activities of Asian organized crime groups

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<sup>1</sup> The prepared statement of Mr. Lempres appears on page 325.

and particularly Chinese organized crime groups. Let me, however, set those efforts in a historical immigration context.

Early Chinese immigration brokers organized themselves into smuggling syndicates, working closely with secret societies known as triads. These triads, operating in the southern Chinese coastal provinces of Fujian and Guangdong, assisted many of the early immigrants to come to the United States during the California Gold Rush. The triads used the "credit-ticket system," which was the precursor of the more sophisticated smuggling schemes employed by today's criminal syndicates. Each immigrant purchased passage on "credit," to be paid on arrival by relatives and friends or by an employer. The immigrant then had to work for that employer until the debt was entirely repaid.

Today the credit-ticket system warps the lives of aliens smuggled here from China. The average peasant earns approximately \$500 per year in the Fujian province. The alien smugglers charge that person up to \$50,000 to smuggle him or her into the United States. Thus, under the credit-ticket system, an alien can arrive in the U.S. owing 100 times his annual salary to an organized crime syndicate. It is obvious that owing that kind of debt can be both dangerous and corrupting. Today the work performed by these immigrants can consist of endless hours in sweat shops, forced prostitution, coerced membership in violent gangs, or the transportation and sale of drugs.

The INS has determined that more than 20 different triads and gangs are involved in Chinese alien smuggling and other types of criminal activity. Even more disturbing is a documented trend towards triads and gangs smuggling their own members from China, Hong Kong, and Taiwan to perpetrate their criminal activities in this country.

The return of Hong Kong to the PRC in 1997, followed by the return of the Portuguese territory of Macau in 1999, is likely to result in an increased volume of smuggling and alien criminal activity in the United States. Our officer in charge in Hong Kong recently reported that triad groups are now seeking to relocate to the United States where they will attempt to recruit recent immigrants from Hong Kong, Vietnam, Taiwan, and the PRC.

The INS has taken action against Chinese organized crime at all levels. We have sought and continue to seek to remove as many of these criminal aliens from the United States as possible. We have obtained convictions of individual smugglers and heads of syndicates, including the conviction of one woman who was alleged to have amassed a personal fortune of over \$30 million from alien smuggling and who is known simply in her home province of Fujian as "the best."

We participate in joint enforcement task forces at the local level. We recently completed joint task force action in New York. In this action, virtually the entire leadership of the violent Green Dragon gang was indicted on a variety of felony charges. We also participate in interagency operations at the Federal level. For example, we recently frustrated a plan to smuggle more than 5,000 Chinese from Panama at a gross of some \$75 million. In that sting operation, INS arrested the principal and his banker.

Moreover, given the great increase in smuggling and criminal activity, INS has adopted a posture of proactive deterrence to prevent the illegal entry of Chinese criminal aliens. The strategy of deterrence gives us by far the biggest bang for our buck. Our Investigations Division has recently initiated a special Asian Crime Task Force—that is, our ACT team—directed from headquarters and focused primarily on Chinese organized crime. The techniques used by ACT have been successfully tested over the past few years in other proactive investigations undertaken by INS.

An outstanding example occurred last spring when we were faced with the prospect of nearly 1,200 Chinese being brought close to the U.S. in very large groups by a Hong Kong-based syndicate. The smugglers purchased 6 blocks of 200 tickets each from a European airline to transit the Chinese from Hong Kong to a South American country. The smugglers chartered a 707 aircraft, painted white to obliterate its markings, and flew to a Central American country from which the aliens were to be smuggled into the United States. Before any smuggling actually occurred, our agents, working closely with officials of the State Department, managed to have the third-country visas previously issued to the Chinese revoked and to persuade the Hong Kong authorities to refuse them entry. Accordingly, the entire smuggling operation was deterred, and none of the potentially smuggled aliens even began their journey.

Another example of the effectiveness of our deterrence strategy occurred over the Labor Day weekend and was featured in the Washington Post. INS special agents in Los Angeles discovered a plot by a small but violent gang in New York to smuggle an as-yet-unknown number of mainland Chinese into the United States using an ocean-going fishing trawler. Our agents arranged the transfer of 130 of the Chinese to a vessel controlled by INS 240 miles offshore. All were subsequently arrested in Los Angeles and New York along with several members of the smuggling gang. Significantly, we know that Chinese law enforcement officials have become aware of this case and have initiated their own inquiry into the incident and into the illegal issuance of exit visas by corrupt provincial authorities.

There are many more specific examples, but I would like to emphasize in closing that INS recognizes the unique role it plays in combatting the significant problem of Asian organized crime. Although the challenge is great, we are proud of our accomplishments. With your continued assistance, we are determined to meet the challenge.

Specifically responding to Chairman Nunn, who quoted an INS employee referring to a “seemingly unstoppable flow of aliens into the United States,” I can let you know emphatically and categorically that the INS does not believe that flow is unstoppable. We believe that flow can be stopped, and we believe that with your support we will indeed stop it.

We appreciate the opportunity to be here today to discuss Asian organized crime and will be happy to answer any questions you may have.

Senator ROTH. Thank you.

We understand that many of the leaders of Asian organized crime in the U.S. today are legal resident aliens, such as Peter Chong who appeared before us yesterday. Do you agree?

Mr. LEMPRES. Yes, sir, I do.

Senator ROTH. Now, what, if anything, can INS do to return such people to their native lands?

Mr. LEMPRES. Legal resident aliens, or lawful permanent residents in the United States, can be deported under certain circumstances. That would depend for the most part on their being convicted of an aggravated felony in the United States. So we can in individual cases move to deport individuals who have committed felonies in the United States.

Senator ROTH. Mr. Rinzel points out that Nazi war criminals have been sent home short of being convicted for a crime here on the basis that they provided false information on their immigration applications would that be applicable here?

Mr. LEMPRES. Yes, it could be. Deportation can be based on any form of fraudulent entry, and the term fraudulent entry would include intentionally false or knowingly false responses to an immigration form of any sort, that permits entry into the country.

Senator ROTH. Has that been done? And if not, why not?

Mr. LEMPRES. Specifically with regard to Asian organized crime figures?

Senator ROTH. Yes. Have any people been returned home who have lied on their application?

Mr. LEMPRES. I am not aware of anybody who was specifically returned on that basis alone. Let me state, however, that I think the issue would be more identifying who is specifically an Asian organized crime figure and establishing the appropriate proof as to that element. It seems to me that if we can establish that they are operating as organized crime figures in the United States, we may well have a conviction on which to base a deportation.

Senator ROTH. Let me ask you this: What level of resources does INS currently devote to these investigations?

Mr. LEMPRES. Senator, if I could ask a point of clarification. By "these investigations," what are you referring to?

Senator ROTH. Of the legal resident aliens who are involved in organized crime.

Mr. LEMPRES. Let me take a step back and explain the ways in which our resources investigate organized crime figures and organized crime syndicates.

INS has, at the first level of defense at the airports, approximately 1,800 inspectors whose job it is to identify persons who are eligible to enter the United States. They are our most effective form of deterrence. If we turn someone back at an airport or if we are able to turn them back overseas before they get to the United States, we don't have that individual here at all.

Once an individual has arrived in the United States, the INS has a special anti-smuggling unit that is dedicated to investigating specific smuggling syndicates, and that unit has approximately 300 agents in it dedicated full-time towards anti-smuggling efforts. That would include Asian organized crime and other smuggling efforts. We find that right now approximately 25 percent of their cases are dedicated towards Chinese organized crime groups.

We have as well a number, approximately 1,200, of investigative special agents who are tasked with enforcing all the provisions of the Immigration and Nationality Act in the U.S., and they enforce the employer sanctions provisions about which I know you are familiar. They also move to deport aliens convicted of criminal acts in the United States. So in that sense, they are spending right now approximately one-third of their time, that group of 1,200, dealing with aliens convicted of crimes in the United States. I can't tell you exactly how many of those are Asians at the current time, but presumably, and knowingly, a significant portion of them.

Senator ROTH. Let me ask you this: How many cases have been initiated against Chinese alien smuggling organizations over the last 3 years?

Mr. LEMPRES. We have initiated at the INS an Operation Dragon, which is our umbrella investigation unit that looks specifically at Chinese organized gangs. Operation Dragon began 3 years ago, and to date we have initiated over 110 investigations of Chinese organized gangs or—I should rephrase. When I talk about Chinese organized gangs, what I am talking about are alien smuggling entities, Chinese alien smuggling entities which closely parallel the groups you heard Mr. Mueller and the others discuss at the previous panel, but are not necessarily identical.

Senator ROTH. You say 300 investigations?

Mr. LEMPRES. 112 investigations is the exact count.

Senator ROTH. 112 investigations. Now, how many cases have resulted from these investigations?

Mr. LEMPRES. That is a difficult question to answer, Senator, because our investigations do not necessarily lead to cases in the criminal context. We are primarily an administrative agency. Our focus is on the deterrence of individuals seeking to enter the United States. For us a successful case may not result in any conviction in the U.S., but may prevent the entry of, for example, a boatload or a planeload of Asians who are about to be smuggled into this country. So I cannot give you an answer as to how many have resulted in criminal convictions in the United States. I can tell you they have deterred tens of thousands of aliens from entering the United States.

Senator ROTH. I appreciate that is an important aspect of your work. But what happens to these cases internally? Who do you cooperate with to—

Mr. LEMPRES. That would depend on a case-by-case situation. But in terms of—by “internal” if you mean within the Federal Government or within the Immigration—

Senator ROTH. Within the Federal Government.

Mr. LEMPRES. Within the Federal Government, our cooperation has been very, very good. The Immigration Service I think brings something to all our joint task forces, to any joint case investigation. The INS brings something unique, and I think that is recognized throughout the Federal community.

While the Asian organized crime problem is relatively new to many other aspects of the Federal Government or the Federal law enforcement community, we have been dealing with it for a long time. The history of the immigration laws of the United States has led to great involvement with the Asian community, and particu-

larly to Asian alien smuggling. For a long time, as I am sure you are aware, there was, in fact, a Chinese Exclusion Act which specifically precluded the immigration of Chinese into the United States. That is a part of our history that is long past for very good reasons. But we have been aware for probably as long as there was an Immigration Service of the Asian organized smuggling operations. We bring a great deal of knowledge there.

Also, because we enforce administrative laws as opposed to criminal laws for the most part, we operate under different conditions, and sometimes we can bring a unique perspective to a cooperative venture. For that reason, we have terrific cooperation across the board, I think, with U.S. Attorneys' Offices, with the FBI, with the Customs Service.

Senator ROTH. Let me go back to the 112 cases, investigations. If I understand, none of those, as far as you know, has resulted in any legal action? At least you have no record of it.

Mr. LEMPRES. I have no information about it. I would not want to tell you that none of them have. I think it is more appropriate to say that I am not aware of how many have.

Senator ROTH. Let me go on because time is moving on. You in your prepared testimony express concern about the fact that when Hong Kong is returned to the PRC that increased alien criminal activity will undoubtedly result in this country. What is your organization doing to try to meet that threat?

Mr. LEMPRES. We are doing several things, Senator. First off, we have an officer in charge and we have agents permanently stationed in Hong Kong. That is a commitment of resources that we believe is very well spent and is maintained, and we are hoping or looking to expand that commitment over there.

As Hong Kong returns to the PRC and as Macau does in 1999, we will be affected in some ways differently from the other law enforcement entities. We will be affected as well by changes in the immigration law itself, the Immigration Act of 1990 which was signed into law by the President almost exactly a year ago. It has some provisions in it that will uniquely affect Hong Kong Chinese and permit easier entry of Hong Kong Chinese into the United States.

For example, the quota that had previously been applied to Hong Kong has been essentially doubled, so there will be more Hong Kong nationals coming into the United States. We are aware of that. There is also a special provision in that act that permits for individuals who are investing a certain amount of money—the figure of \$1 million is used most often—and creating a minimum of 10 jobs will enter in the United States. That creates a challenge to us on the enforcement side that we are aware of and working together to meet as a Service. By together, I mean we have an examination side of our operation that is cooperating and working closely with the enforcement side to make sure that we know what we are looking for in terms of profiling, and in terms of fraudulent activity.

Senator ROTH. Let me ask you, if you can, to be a little more specific as to what, if anything, you are doing with Hong Kong authorities, who I gather have pretty explicit information on the organized crime within their area. Have any specific steps been

taken to have an ongoing cooperative effort of information flowing to you as to Hong Kong citizens that may be trying to enter the U.S.?

Mr. LEMPRES. As I said, we have personnel permanently stationed in Hong Kong, and that is a big part of their job. The officer in charge in Hong Kong has responsibility for all the activities of the Immigration Service, one part of which is the enforcement activities that you are discussing. He is our principal liaison with Hong Kong officials, as well, of course, as working through the State Department. And I should add when you talk about Hong Kong, one of the great benefits we have is a very close working relationship with our Canadian counterparts, and Canadian officials are frequently involved in combating smuggling operations that transit Canada on the way to the U.S. The Canadian officials have a very strong working relationship with the Hong Kong authorities.

Senator ROTH. Let me ask you about the so-called million dollar immigration policy. You testified that the INS officer in charge in Hong Kong noted that the million dollar program has attracted wide attention and predicted that many triad chieftains—and I gather those are people involved in illicit operations—will seek to enter the United States. It is my understanding that Australia has discontinued a similar plan because they felt it attracted a lot of criminal types.

Do you agree or do you think this law should be changed?

Mr. LEMPRES. Well, we haven't implemented the law yet, Senator, so it is hard to see what kind of abuse will result. It is clear there is the potential for abuse. It is also clear that it is our responsibility to minimize that abuse and that the Congress had determined that these investors would add to the public good in the U.S. And we intend to implement that law as equitably as we can and to ensure that any fraud or abuse is minimized.

It is very difficult to determine where money comes from overseas, Senator, and I think that is the nub of the question. We don't know exactly how that will play out. I will note that Canada has some similar provisions that they have been tinkering with over the past few years. They have found there has been some fraud, and they are working to tighten down on that.

Senator ROTH. We understand that the INS San Francisco District Director recently facilitated the approval of an H1 visa for Amy Yip, a famous Hong Kong entertainer who was brought to the United States by Peter Chong, who, of course, is the head of the Wo Hop To triad in San Francisco. Why was this done? There was evidence presented at our hearing yesterday that the Wo Hop To organization attempted to extort Chinese businessmen in Oakland into buying tickets for the Amy Yip performance. Do you know what happened?

Mr. LEMPRES. Senator, I am somewhat familiar with the case although our District Director in San Francisco is obviously most familiar with it. I spoke with him yesterday about this matter, and his response was that there is some misinformation. He does not believe he in any way facilitated the entry of anyone.

You should know that the way our process works, when someone applies for an H1 visa, the District Director is not directly involved.

That goes to our service processing centers. We have centers that are not located in the local INS office that process the documents themselves. Once an approval is granted, the applicant, who is then overseas, goes to a consulate or embassy to pick up the visa, valid for entry in the United States.

Senator ROTH. Our understanding is to the contrary, that he did actually get directly involved.

Mr. LEMPRES. Again, pursuant to the conversation I had with him yesterday, to the extent he was involved it was not in a facilitation mode. Moreover, there is an ongoing investigation relative to the specific case. I don't want to get into that end of it, but I can tell you that he was involved in gathering some information to make a more full adjudication or determination. He was not involved in facilitating the process.

Senator ROTH. Well, I would like you to look further into it and to advise us as to what you find.

[The document referred to was marked Exhibit 49 and can be found on page 399.]

Mr. LEMPRES. I will be happy to do so, Senator.

Senator ROTH. Mr. Slattery?

Mr. SLATTERY. Yes, Senator?

Senator ROTH. How does New York INS deal with the 8,000 illegal aliens a year coming into Kennedy Airport? Is it true that most of these aliens are simply released, never to be seen again?

Mr. SLATTERY. Kennedy Airport is a very active location, Senator. We have 12 million people a year come through Kennedy, of which 6 million are aliens. We identify a little over 8,000 of those aliens who are inadmissible to the United States.

We have had detention capacity for 100 aliens on any given day, and that has recently been doubled to—

Senator ROTH. I am sorry. You have what?

Mr. SLATTERY. We had capacity to detain 100 aliens on any given day to support the operation at Kennedy Airport. That has recently been increased to 190 a day. That is our principal deterrent in terms of dealing with the 8,000. Obviously the rate of turnover is a factor in determining how many can be detained. For those for whom there is no detention space available, they are paroled into the United States pending a hearing before an immigration judge or to pursue any other benefit they may be eligible for.

Mr. RINZEL. Mr. Slattery, it is true, however, is it not, that once you exceed your detention capacity of 100, which is most of the time, you are forced to release these aliens with the hope that they will come back for a hearing at a later date? Is that correct?

Mr. SLATTERY. That is correct.

Mr. RINZEL. And most of them, I take it, do not come back.

Mr. SLATTERY. A good number of them don't come back. I don't have all the specifics. In terms of Chinese, 44 percent are no-shows. That is correct.

Mr. RINZEL. And in Los Angeles, Mr. Moschorak, do you have a similar detention capacity problem there with similar results?

Mr. MOSCHORAK. Well, I think we are very fortunate in Los Angeles because on February 22nd of this year, we opened up the Terminal Island detention facility where we have the capability to house between 700 and 800 individuals. So rather than release to

the street, we review very closely all releases, and those that we release are now going out on bond or being kept in a detention facility.

Mr. RINZEL. So your detention capacity has been increased in—

Mr. MOSCHORAK. It has been increased via the creation of the detention facility at Terminal Island. In addition, we have had the ability to move detainees to other parts of the region, specifically to the El Centro detention facility and to the Florence detention facility. So right now while the trend continues of numbers of arriving passengers into the Los Angeles Airport who don't have the proper documentation, to the tune of 8,700 during this past fiscal year, we continue to detain to the extent that we can. And I think we are doing a pretty good job, quite honestly, at the present time.

Mr. RINZEL. Are there any plans, Mr. Lempres, to relieve the situation in New York?

Mr. LEMPRES. Yes, there are. Mr. Rinzel, as you aware, this becomes a very resource-intensive effort. Detention is truly a deterrent. It works. What we have found in the past is that as we move to increase detention capacity in one area, as we did in Los Angeles and as we are doing in New York, the flow of alien smugglers moves to another location and it becomes that much more difficult. So as we stop the problem or put our thumb on the problem in Los Angeles, it may pop up again in Seattle at Sea-Tac or in Chicago at O'Hare.

Mr. RINZEL. We have been told that the intelligence of these smuggling groups is so good that they react within a matter of days if they find out that Los Angeles is detaining, they go to San Francisco, and they shift to alternate cities within a matter of a few days.

Mr. LEMPRES. I believe that is generally true. I wouldn't want to tie it to a few days, but there is a very fast response. And I can tell you beyond that that they have adopted different strategies which are specifically designed to counteract what we have attempted to do in the past. And by the past, I mean simply a few years ago. Aliens tended to enter in smaller groups which permitted us to detain. At some point the strategy changed, and now the organized smuggling entities have gone to blitzes, if you will, where they are hitting specific airports with large numbers of aliens with bad documents over a specific time period, with the thought that they would overwhelm our resources there.

We have been reactive in responding to this threat, and we are doing some things I would like to let you know about that we think can help. The biggest thing we are doing is trying to move our enforcement operations overseas to the extent possible in order to screen passengers before they get on the planes coming to the United States.

We have preclearance, as you know, in Canada and in the Caribbean islands where a complete Immigration and, in that case Customs, inspection is done before the individuals leave the source country, wherever that is. We have a preinspection facility in Shannon, Ireland, and we recently received the go-ahead to begin negotiations with British authorities to move into London, to Heathrow and Gatwick airports, which we think is very significant. If we can get preinspection up and running in Heathrow and

Gatwick, approximately 25 percent of all arrivals into the U.S. will be inspected before they get on the plane coming to the U.S., which means if we see a problem with the documentation, the individual will never get on the plane, will never be in the U.S., will never need to be detained at JFK, LAX, or anywhere else.

Senator ROTH. Let me turn to a final question. We will undoubtedly submit some others to be answered in writing. But I understand that when General Noriega was in power in Panama that his nephew served as the consul in Hong Kong and was selling Panamanian visas in Hong Kong. The report is that 27,000 Chinese aliens were stranded in Panama when Noriega fell.

Is this case under investigation? Does this not seem to suggest that there was a conspiracy to violate U.S. immigration laws?

Mr. LEMPRES. The answer, Senator, is yes, that case is under active investigation and is receiving a significant commitment of INS resources.

Senator ROTH. How soon do you think you are going to come to some kind of a—

Mr. LEMPRES. I am not sure I can give you an answer on that, Senator. I know that we have been affected by some of the other trials that are ongoing involving Manuel Noriega and others. The nature of our business is that frequently we are trailing. If there is another case pending, it is frequently given priority, and we are developing our case to follow up on that. That is the mode we are in now with regard to the results of Operation Just Cause and what we discovered at that time in Panama.

I can tell you that the problem is not isolated to Panama, that there is a corrupting influence to alien smuggling that is pervasive. It is pervasive in Central America and South America particularly, but we see it all over the world. There is a great deal of money to be made, and we are combatting that where we can. But it is a genuine problem.

Senator ROTH. Well, thank you, gentlemen, very much for being here today. We appreciate your cooperation.

At this time our final witness will be Lieutenant Joseph Pollini who runs the Major Case Squad of the New York City Police Department. Lieutenant Pollini's concerted efforts have led to the arrest and conviction of a number of Fukienese gang members who are responsible for the abduction of Chinese immigrants who were smuggled into this country illegally and, of course, for a profit. We know that Lieutenant Pollini has an unusually demanding schedule, and the Subcommittee is very grateful for his willingness to be here today.

Mr. Pollini, if you will raise your right hand. Do you swear that the testimony you will give the Subcommittee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. POLLINI. Yes, Senator, I do.

Senator ROTH. Thank you. Please be seated. We would appreciate your proceeding with your statement.

TESTIMONY OF JOSEPH POLLINI, LIEUTENANT, MAJOR CASE  
SQUAD, NEW YORK CITY POLICE DEPARTMENT

Mr. POLLINI. Good morning, Mr. Chairman, and members of the Subcommittee.

I am Joseph Pollini, a lieutenant with the New York City Police Department. I am assigned to the Detective Bureau, Major Case Squad, and one of my primary functions is to direct all kidnapping investigations that occur in New York City. On a yearly basis, we investigate approximately 50 kidnappings, 90 percent of which are drug-related.

Within the past year, I have been assigned to investigate 3 kidnapping cases involving the abduction of 9 illegal aliens from China.

In substance, we found that prior to the arrival of the aliens into the United States, members of their families would negotiate with a group of organized smugglers with factions both in the United States and China. A fee of between \$20,000 and \$30,000 would be established as payment for fictitious documents and transportation to this country.

Upon arrival into the United States, through various ports of entry, the aliens would go to a pre-designated location within the Chinatown area of New York City. There they would be met by members purporting to be established members of the Chinese community. In actuality, they were members of the local Chinese gangs hired by the smugglers to collect the fees for entry into this country. The gang members were composed of generally illegal aliens from China, some of whom were recently smuggled into the country, and in payment for their entry would act as enforcers for the smuggling operation.

Once the new aliens arrived in the Chinatown area, the gang members would reassure them that they would be provided with employment and a comfortable place to live. The aliens would then be transported to a crowded and sparsely decorated apartment within Chinatown with simple cots and a limited number of cooking utensils. Immediately the new arrivals would be informed that they would be held at the location pending payment of the entire fee which was negotiated for their entry into this country. Telephonic contact would be made with their family members in this country who sponsored their trip, and gang members would raise the ransom to between \$10,000 and \$20,000 above the initial fee. This amount would be paid to the enforcement group for their services in collecting the original fee.

The victims would then be bound and handcuffed within the apartment for the entire duration of their stay until payment was made. They would be fed infrequently and would be repeatedly beaten and tortured with such items as claw hammers and lit cigarettes.

As a result of the increased monetary demand made by the gang members, the families of the victims would become outraged and alarmed, specifically because they were incapable of making the increased payment. With no other recourse, the family members would come to the police for assistance.

We felt that as a result of the notoriety generated by these cases through the media that the problem would have subsided. To the contrary, the New York office of the Federal Bureau of Investigation just recently investigated a kidnapping case involving a smuggled alien from China with generally the same method of operation.

Although smuggling investigations are not a function of the local police, I have afforded whatever assistance necessary to the investigators of the Immigration and Naturalization Service in order to identify the principals involved in these criminal enterprises and to deter this type of criminal behavior in the future.

At this time I would like to thank the members of the Subcommittee for allowing me to come before you today and speak regarding this serious and timely problem. I wish to offer my continued assistance and any resources my department has available to combat this problem.

Thank you.

Senator ROTH. Thank you, Lieutenant Pollini.

You mentioned in your statement that the Major Case Squad has handled three alien kidnappings this year. Is this a relatively new phenomenon, or have you seen this sort of activity in the past?

Mr. POLLINI. Yes, Senator, I have been investigating kidnappings for approximately 5 years, approximately 300 cases, and this has just started since last November of 1990.

Senator ROTH. Why do you think it is that we are seeing such an increase in these kidnappings?

Mr. POLLINI. It is our belief, Senator, from interviewing the victims of these cases that the people in China, especially in Fujian, China, are subjected to poverty and communist rule. As a result, they will do ultimately anything to get into this country. Thus, they would be preyed upon by these smugglers to get into the United States.

Senator ROTH. You state that the smugglers charge \$20,000 to \$30,000. That is a pretty hefty price for these poor Chinese immigrants. Is that the reason we are seeing increased kidnappings?

Mr. POLLINI. Well, yes, Senator. The price is an exorbitant amount of money to be paid. Generally this money is guaranteed by relatives of the victims that preceded them sometime earlier and established themselves in businesses in the New York area. The \$20,000 to \$30,000 they agree to pay is generally not a major problem, but once the smugglers utilize the service of the enforcement group, an additional amount of money is tacked on to the price, sometimes \$10,000 to \$20,000 more. That is where the problem has developed.

Senator ROTH. What happens when a smuggled alien fails to pay the fee?

Mr. POLLINI. From what we have seen, Senator, the victims are incarcerated by the smugglers, and they are held pending payment of the entire amount of money, or they are enlisted by the smugglers to do such as activity as drug dealing and enforcement work for the smuggling groups.

Senator ROTH. I have several pictures here of kidnap victims who were obviously tortured by their abductors. Can you identify these photographs?

[The document referred to was marked Exhibit 45 and can be found on pages 376-379.]

Mr. POLLINI. Yes, Senator. These are photographs of two victims that we recovered on a November 13, 1990, kidnapping investigation. They were subjected to repeated beatings, I believe with a claw hammer at that time, and burnt with lit cigarettes.

Senator ROTH. What happened to these victims following the arrest of their captors?

Mr. POLLINI. They are generally cooperating with the local authorities and prosecutors, Senator, and they have been relocated to various States within the United States at this time.

Senator ROTH. As illegal immigrants, are they refused continued residence in this country and returned to China?

Mr. POLLINI. I would assume the Immigration Service could better answer that question. But to my knowledge, Senator, from what I have been informed, anyone that enters this country and claims political asylum or if they indicate that they will be subjected to physical violence if they are returned, they are allowed to stay in the United States.

Senator ROTH. Do you know what happened to the gang members who were arrested?

Mr. POLLINI. Yes, Senator. Currently all the gang members that were involved in the kidnapping are all incarcerated. All but one have pleaded guilty to kidnapping in the first degree, and they all face lengthy jail sentences to a maximum of life imprisonment.

Senator ROTH. Under Federal law is that the maximum penalty, life imprisonment?

Mr. POLLINI. This is a State law they are being prosecuted under, Senator.

Senator ROTH. Are you acquainted with the Federal law?

Mr. POLLINI. No, Senator, I am not. Generally, if I may, Senator, if a kidnapping is reported in New York City to the Federal Bureau of Investigation, they will exclusively investigate the case and prosecute them under Federal guidelines. If it is reported to the local authorities, which the majority are, then we will prosecute them under State guidelines, which mandates life imprisonment.

Senator ROTH. Let me ask you this, Lieutenant Pollini: Are the kidnapper members of one gang?

Mr. POLLINI. Predominantly, from what we have found, Senator, the gang members belong to the Fu Ching gang, but there are other gangs that are prevalent that are enlisted by the smugglers to perform enforcement-type activities.

Senator ROTH. Let me ask you this: During the course of your investigation, did the Major Case Squad uncover any connection between the Fukien American Association and the alien smugglers?

Mr. POLLINI. The only thing that I can indicate as far as that, Senator, is when we were conducting our investigation, we conducted extensive surveillance and telephonic surveillance. A majority of the calls that we tracked back came back to the Fukien American Association, and surveillance led us to subjects of the investigation going in and out of the location freely.

Senator ROTH. Can we draw the conclusion that the tong known as the Fukien American Association is in some way connected with the illegal alien smuggling activity?

Mr. POLLINI. It is difficult to establish that positively, Senator, but as a result of our investigations, we are under the belief that they are.

Senator ROTH. Lieutenant Pollini, we want to express our appreciation for your testimony here today, and we particularly commend you for your efforts in assisting the victims of these brutal kidnappings.

As a final question, let me ask you, do you have any additional thoughts on how law enforcement might be more effective? Do you have any suggestions as to whether or not the laws are adequate to deal with this? And if you don't have any final answer on that now, I would appreciate any future suggestions you have in this regard?

Mr. POLLINI. I would just say briefly, Senator, that we are currently in the Detective Division of the New York City Police Department establishing a 10-man unit just to deal with Asian crime, specifically extortion, robbery, homicide, and specific crimes as that. We feel that it would be of the utmost importance that other States or cities that have like problems that possibly their police agencies can establish a like unit, so we can network intelligence amongst ourselves.

To cite a specific case, the BTK case, these individuals had factions in California, Texas, and Canada. So they are an example of why networking of intelligence amongst police agencies is of the utmost importance. But any other types of recommendations that we have I will submit in writing, Senator.

Senator ROTH. Well, I want to again express my appreciation to you, and we look forward to continued cooperation with you. You are now excused.

Mr. POLLINI. Thank you, Senator. It is a great honor to be here.

Senator ROTH. I do have an opening statement by Senator Rudman which will be included in the record as if read.

#### PREPARED STATEMENT OF SENATOR RUDMAN

Mr. Chairman, at the outset I would like to commend you and Senator Roth for holding these hearings on the subject of Asian organized crime activity. This Subcommittee has a long history of pursuing and exposing organized crime in the United States, and this series of hearings demonstrates the reassuring fact that these efforts are continuing.

As a former Attorney General of the State of New Hampshire, I am only too well aware of the insidious presence of organized crime in this country; in fact, I personally led the fight against the establishment of legalized gambling in my state out of the concern that it would give crime organizations a foothold, and I remain committed to ensuring that New Hampshire not fall victim to it in the future. These hearings come at a critical time because they tackle the problem of Asian organized crime while it is still embryonic in many areas, at least compared to other organized criminal enterprises such as La Cosa Nostra. As we all know, criminal activity of this nature is a disease that is easier prevented than cured.

We should all be concerned over the presence of illegal activity in our major cities, where the epidemic of organized crime has traditionally been concentrated. The infamous centuries-old criminally-connected Chinese societies known as tongs, notably the On Leong and Hung Mun tongs, and street gangs such as the Ping On, have maintained a strong presence in Boston for many years. The fact that the New Hampshire border is only 30 miles from Boston, which has the nation's fifth-largest

Chinatown, is reason enough to be concerned in my state over the peripheral effects of Asian organized crime activity.

Moreover, rural areas have never been immune to the activities of big-time criminal operators, who often favor the unassuming atmosphere typical of such areas for their illicit activity. In addition, since Asians are the fastest-growing ethnic group in New Hampshire and testimony before this Subcommittee has demonstrated that Asian thugs typically victimize their own communities, it is no surprise that organized crime activity should rise with the population.

The implications are disturbing. The town of Newmarket, New Hampshire, with its population of only 7,000, has experienced the violence of Vietnamese gangs, notorious for their brutality. While this is a new problem and certainly minor compared to that of the big cities, it has become significant enough that local officials have expressed to me their frustration over the cultural gap existing between law enforcement and the perpetrators and victims of Asian organized crime. They cite the need for officers who speak Oriental languages and other measures which can help bridge this void. It is becoming increasingly and dismayingly clear, as this Subcommittee is discovering, that without such measures Asian organized crime will continue to spread throughout the country.

I applaud the leadership of the Subcommittee for placing this issue at the forefront of our agenda. It should be stressed that the prevalence of Asian organized criminal activity is no reflection on the U.S. Asian community itself; on the contrary, the members of this hardworking and upstanding Asian citizenry are more often than not likely to be the prey of this violent behavior. While the tentacles of Asian organized crime stretch to our rural areas, it is imperative that efforts are focused at eliminating the problem wherever it exists. I am hopeful that these hearings will be a major step in that direction.

Senator ROTH. This concludes the Subcommittee's hearing for today.

[Whereupon, at 12:40 p.m., the Subcommittee adjourned.]

[Following the hearing, the Subcommittee had a deposition of Mr. "Tam". This deposition was marked Exhibit 43, and follows:]

EXHIBIT 43

TRANSCRIPT OF PROCEEDINGS  
UNITED STATES SENATE

\* \* \*

PERMANENT SUBCOMMITTEE ON INVESTIGATION

of the

COMMITTEE ON GOVERNMENTAL AFFAIRS

\* \* \*

In the Matter of:

ASIAN ORGANIZATION CRIME

INVESTIGATION

Deposition of MR. "TAM"

Pages 1 thru 13

Washington, D. C.  
November 6, 1991

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P R O C E E D I N G S

SENATOR ROTH: The Subcommittee will please come to order.

I would say to Mr. Tam that, under the rules of the Subcommittee, each witness is required to stand and take the oath. So if you would please stand and raise your right hand. Do you swear the testimony you will give the Subcommittee will be the truth, the whole truth, and nothing but the truth, so help you God?

MR. TAM: I do.

SENATOR ROTH: Thank you. Please be seated.

Mr. Tam, would you please proceed with your statement?

THE WITNESS: I thank the Subcommittee for allowing me to testify with voice alteration. I respectfully request that I not be asked any questions about my identity, location, or activities. I would be in very serious danger if this information were revealed.

I came to this country from Hong Kong via a legal immigrant visa when I was in my teens. I am a legitimate businessman, but I enjoy gambling, particularly pai gow and fan tan. Consequently, I have often visited illegal gambling establishments, and I have gotten to know many Asian organized crime figures who operate or patronize these illegal gambling dens.

Illegal gambling operations can be very profitable. People who invest in these gambling establishments purchase "shares." A \$5,000 investment might yield \$40,000 to \$50,000 over the course of a year. These gambling houses are high-stake operations. It is not unusual to see \$150,000 to \$200,000 on the table at one time.

Gambling and loan sharking always go hand in hand. Loan sharking, therefore, is a common and accepted reality in San Francisco's Chinatown. Loan sharks give a loan for 7 days with 10 percent interest added each 7 days. If a debtor misses a payment, the interest rate balloons. Sometimes if you at least "pay the juice"---the interest---they may let you alone. But if you miss more payments, physical intimidation might be used to collect.

Illegal gambling is big business in Chinatown. There are 50 to 60 Mah Jong parlors alone in Chinatown. Each illegal gambling parlor pays protection money to the criminal group that controls gambling in Chinatown. The amount of protection money depends on the games. Operators pay \$300 to \$400 per week for each fan tan table, \$200 per week for each Mah Jong table, \$300 per week for each Chinese poker table, and \$750 per week for each pai gow table.

During the 1970's, when I first became aware of organized crime figures within San Francisco's Chinatown, the Hop Sing tong was a top organization.

There were also two gangs vying for power at that time in San Francisco, the Jo Boys and the Wah Ching. In 1977, the Wah Ching had a shootout at the Golden Dragon Restaurant in San Francisco's Chinatown with the Jo Boys. As a result of this shootout, in which many innocent bystanders were killed or wounded, the Wah Ching became dominant. A Wah Ching member named Vincent Jew emerged as a leader. Vincent Jew was considered an organizational man and a very intelligent person; he had ties to Los Angeles, New York, Boston, Hong Kong, as well as Taiwan.

In the late 1970's, Vincent Jew began aligning himself with the Hip Sing association, since he saw that the Hop Sing tong was declining in power and influence. He also formed an alliance with the Wah Ching gang in Los Angeles. Tony Young, also known as "Sweet Plum," was Vincent Jew's lieutenant. Young was shot and wounded in a night club in San Francisco and subsequently relocated to Los Angeles. Tony Young ran the Wah Ching in L.A. Other persons associated with Vincent Jew and the Wah Ching were David Lee, known as "Bucktooth Dave"; Johnny Yee; David Lau, also known as "Big-Nosed Dave"; Danny Wong, who is now dead; and Jimmy Wong. Vincent's brother, Allen Jew, was in charge of loan sharking for the Wah Ching. Some Wah Ching were dealers as well as users of cocaine. These included Allen Jew and David Lau as well as several other Wah Ching members. Johnny Yee is no

longer a member of the Wah Ching; he joined a new rival group which now dominates San Francisco, the Wo Hop To.

Vincent Jew, however, left San Francisco because of an IRS investigation, and he now lives in Taiwan. He was afraid he was going to be arrested.

Danny Wong, a lieutenant of Vincent Jew, took over as leader of the Wah Ching when Vincent Jew left San Francisco. Danny Wong was opposed to allowing the Vietnamese into Chinatown. Raymond Kwok Chow, also known as "Shrimp Boy," began recruiting Vietnamese out of the Hop Sing Association. This move set him against Danny Wong.

The Wo Hop To was also recruiting gang members in Los Angeles and Oakland, California, through Alfred Chu. Chu was a Wo Hop To triad member from Hong Kong.

Several years ago, Peter Chong showed up in San Francisco. Peter is also a Wo Hop To triad member. He is the brain behind what is going on in the Wo Hop To now.

Currently there is a power struggle raging between the Wo Hop To and the Wah Ching for control of San Francisco's Chinatown. A series of recent gang killings has occurred, but the Wo Hop To is winning the war.

Danny Vong was an enforcer for the Wah Ching. Danny Vong had been seeking additional "protection money" from the Tsang brothers, who were close to Peter Chong, representing the Wo Hop To. Danny Vong was killed in April

1990. In May 1990, there was a shooting at the Purple Onion night club that was done by the Wah Ching in retaliation for Danny Vong's murder. Danny Wong, the Wah Ching leader, was killed in April of 1991, so that the Wo Hop To could gain control of all the turf.

Peter Chong aligned himself with Raymond Kwok Chow, who is known as "Shrimp Boy." "Shrimp Boy" supplies the "muscle" for Peter Chong. He is Peter Chong's right-hand man. He also became friendly with Wah Ching member Johnny Yee, whom Peter Chong bailed out when Johnny got heavily indebted to a bookie.

Peter Chong currently controls the opening of any gambling parlor in Chinatown. An operator must seek permission and "give face," that is, a percentage, to Peter Chong. Peter may make as much as 90 percent of the profits, with the operator getting only about 10 percent.

Peter Chong is also involved in controlling the entertainment industry, and recently brought Hong Kong singing idol Amy Yip to the West Coast for a tour. When she appeared at Caesar's in Lake Tahoe, Peter Chong ordered all the gambling dens closed and chartered buses so that people would attend her show. Peter was "given face" by many Chinatown businesses to sponsor this event. Caesar's also paid Peter Chong a commission for each person he brought in.

Peter Chong is frightening because he is

intelligent, organizationally powerful, and has tremendous manpower behind him. His Wo Hop To members are involved in murder, extortion, loan sharking, prostitution, counterfeiting, and credit card frauds, immigration frauds, and just about any other criminal activity that can make a profit. They represent a cancer in the Asian community that must be stopped.

I have tried to use my knowledge to assist law enforcement and this Subcommittee better understand organized crime within the Chinese community. I will now try to answer any questions that you might have, as long as they do not jeopardize my safety.

Thank you.

SENATOR ROTH: Mr. Tam, first of all, I want to express my appreciation for your being here today. I admire your courage and your willingness at great personal risk to do what is necessary to help the law enforcement of this Nation.

#### EXAMINATION

BY SENATOR ROTH:

Q Mr. Tam, are you yourself a member of any triad or other criminal group?

A No, sir.

Q How did you learn about tongs and gangs in San Francisco?

A Well, I'm a businessman who likes to gamble. I have gone into those gambling dens to obtain the information that I share with you today.

Q What criminal activities are the Wo Hop To involved in today?

A Murders, extortion, gambling, loan sharking, possibly drugs and public corruption.

Q Could you please verify whether the chart to your right which has been produced by this Subcommittee concerning the Wo Hop To is accurate?

A Yes, sir; it's correct.

Q Is there anyone on that chart you do not know?

A Yes. That Tim Huang, I don't know Tim Huang.

Q Do you know everyone else?

A Yes.

Q Is the Wah Ching in San Francisco associated with any triad or tong?

A They are associated with the Hip Sing tong.

Q Is the Wo Hop To in San Francisco associated with any triad or tong?

A The Wo Hop To is a very known triad in Hong Kong, and Shrimp Boy is a member of the Hop Sing tong, and the Hop Sing tong's youth division is part of Shrimp Boy's muscle.

Q Is Vincent Jew, leader of the Wah Ching, affiliated with any triad or tong?

A He is a member of the Hip Sing tong, and also he is known to be a 14K member in Hong Kong.

Q Do you know Peter Chong personally?

A Yes.

Q How do you know Peter Chong?

A I have been to his gambling places, the ones that he operates.

Q Is Peter Chong, current leader of the Wo Hop To, affiliated with any triad or tong?

A Well, Peter Chong is a sworn member of the Wo Hop To triad in Hong Kong.

Q Now, what do you know about drug activity within the San Francisco Chinatown?

A Well, historically the Wah Ching gang has been involved in cocaine trafficking. Vietnamese gangs are involved with heroin. And William Mui, a Wo Hop To member, he was arrested for smuggling heroin inside goldfish. The Wo Hop To may be involved in smuggling heroin.

Q Which of the San Francisco rival groups is winning the power struggle?

A Well, Peter Chong is in control now. The Wo Hop To is currently ruling.

Q How direct is your knowledge of organized criminal activity in San Francisco's Chinatown?

A Well, some of the things I have seen them, and some

of them I have been told. What I have discussed here today is widely known within the Asian community. I do not know how well these things are known outside of the Asian community.

Q Why did you request anonymity?

A I believe these criminals will kill me if they know who I am.

Q Do you know Tony Poon who testified before the Subcommittee here yesterday?

A Well, everybody in Chinatown in the gambling community knows Tony Poon.

Q What does he do?

A Well, he is an affiliate of Peter Chong.

Q Do you know what Tony Poon's relationship is to Peter Chong? What function does Tony Poon serve?

A Well, Tony is a known bookmaker, you know, so I think the affiliation is right there.

Q Now, you said that Shrimp Boy supplies the muscle for Peter Chong. Do you know of any specific incidents in which Shrimp Boy has been involved? Does Shrimp Boy recruit young gang members, and how does he do this?

A Well, it is a known fact that he employs the tactics of what the triads do in Hong Kong. He has young members, younger members associated with the kids in the prep schools and also high schools. And he will try to intimidate

them by forcing them joining the gangs or by offering them money, monetary returns in gaining their--you know, joining the groups.

Q What role does Johnny Yee play?

A Johnny Yee is the operator for Peter Chong in all the gambling places.

Q What about the Tsang brothers, including Bobby Tsang?

A The Tsang brothers are enforcers for Peter, and they run gambling places and also loan sharking for Peter.

Q Finally, what motivates you to put yourself at risk by coming here today to testify?

A Senator, I'm not a brave man. I have been very nervous about this. I gave this a lot of thought. Finally I made up my mind to go through with it. I feel I owe this to this great country. The Asian community and the new immigrants that are going to come here to seek a new home, these people should never have the opportunity to be preyed on by these organized criminals. If something ever happened to me, at least I know I have done my share for this country, Senator.

SENATOR ROTH: Well, just let me say that in my book you are a great man, a great man in having the courage and willingness to do something at tremendous personal risk. I know that your community is deeply indebted to you, as is

our entire Nation. I once more want to express how much I appreciate what you're doing today.

THE WITNESS: Thank you, Senator.

SENATOR ROTH: Thank you very much.

THE WITNESS: Thank you.

SENATOR ROTH: I wish you well.

THE WITNESS: Thank you.

SENATOR ROTH: The Subcommittee is in recess.

[Whereupon, at 1:25 p.m., the Subcommittee was adjourned.]

## CERTIFICATE OF NOTARY PUBLIC

I, GWEN A. SCHLEMMER, the officer before whom the foregoing deposition was taken, do hereby certify that the witness whose testimony appears in the foregoing deposition was duly sworn by me; that the testimony of said witness was taken by me and thereafter reduced to typewriting by me or under my direction; that said deposition is a true record of the testimony given by the witness; that I am neither counsel for, related to, nor employed by any of the parties to the action in which this deposition was taken; and further, that I am not a relative or employee of any attorney or counsel employed by the parties hereto, nor financially or otherwise interested in the outcome of this action.

  
GWEN A. SCHLEMMER

Notary public in and for the

District of Columbia

My Commission expires February 28, 1995.

# APPENDIX

STATEMENT OF  
CONGRESSMAN RON WYDEN  
BEFORE THE  
PERMANENT SUBCOMMITTEE ON INVESTIGATIONS  
OCTOBER 3, 1991

Mr. Chairman, I want to commend your leadership for holding this hearing on the problem of organized crime in our nation's Asian communities. I understand there is a full agenda of witnesses that you will be hearing from today so I will be brief.

Asian Organized Crime is a new, frightening, and growing threat to the peace in our communities across this country. People in communities along the West Coast are especially concerned about this threat because of the gateway to the Pacific Rim. My district in Portland, Oregon is in the eye of the storm.

These organizations are a far-flung international network of Crime, Inc. They are in the business of anything illegal, but specialize in extortion, narcotics trafficking, gambling, labor racketeering, money laundering, loan sharking, murder-for-hire, and political assassination.

## CHINESE CRIME ORGANIZATIONS

FBI agents have told me that part of the Asian gang problem in Portland is rooted in the Triads of Taiwan and Hong Kong. In addition, they told me that the leaders of these criminal organizations work closely with other organized crime networks, such as La Cosa Nostra. I'm sure the Subcommittee's investigators are finding similar information.

This criminal activity is most visible on the streets of Portland's Chinatown.

\* In less than two years, the Asian gang population in Portland has more than quadrupled, according to the Portland Police Bureau.

\* There has been a five-fold increase in Asian gang related crime in the same period of time.

\* This year, Portland Police are dealing with seven times the number of Asian gang related violence than they had in 1989.

Portland Police are expecting even more dramatic increases in Asian gang activity and organized crime during the next two years.

We already know that the Asian crime leaders based in San Francisco are also perpetrating crimes in Portland. These organizations are closely linked because of Portland's proximity to San Francisco.

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For example, the Portland Police has found that the San Francisco gang war between the Wah Ching gang and the Wo Hop To Triad is bleeding into Portland. Both organizations have established Portland as a kind of underworld haven for criminals who are escaping execution in San Francisco.

Further, Portland Police has also found that the Portland Wah Ching have been sending so-called "soldiers" to San Francisco as reinforcements.

All four of the best known crime-influenced gambling Tongs are present in Portland. According to law enforcement officials, this element is unique to a city the size of Portland.

Portland's Asian crime problem is not limited to Chinese organizations. The Southeast Asian community has been also victimized.

#### SOUTHEAST ASIAN CRIME ORGANIZATIONS

Nomadic Vietnamese gangs such as the V-Boys in Portland are doing a brisk business in extortion, fencing of stolen goods, and automobile theft rings supplying Asian "chop-shops," where cars are dismantled and sold for parts.

The most frightening crime specialty of the V-Boys is home-invasion robbery, where citizens are violently assaulted in their own homes and continually terrorized until the gang is satisfied the victims have relinquished all their valuables.

The Portland V-Boys have taken their terror trade to cities all over the United States including Philadelphia, Boston and Buloxi.

#### JAPANESE CRIME ORGANIZATIONS

In addition, Portland investigators have identified members of Japanese organized crime groups arriving on flights from Tokyo at Portland International Airport. Portland has been identified by the FBI as one city on a short list which can expect to most immediately affected by these groups, known as the Boryokudan.

The Boryokudan specialize in narcotics trafficking, (especially methamphetamine, which is rampant in the Northwest). Furthermore, they are mingling their ill-gotten gains with legitimate Japanese investment in the United States, especially in real estate and development.

#### WHAT LAW ENFORCEMENT NEEDS TO DO NOW

Aside from the need to commit additional law enforcement funds, this country must build a new strategy to combat this growing threat.

First, law enforcement has got to do a better job at recruiting personnel in the Asian community. This would be a tremendous boost to law enforcement's overcoming many of the cultural and language barriers which currently impede investigations.

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Second, outreach to newly immigrated members of the Asian communities must be improved in order to foster better understanding of our different cultures and of the American criminal justice system. Also, police need to work on developing the trust of the people in these communities.

Third, more federal resources must be brought to bear on the problem. In response to my request, the FBI has indicated to me that in the past the Portland office has not devoted sufficient resources to the problem of crime in the Asian community. To its credit, the FBI is developing new initiatives to enhance the Asian Organized Crime program to better serve members of the Asian community.

Above all, the turf battles between law enforcement agencies must stop. Information is our greatest weapon and encouraging efforts of law enforcement groups to share information is critical.

Portland has an old and significant Asian heritage. At one point in our history, Portland had the second-highest Chinese population in the country. My district contains one of the largest Southeast Asian refugee communities on the West Coast. Because of its position on the Pacific Rim, Portland has become home for many newly-arrived people from dozens of countries in the Orient.

This cultural diversity has brought numerous benefits because Asian-Americans have made many important contributions to our community at large. That is why I am deeply concerned about the rising problem of violent crime in the Asian community.

I'm committed to working with the law enforcement agencies and community leaders in my district by establishing a task force to address the threat of Asian Organized Crime. At the very least, this task force will be useful in building bridges between police and the Asian community.

Finally, Mr. Chairman, I look forward to again working with the Subcommittee on fighting this new and frightening threat to the peace in our communities. Again, I appreciate your giving me the opportunity to testify today and I'll be happy to answer any questions that you may have.



U.S. Department of Justice

Federal Bureau of Investigation

Office of the Director

Washington, D.C. 20535

STATEMENT  
OF  
WILLIAM S. SESSIONS  
DIRECTOR  
FEDERAL BUREAU OF INVESTIGATION  
BEFORE THE  
PERMANENT  
SUBCOMMITTEE ON INVESTIGATIONS  
OF THE  
COMMITTEE ON  
GOVERNMENTAL AFFAIRS  
UNITED STATES SENATE  
WASHINGTON, D.C.  
OCTOBER 3, 1991



FBI/DOJ

INTRODUCTION

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE, THANK YOU FOR THIS OPPORTUNITY TO APPEAR AND TESTIFY ABOUT ASIAN ORGANIZED CRIME. THE EMERGENCE OF A SIGNIFICANT ASIAN ORGANIZED CRIME PRESENCE IN THE UNITED STATES IS RAPIDLY CHANGING THE CRIMINAL THREAT FACING LAW ENFORCEMENT. THESE ORGANIZATIONS HAVE DISPLAYED A CONSIDERABLE DEGREE OF VIOLENCE IN THEIR CRIMINAL ACTIVITIES, ROUTINELY PERPETRATING CRIMES SUCH AS MURDER, EXTORTION, KIDNAPING, GAMBLING, PROSTITUTION, ILLEGAL NARCOTICS, MONEY LAUNDERING, AND HOME INVASIONS. THIS GROWING CRIME PROBLEM MUST BE ADDRESSED AGGRESSIVELY AND I AM CONFIDENT THE FBI IS DOING JUST THAT. I APPRECIATE THIS SUBCOMMITTEE'S INTEREST IN THE FBI'S STRONG EFFORT TO COMBAT THIS EMERGING THREAT.

AT THIS POINT I WOULD LIKE TO BE SURE THE RECORD IS CLEAR. I AM ONLY ADDRESSING THE ACTIVITY OF A VERY SMALL SEGMENT OF THE ETHNIC ASIAN POPULATION. AS YOU KNOW AND THE FBI RECOGNIZES, THE VAST MAJORITY OF ETHNIC ASIANS ARE LAW ABIDING AND HAVE MADE SUBSTANTIAL CONTRIBUTIONS TO OUR SOCIETY.

VIOLENT CRIME AS A NATIONAL PRIORITY

AS A DIRECT RESULT OF THE VIOLENCE ASSOCIATED WITH ASIAN ORGANIZED CRIME AND OTHER ORGANIZED CRIMINAL GANG VIOLENCE, TWO YEARS AGO I ESTABLISHED CRIMES OF VIOLENCE AS A NATIONAL PRIORITY FOR THE FBI. THIS IS IN RECOGNITION OF VIOLENT CRIME, INCLUDING ILLEGAL GANG ACTIVITY, AS ONE OF THE MOST SIGNIFICANT CRIME ISSUES WE ARE ADDRESSING. MAKING VIOLENT CRIMES A PRIORITY

BRINGS TO BEAR SEVERAL SUCCESSFUL INVESTIGATIVE PROGRAMS AS WELL AS FOCUSING OUR RESOURCES ON A CRIMINAL ISSUE OF GREAT NATIONAL CONCERN. IN ADDITION AND EQUALLY AS IMPORTANT, WE HAVE MADE OUR SUBSTANTIAL INVESTIGATIVE AND FORENSIC SUPPORT SERVICES AVAILABLE TO STATE AND LOCAL LAW ENFORCEMENT AGENCIES AS THEY CONFRONT THIS SAME ISSUE. WE BELIEVE STRONGLY IN A FEDERAL, STATE AND LOCAL PARTNERSHIP APPROACH. TASK FORCES HAVE PROVEN EFFECTIVE, CAPITALIZING ON THE RESOURCES AND EXPERTISE OF ALL THE PARTICIPANTS. I WOULD LIKE TO ASSURE THIS COMMITTEE THAT THE FBI IS FULLY COMMITTED TO THE INVESTIGATION OF VIOLENT CRIMES. BY ESTABLISHING CRIMES OF VIOLENCE AS A NATIONAL PRIORITY, WE HAVE ACCEPTED THE RESPONSIBILITY AND CHALLENGE OF AGGRESSIVELY INVESTIGATING FEDERAL CRIMES INVOLVING VIOLENCE.

#### ORGANIZED CRIME

AS THIS SUBCOMMITTEE IS SO ACUTELY AWARE, ORGANIZED CRIME REMAINS A SIGNIFICANT INTERNATIONAL CRIME PROBLEM FACING THE UNITED STATES. ORGANIZED CRIME IS ANY CONTINUING AND SELF-PERPETUATING CRIMINAL CONSPIRACY, USUALLY FED BY FEAR AND CORRUPTION AND MOTIVATED BY GREED. ORGANIZED CRIME GROUPS MAINTAIN THEIR POSITION THROUGH THE USE OF VIOLENCE OR THREATS OF VIOLENCE, CORRUPTION OF PUBLIC OFFICIALS, AND EXTORTION. ONE GROUP HAS HISTORICALLY EPITOMIZED THIS DEFINITION: LA COSA NOSTRA OR LCN. THE OBJECTIVE OF THE FBI AND DEPARTMENT OF JUSTICE ORGANIZED CRIME NATIONAL STRATEGIES IS QUITE SIMPLE: TO ATTACK AND ELIMINATE THE LCN ORGANIZATIONS AND HIERARCHIES AS

WELL AS ANY OTHER ORGANIZED CRIME GROUPS THAT POSE A SIGNIFICANT THREAT TO AMERICAN SOCIETY. THIS INCLUDES "NON-TRADITIONAL" ORGANIZED CRIME GROUPS. THEY ARE BECOMING NO LESS OF A THREAT.

OUR GAME PLAN IS SIMPLE. THE FBI STRIVES TO ACCOMPLISH THIS FORMIDABLE TASK THROUGH SUSTAINED, COORDINATED INVESTIGATIONS THAT SUPPORT SUCCESSFUL PROSECUTIONS. SINCE 1981, THE FBI HAS SUCCESSFULLY EMPLOYED THE ENTERPRISE THEORY OF INVESTIGATION TO THWART THE LCN. WITH THIS PHILOSOPHY, WHICH INCLUDES THE EXPANDED USE OF THE RICO STATUTE, THE FBI HAS LITERALLY DECIMATED THE HIERARCHY OF THE MOST POWERFUL LCN FAMILIES. USING SOPHISTICATED UNDERCOVER OPERATIONS AND COURT-AUTHORIZED ELECTRONIC SURVEILLANCES, WE INVESTIGATE A CRIMINAL ENTERPRISE AS AN ENTITY, RATHER THAN INVESTIGATE EACH MEMBER SEPARATELY. WE SEIZE AND FORFEIT THEIR ASSETS--PUT THEM OUT OF BUSINESS AND INTO PRISON. I AM PROUD TO SAY OUR STRATEGY HAS WORKED WELL AND I APPRECIATE THE STRONG SUPPORT THIS SUBCOMMITTEE HAS GIVEN TO THE FBI IN THIS ENDEAVOR.

#### ASIAN ORGANIZED CRIME

ALONG WITH OUR ATTACK ON THE LCN, THE FBI HAS, FOR OVER A DECADE NOW, FOCUSED ON NEWLY EMERGING ORGANIZED CRIME GROUPS. AS A RESULT, THE FBI HAS CONTINUALLY REFINED INVESTIGATIVE PRIORITIES, IMPROVED OUR TECHNIQUES, AND REDIRECTED INVESTIGATIVE PROGRAMS THAT HAVE PROVEN EFFECTIVE IN COMBATTING "TRADITIONAL" ORGANIZED CRIME.

ONE OF THE NEWEST AND MOST SIGNIFICANT CHALLENGERS ON THE AMERICAN ORGANIZED CRIME SCENE ARE ASIAN CRIMINAL ORGANIZATIONS. INDEED, SOME ASIAN ORGANIZED CRIME GROUPS RESEMBLE THE LCN IN ORIGIN, EVOLUTION, RITUALS, HIERARCHICAL STRUCTURES AND CRIMINAL ACTIVITIES. THEY ARE MOVING INTO AREAS ONCE THE SOLE PROVINCE OF THE LCN AND ARE PARTICULARLY AGGRESSIVE IN HEROIN AND METHAMPHETAMINE TRAFFICKING.

IT IS LIKELY THAT ASIAN CRIMINAL ORGANIZATIONS WILL ATTEMPT EVEN STRONGER Footholds IN AMERICA IN THE NEAR FUTURE. WHEN THE PEOPLE'S REPUBLIC OF CHINA ASSUMES CONTROL OF HONG KONG IN 1997, A LARGE NUMBER OF CHINESE - INCLUDING CHINESE CRIMINALS - UNDOUBTEDLY WILL FLEE THE CLOSED COMMUNIST GOVERNMENT AND MOVE INTO THE UNITED STATES WHERE THEY CAN OPERATE MORE FREELY. ADDITIONALLY, INCREASING INVESTMENTS IN THE U.S. BY JAPAN AND OTHER ASIAN COUNTRIES MAY CREATE NEW OPPORTUNITIES FOR ASIAN CRIMINAL ORGANIZATIONS TO INFILTRATE AMERICAN BUSINESSES.

MOST ASIAN ORGANIZED CRIME GROUPS TRAFFICK IN ILLEGAL DRUGS. THEIR ACTIVITIES IN THE UNITED STATES ARE CLEARLY INCREASING, AND WE NOW SEE THE EMERGENCE OF VIOLENT ACTIVITIES SUCH AS KIDNAPPING, EXTORTION, AND HOME INVASIONS, AS WELL AS PROSTITUTION, GAMBLING, INSURANCE FRAUD AND MONEY LAUNDERING.

AT THIS TIME, THE THREE MOST SIGNIFICANT ASIAN CRIMINAL ORGANIZATIONS ARE THE CHINESE CRIMINAL ORGANIZATIONS, SUBORDINATE CHINESE AND VIETNAMESE STREET GANGS AND THE JAPANESE BORYOKUDAN, MORE COMMONLY REFERRED TO AS THE YAKUZA. ALL THREE ARE THE SUBJECT OF INTENSE FBI INVESTIGATIVE EFFORTS.

CHINESE ORGANIZATIONS

WE BELIEVE THE CHINESE CRIMINAL ORGANIZATIONS CURRENTLY POSE THE MOST SERIOUS THREAT AMONGST ALL OF THE ASIAN CRIMINAL GROUPS.

ONLY A FEW YEARS AGO, CHINESE CRIMINAL GROUPS OPERATING IN THE UNITED STATES WERE SMALL AND DISORGANIZED. NOW THEY ARE THE MOST DEVELOPED OF THE ASIAN GROUPS AND ARE RAPIDLY EXPANDING THEIR OPERATIONS OUTSIDE THE ASIAN COMMUNITY.

THE CHINESE CRIMINAL GROUPS HAVE THREE TYPES OF ORGANIZATIONS - TRIADS, CRIMINALLY-INFLUENCED TONGS AND THE SUBORDINATE ORGANIZED STREET GANGS.

TRIADS ARE SECRET CHINESE SOCIETIES WHICH DATE BACK TO THE 17TH CENTURY, WHEN CHINESE MONKS BANDED TOGETHER TO RESIST THE CHING DYNASTY. TODAY, ABOUT 50 TRIADS ARE BASED IN HONG KONG AND TAIWAN. THEY ARE EXCLUSIVELY CRIMINAL IN NATURE. THE ROYAL HONG KONG POLICE ESTIMATE WORLD-WIDE MEMBERSHIP OF TRIADS TO BE IN THE TENS OF THOUSANDS.

TRIADS ENGAGE IN A MYRIAD OF ILLEGAL ACTIVITIES, INCLUDING EXTORTION AND RACKETEERING, PROSTITUTION, ILLEGAL GAMBLING, ALIEN SMUGGLING, PUBLIC CORRUPTION, HEROIN TRAFFICKING AND MONEY LAUNDERING, SIMILAR TO THE LCN. ALTHOUGH TRIADS DO NOT YET APPEAR TO BE ENTRENCHED IN THE UNITED STATES, TRIAD MEMBERS DO RESIDE HERE AND TRIAD SPLINTER GROUPS ARE ACTIVE HERE. FOR EXAMPLE, THE WO HOP TO (PRONOUNCED WOE HOP TOE) TRIAD IS FIGHTING FOR CONTROL OF GAMBLING AND DRUGS IN THE SAN FRANCISCO AREA. IN ADDITION, TRIAD SOCIETIES ARE DEVELOPING CLOSE RELATIONSHIPS WITH ESTABLISHED AMERICAN-BASED CHINESE CRIMINAL GROUPS.

TONGS ARE BUSINESS AND FRATERNAL ORGANIZATIONS SET UP TO ASSIST CHINESE IMMIGRANTS TO THE UNITED STATES. THEY WERE ORIGINALLY ESTABLISHED TO PRESERVE THE CHINESE CULTURE, AND MOST REMAIN LEGITIMATE ORGANIZATIONS. SOME TONGS, HOWEVER, HAVE MEMBERS WHO ENGAGE IN CRIMINAL ACTIVITIES AND SOME MEMBERS ARE ALSO TRIAD MEMBERS.

THE THIRD TYPE OF CHINESE CRIMINAL ORGANIZATION IS THE STREET GANG - SUCH AS THE FLYING DRAGONS, GHOST SHADOWS AND GREEN DRAGONS. THEY EXHIBIT STRUCTURE AND CONTROL. MOST CRIMINALLY-INFLUENCED TONGS USE STREET GANGS AS ENFORCERS FOR THEIR ILLEGAL GAMBLING OPERATIONS. THESE GANGS ALSO FIGHT OVER TURF AND OPERATE EXTORTION SCHEMES. FOR EXAMPLE, ACCORDING TO A STUDY OF NEW YORK'S CHINATOWN CONDUCTED LAST YEAR BY A NEW YORK CRIMINAL JUSTICE AGENCY, 81 PERCENT OF THE RESTAURANTS AND 66 PERCENT OF OTHER BUSINESSES ARE VICTIMIZED BY THESE GANGS.

CURRENT INTELLIGENCE DEVELOPED BY THE FBI AND OTHER LAW ENFORCEMENT AGENCIES DOES NOT SHOW THAT ANY INDIVIDUAL TRIAD, TONG OR STREET GANG DOMINATES HEROIN TRAFFICKING AS AN ORGANIZATIONAL ENTITY. MEMBERS OF TRIADS, TONGS AND STREET GANGS HAVE, HOWEVER, BEEN IDENTIFIED AS SIGNIFICANT PARTICIPANTS IN DRUG TRAFFICKING NETWORKS.

ETHNIC CHINESE TRAFFICKING GROUPS ARE BEST REFERRED TO AS SYNDICATES OR JOINT VENTURES, WITH PARTICIPATION BASED ON EXPERIENCE, EXPERTISE, CONTACTS OR WEALTH. THESE SYNDICATES ARE OPPORTUNISTIC AND TAKE ADVANTAGE OF THE JOINT CAPABILITIES OF THE MEMBERS TO OBTAIN A SOURCE OF HEROIN IN SOUTHEAST ASIA AND TO

FACILITATE TRANSPORTATION, FINANCING AND DISTRIBUTION OF ILLEGAL DRUGS. MEMBERSHIP IN A TRIAD OR TONG IS NOT A PREREQUISITE TO INVOLVEMENT IN ILLEGAL ACTIVITIES BUT IS IMPORTANT IN TERMS OF CRIMINAL NETWORKING AND DETERMINING WHO CAN BE TRUSTED. ADDITIONALLY, TRIAD OR TONG MEMBERSHIP PROVIDES THE CRIMINAL WITH AN ORGANIZATION HE CAN TURN TO WHEN IN TROUBLE OR IN NEED OF HELP. THE TRIAD OR TONG SUPPORTS THE GANG MEMBER WITH THE STRENGTH OF THE ORGANIZATION.

AS AN EXAMPLE, A TASK FORCE COMPRISED OF FBI AGENTS AND NEW YORK CITY POLICE DEPARTMENT DETECTIVES RECENTLY CONCLUDED AN INVESTIGATION KNOWN AS "OPERATION WHITE MARE." AS A RESULT OF THIS ENORMOUSLY SUCCESSFUL COOPERATIVE INTERNATIONAL LAW ENFORCEMENT EFFORT, APPROXIMATELY 900 POUNDS OF HIGH PURITY (90 PERCENT AND ABOVE) HEROIN WAS SEIZED WITH A STREET VALUE OF \$1 BILLION, OVER 800 POUNDS OF WHICH WAS SEIZED IN QUEENS, NEW YORK, ESTIMATED TO BE A ONE-YEAR SUPPLY FOR NEW YORK. FORTY-FOUR INDIVIDUALS WERE ARRESTED, 26 IN THE UNITED STATES. FIVE SOPHISTICATED AND WELL ENTRENCHED HEROIN SMUGGLING AND DISTRIBUTION NETWORKS WITH TENTACLES EXTENDING FROM BANGKOK, SINGAPORE AND HONG KONG TO CANADA AND THE UNITED STATES WERE DISMANTLED, AND \$4.5 MILLION IN CASH WAS SEIZED.

#### VIETNAMESE GANGS

THE VIETNAMESE GANGS ARE YOUNGER AND LESS SOPHISTICATED THAN THE CHINESE CRIMINAL GROUPS. WE HAVE NOT SEEN THE TIGHT STRUCTURE AND ORGANIZATION THAT THE CHINESE GROUPS HAVE, BUT THEY ARE GROWING RAPIDLY.

AFTER THE VIETNAM WAR, THE UNITED STATES EXPERIENCED A SIGNIFICANT INFUX OF VIETNAMESE REFUGEES. THE CRIMINAL ELEMENT AMONG THESE REFUGEES RAPIDLY FORMED STREET GANGS WHICH NOW ENGAGE PRIMARILY IN THEFT, HOME INVASIONS, DRUG DEALING, KIDNAPPING AND EXTORTION. THEIR CRIMINAL ACTIVITY HAS BEEN AIMED ALMOST EXCLUSIVELY AT THE VIETNAMESE COMMUNITY. IN ADDITION, THEY ALSO EXTORT AND ROB CHINESE AND KOREAN VICTIMS. A TYPICAL GANG MEMBER IS A YOUNG REFUGEE, FRUSTRATED AT BEING UNABLE TO ASSIMILATE INTO THE AMERICAN MAINSTREAM, WHO HAS DROPPED OUT OF SCHOOL. MANY OF THESE VIETNAMESE YOUTHS, SOME OF WHOM ARE ETHNIC CHINESE, ARE RECRUITED BY ORGANIZED CHINESE STREET GANGS FOR THEIR "MUSCLE" AND THEIR WILLINGNESS TO COMMIT ACTS OF VIOLENCE.

THE VIOLENT ASPECTS OF ASIAN STREET GANGS IS OF GREAT CONCERN TO THE FBI AND ONE OF THE REASONS WE ELEVATED VIOLENT CRIME TO A NATIONAL PRIORITY. INSTANCES WHEREIN ASIAN STREET GANG MEMBERS HAVE INDISCRIMINATELY FIRED AUTOMATIC WEAPONS AT RIVAL GANG MEMBERS HAVE INCREASED OVER THE YEARS. FOR EXAMPLE, DURING A LINDEN, NEW JERSEY FUNERAL FOR A BORN-TO-KILL GANG MEMBER, A SHOOT-OUT WITH AUTOMATIC WEAPONS ENSUED BETWEEN MEMBERS OF THE BORN-TO-KILL GANG AND THE RIVAL GHOST SHADOWS GANG. VIOLENCE ALSO HAS BECOME MORE SEVERE DURING ARMED HOME INVASIONS. ASIAN GANGS BURGLARIZE HOMES AND TERRORIZE THE INHABITANTS BY THREATENING THE LIVES OF CHILDREN AND SEXUALLY ASSAULTING THE WOMEN, WHILE STEALING CASH, JEWELRY AND OTHER PERSONAL POSSESSIONS OF THE HOMEOWNERS. UNFORTUNATELY, THE WASHINGTON, D.C. AREA HAS EXPERIENCED THESE PHENOMENA. THIS LED TO A

PARTNERSHIP BETWEEN THE FBI'S WASHINGTON METROPOLITAN FIELD OFFICE AND LOCAL POLICE JURISDICTIONS AIMED SPECIFICALLY AT THESE VIOLENT CRIMINAL ACTS. I AM PLEASED THAT SOME SUCCESS HAS BEEN ACHIEVED.

VIETNAMESE STREET GANGS ARE BEGINNING TO DEVELOP A STRUCTURED HIERARCHY AND ARE EXPECTED TO BECOME INCREASINGLY SOPHISTICATED AND INDEPENDENT OF ESTABLISHED ASIAN ORGANIZED CRIME GROUPS WHICH THEY OFTEN SUPPORT. THE FBI HAS INITIATED AN IN-DEPTH AND COMPREHENSIVE STUDY REGARDING THE INCREASING VIOLENCE OF VIETNAMESE ORGANIZED CRIME AND STREET GANGS SO AS TO MAKE A BETTER ASSESSMENT OF THEIR FULL IMPACT IN THE UNITED STATES. THIS STUDY WILL ENSURE THAT THE FBI FOCUSES OUR RESOURCES WHERE THE MOST SIGNIFICANT RESULTS CAN BE ACHIEVED.

#### JAPANESE BORYOKUDAN

THE JAPANESE BORYOKUDAN, A TERM WHICH MEANS "THE VIOLENT ONES," IS MORE COMMONLY REFERRED TO AS THE YAKUZA. TRADITIONALLY, THE BORYOKUDAN HAS BEEN VIEWED AS ROBIN HOOD-TYPE ORGANIZATION, AND EVEN TODAY, A SMALL SEGMENT OF JAPANESE SOCIETY ACCEPTS THEM AS HEROES. THEY ALSO DEAL IN DRUGS AND ALL ASPECTS VIOLENT CRIMES.

BORYOKUDAN MEMBERS CAN SOMETIMES BE EASILY IDENTIFIED: THEY DRESS LIKE AMERICAN GANGSTERS OF THE 1930'S. UNDER THEIR "ZOOT-SUITS", ARE BODIES THAT ARE OFTEN ADORNED WITH ELABORATE TATTOOS INCLUDING SAMURAI WARRIORS, SNAKES AND DRAGONS. A

GRUESOME IDENTIFIER RESULTS FROM A RITUAL OF ATONEMENT. MEMBERS CUT OFF JOINTS OF THEIR LITTLE FINGERS WHEN TRANSGRESSIONS ARE COMMITTED AGAINST THE GROUP OR LEADER.

THE BORYOKUDAN HAVE BUILT ONE OF THE WORLD'S LARGEST CRIMINAL ORGANIZATIONS WITH APPROXIMATELY 87,000 MEMBERS COMPRISING ABOUT 2,300 SUB-GROUPS. ACCORDING TO A PUBLICIZED REPORT OF THE NATIONAL POLICE AGENCY OF JAPAN, THE BORYOKUDAN, IN 1988, GROSSED ALMOST 10 BILLION U.S. DOLLARS IN REVENUE, ONE THIRD FROM CRYSTAL METHAMPHETAMINE TRAFFICKING IN JAPAN ALONE. CRYSTAL METHAMPHETAMINE, A RELATIVELY NEW AND POWERFUL STIMULANT, IS KNOWN ON THE STREET AS "ICE." THE BORYOKUDAN CONTROL AN ESTIMATED 90 PERCENT OF THE "ICE" FLOW IN HAWAII. THE BORYOKUDAN ALSO SMUGGLE GUNS FROM THE UNITED STATES INTO JAPAN WHERE GUNS ARE ILLEGAL; OPERATE TOURIST RIP-OFF SCHEMES; EXTORT CORPORATIONS; AND DEAL IN PROSTITUTION, PORNOGRAPHY, ILLEGAL GAMBLING AND LOAN SHARKING.

THE FBI IS NOT A NEWCOMER TO ADDRESSING THE ASIAN ORGANIZED CRIME PROBLEM. IN 1984, A STUDY WAS CONDUCTED THAT PROVIDED A PRELIMINARY ASSESSMENT OF THE EMERGING ASIAN ORGANIZED CRIME PROBLEM IN THE UNITED STATES. SUBSEQUENT TO THIS ANALYSIS, INVESTIGATIVE RESOURCES HAVE BEEN FOCUSED ON THE PROBLEM AND INVESTIGATIVE ACTIONS HAVE RESULTED IN SUCCESSFUL PROSECUTIONS OF SEVERAL OF THESE EMERGING GANGS.

FOR EXAMPLE, IN EARLY 1985, THE FBI INITIATED AN INVESTIGATION FOCUSED ON THE UNITED BAMBOO GANG, A TAIWAN-BASED TRIAD. THIS GROUP WAS SUSPECTED OF BEING INVOLVED IN THE MURDER

OF A CALIFORNIA JOURNALIST, HENRY LIU, AS WELL AS THE SALE OF DRUGS AND PROSTITUTION. TEN MEMBERS AND ONE ASSOCIATE OF THE GROUP WERE BROUGHT TO TRIAL ON VARIOUS COUNTS OF DRUGS, RICO AND FIREARMS VIOLATIONS. ON SEPTEMBER 19, 1986, ALL OF THE DEFENDANTS WERE FOUND GUILTY ON THESE CHARGES. IN ADDITION, THREE OF THE MEMBERS WERE CONVICTED ON RICO CHARGES THAT INCLUDED THE MURDER OF HENRY LIU AS THE PREDICATE OFFENSE.

IN 1988 THE FBI CONDUCTED A GAMBLING RAID AT THE ON LEONG CHINESE MERCHANTS ASSOCIATION (OLCMA) HEADQUARTERS IN CHICAGO. \$344,280 IN CASH AND THE OLCMA HEADQUARTERS BUILDING, VALUED AT \$2.5 MILLION, WERE SEIZED. EVIDENCE OF NATIONWIDE OLCMA GAMBLING ACTIVITIES AND POLICE PROTECTION OF THE CHICAGO OPERATION WERE UNCOVERED. THE CASE RAPIDLY EXPANDED INTO A NATIONWIDE RICO CONSPIRACY WITHIN THE ON LEONG TONG.

IN AUGUST 1990, A RICO INDICTMENT WAS RETURNED CHARGING INVOLVEMENT OF THE NATIONAL OLCMA, OLCMA CHAPTERS FROM NEW YORK, CHICAGO AND HOUSTON, AND 29 SUBJECTS FROM CHICAGO, ATLANTA, DETROIT, HOUSTON, MINNEAPOLIS, NEW YORK AND PITTSBURGH IN A NATIONWIDE RACKETEERING ENTERPRISE. SEVENTEEN DEFENDANTS PLED GUILTY PRIOR TO AND DURING TRIAL. FIVE DEFENDANTS, FOUR INDIVIDUALS AND THE CHICAGO ON LEONG CORPORATION, WERE FOUND GUILTY OF VARIOUS TAX VIOLATIONS. BECAUSE OF A MISTRIAL AS TO SOME OF THE DEFENDANTS, PREPARATION FOR A RETRIAL HAS BEGUN.

A FINAL EXAMPLE OF THE FBI'S EFFORTS IN COMBATING ASIAN ORGANIZED CRIME WAS OUR INVESTIGATION ON THE GREEN DRAGONS STREET GANG, ONE OF THE MOST VIOLENT ASIAN ORGANIZED CRIME GROUPS

ACTIVE IN THE UNITED STATES. THE GREEN DRAGONS ARE INVOLVED IN MURDER, ARMED ROBBERIES, HOME INVASIONS, EXTORTION, KIDNAPPING, OBSTRUCTION OF JUSTICE AND DRUG TRAFFICKING.

IN NOVEMBER 1990, THE FIRST RICO INDICTMENT, BASED ON EVIDENCE OBTAINED DURING THREE MONTHS OF ELECTRONIC SURVEILLANCE AND PHYSICAL SURVEILLANCES OF THIS GROUP, WAS RETURNED. THE ELECTRONIC SURVEILLANCE PROVIDED EVIDENCE THAT THIS GROUP WAS ABOUT TO ENGAGE IN A SHOOT OUT WITH A RIVAL ASIAN GROUP. THE JOINT FBI AND NEW YORK CITY POLICE TASK FORCE IMMEDIATELY ARRESTED 16 MEMBERS OF THE GROUP AND CONDUCTED SEVERAL SEARCHES WHICH RESULTED IN THE RECOVERY OF 36 FIREARMS INCLUDING SEVERAL MAC-10 SUB-MACHINE GUNS.

IN MAY 1991, AN INDICTMENT WAS RETURNED CHARGING THE LEADER AND 12 MEMBERS OF THE GREEN DRAGONS WITH NUMEROUS CRIMES, INCLUDING 7 MURDERS. THE ENTIRE HIERARCHY OF THIS ILLEGAL ENTERPRISE WAS INCLUDED. THE TRIAL IS SCHEDULED TO BEGIN IN DECEMBER.

#### CONCLUSION

THE FBI'S INVESTIGATIVE EFFORTS TO ADDRESS ASIAN ORGANIZED CRIME ARE ROOTED IN OUR "ENTERPRISE" THEORY BY USING THE RICO STATUTE TO DISMANTLE ENTIRE CRIMINAL ORGANIZATIONS. UNDER THE "ENTERPRISE" THEORY, WE ATTACK THE ENTIRE CRIMINAL ENTERPRISE RATHER THAN INDIVIDUAL MEMBERS. THESE INVESTIGATIONS ARE OFTEN LENGTHY, EXPENSIVE AND REQUIRE SOPHISTICATED INVESTIGATIVE TECHNIQUES; BUT IN THE LONG RUN, THEY PAY OFF.

WE ARE CONTINUING TO ADDRESS THE ASIAN ORGANIZED CRIME PROBLEM THROUGH MAJOR ENTERPRISE INVESTIGATIONS ACROSS THE COUNTRY AND THROUGH THE FEDERAL, STATE AND LOCAL PARTNERSHIP THAT I MENTIONED.

THE FBI'S INVESTIGATIVE TECHNIQUES ALONG WITH OUR MOST IMPORTANT PROSECUTIVE TOOL, THE RICO STATUTE, HAVE PROVEN HIGHLY SUCCESSFUL IN THESE CASES. BASED UPON OUR MANDATE AS THE NATION'S LEAD AGENCY IN COMBATTING ORGANIZED CRIME AND OUR ABILITY AND WILLINGNESS TO DEDICATE RESOURCES TO COMPLEX, LONG TERM INVESTIGATIONS, THE FBI IS ABLE TO USE SOPHISTICATED INVESTIGATIVE TECHNIQUES TO COMBAT THESE EMERGING ASIAN ORGANIZED CRIME GROUPS.

PIERCING THE VEIL OF SECRECY ASSOCIATED WITH ASIAN ORGANIZED CRIME CONSPIRACIES IS NO SMALL TASK. WE MUST CONTINUE TO INCREASE OUR INTELLIGENCE BASE IN THIS AREA, TRAIN SPECIAL AGENTS IN SUCH INVESTIGATIVE MATTERS, AND ENHANCE OUR EFFORTS TO RECRUIT PROSPECTIVE AGENTS, LINGUISTS AND ANALYSTS WHO CAN BRING TO THE FBI THEIR KNOWLEDGE OF ASIAN CULTURE AND LANGUAGES.

THE FBI IS COMMITTED TO ATTACKING THE MOST SIGNIFICANT CRIME PROBLEMS IN THE UNITED STATES BE THEY CRIMES OF VIOLENCE BY ASIAN GROUPS, ACTS BY TERRORISTS, OR MANIPULATION AND FRAUD DIRECTED AT OUR FINANCIAL INSTITUTIONS. TO FULFIL OUR MANY INVESTIGATIVE MANDATES, WE WILL CONTINUE TO EMPLOY THOSE SKILLED PROFESSIONALS WHO CAN DEFEAT WHATEVER CRIMINAL ACTIVITIES THREATEN OUR PUBLIC SAFETY AND OUR NATIONAL SECURITY. BY MAINTAINING A BROAD RANGE OF EXPERTISE, THE FBI WILL ENSURE THE

FLEXIBILITY NECESSARY TO MODIFY ITS APPROACH TO THE FEDERAL  
CRIMINAL PROBLEM AND REDIRECT MANPOWER TO BEST SERVE THE AMERICAN  
PUBLIC.

MR. CHAIRMAN, THIS CONCLUDES MY REMARKS AND I WOULD BE  
HAPPY TO ANSWER ANY QUESTIONS YOU MAY HAVE AT THIS TIME.

## Statement of Kenneth Chu

(aka Johnny Wong)

I thank the Subcommittee for allowing me to testify behind a screen. Because I have testified against the On Leong tong and the Ghost Shadows gang, the FBI has relocated me and my family, and my identity has been changed. Therefore, I respectfully request that I not be asked any questions about my current identity, location or activities. My family and I would be in very serious danger if this information were revealed. I am testifying here today under my previous name, Kenneth Chu.

I am a 33 year old Chinese-American who was born in New York City. I grew up in New York's Chinatown.

In 1974, when I was 16 years old, I was approached by members of a Chinese street gang known as the Ghost Shadows. Gang members tried to persuade me and a good friend of mine to join the gang. At that time, the Ghost Shadows did not have control of Chinatown and were recruiting members to help win them control. I refused to join the gang.

Shortly after refusing to join the Ghost Shadows, I was beaten up very badly by a group of gang members and had

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several teeth knocked out. A friend of mine was stabbed in the leg. Gang members also told a friend of mine that he would have to pay the gang \$200 a week if he did not join the gang. We eventually decided that it was easier and safer to join the gang than to continue resisting.

About two weeks after joining the Ghost Shadows, I was also initiated into the On Leong tong. Myself and about 12 other new Ghost Shadow members all took part in a ceremony in the On Leong tong headquarters on Mott Street. The ceremony involved burning incense and making oaths in Chinese. I did not understand many of the oaths, because at that time I didn't speak Chinese very well. I do know that the oaths included a code of silence and a promise to protect the fellow members.

All Ghost Shadows are regular members of the On Leong. Some Ghost Shadows become officers of the On Leong. Other members of the On Leong are the workers and business people in Chinatown. Most everyone is a member, but most non-active members do not get involved in crime. The leaders of the On Leong are important members of the community. The leaders of the On Leong are all involved in illegal gambling.

My first duty as a Ghost Shadow was to stand watch on Mott Street, which was Ghost Shadow and On Leong territory. Since I was a new member, I usually stood watch late at

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night. While on watch we were responsible for protecting the On Leong gambling houses and watching out for rival gangs. We did not carry weapons because we were often searched by the police. Weapons were, however, always close by.

The older Ghost Shadows robbed and extorted businesses in Ghost Shadow territory. The money was used for Ghost Shadow expenses like paying the younger members a salary. When I first became a Ghost Shadow, I was payed \$35 a week plus I got meals for free. When we ate in restaurants in our territory, we never paid.

In March of 1975 I shot and wounded a member of the rival Black Eagles gang. This gang member had approached me on Ghost Shadow territory several days before I shot him. At that confrontation, I acted like I had a gun under my coat and it scared him off. The second time I saw him on Ghost Shadow territory, he threatened me by throwing a bottle at me. I had to deal with him in order to save face.

After I wounded the Black Eagle, my Ghost Shadow associate Phil Han called someone at the On Leong tong. On Leong officials arranged for me to take a bus to Boston and report to the Boston On Leong. The idea was that I was to stay out of sight of the police in New York.

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In Boston I met with the On Leong national grand president. He arranged for me to have \$90 a week "long pay." Long pay is a reward for doing your duty, in my case shooting the Black Eagle. Long pay continues for as long as you stay in the good graces of On Leong. I was told to stay out of sight while in Boston. I lived in the On Leong's Wing Wor building.

Things then got hot in Boston and the On Leong arranged for me to go to Chicago. I spent a short time in Chicago with the On Leong there and then went back to Boston. While in Boston I was given the name "Johnny Wong" and was given a fake New York drivers' license and a Social Security card. Johnny Wong became my street name after that.

After that I went to the On Leong annual convention that was held in Detroit. I flew to Detroit with the Boston On Leong delegation and the national president, Hon Chin. At the convention I worked the gambling tables as a dealer. Illegal gambling was always a part of On Leong conventions.

In 1975, Raymond Chin, who was a past national president of On Leong, and at that time was like a god father of the On Leong, decided that I should come to Houston where he lived. At that time, Raymond Chin ran the entire On Leong from Houston. In Houston, I collected my long pay and worked in the On Leong casinos. On Leong had two casinos that operated

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seven days a week in Houston. I worked in the Houston casinos for 15 years.

When Raymond Chin died in the 80's there was a power struggle in Houston. The national On Leong president, Eddy Chan, started sending people to Houston to take over. Eddy wanted Houston to be like New York. I was not loyal to Eddy, because I did not want Houston to be like New York. Not as many bad things happened in Houston, and I liked that. There was no extortion of store owners and little in the way of violent crimes among the Chinese.

As a result of a factional dispute within the On Leong Tong, and partially based on my involvement in a cheating scheme in the On Leong Tong gambling casino, national president Eddie Chan suspended me from the tong and terminated my long pay. During this time, several street sources in Houston's Chinatown informed me that there was a murder contract put out on me. I was warned by these street sources not to come into Chinatown. During the time period of the factional dispute, three murders occurred in Houston's Chinatown. Although the murders remained unsolved, I believe that at least two of the murders could be related to the on-going power struggle within the On Leong Tong. Because of the violence, the On Leong closed the casinos for a time.

I got back into the organization in 1983 after Leong Toy of New Orleans became the new grand president. Toy was a friend of mine and was friendly to Ghost Shadows. Toy got the gambling in Houston started again. At this time I was the enforcer for Houston. That means I was in charge of security for the casinos. I hired former gang members from New York to help with enforcement.

The bulk of the money the On Leong tong made in Houston and the rest of the country was from gambling. During good years, the On Leong in Houston grossed over \$1 million as a result of gambling-related activities.

In 1987, I was made an officer of the On Leong tong. The new grand president, Chan Wing Yeung personally appointed me Fong Jung and reinstated my long pay. The Fong Jung is in charge of enforcement and helps in the supervision of the gambling and related tong criminal activities.

In early 1985, I met Officer Bob Casey who was then with the Houston Police Department. I started providing information to him, because I trusted him and because I had become disenchanted with my life and what I was doing. I felt that by cooperating I could break away from the organization. I was not paid by the Houston Police and was not under indictment. I continued to work with Bob Casey when he became an FBI agent in 1986.

This led to me going undercover for the FBI. While undercover, I recorded conversations between On Leong members about reopening gambling operations in Houston. While working undercover for the FBI, I attended a meeting of senior On Leong Tong officials in Houston. During the meeting, the officials discussed how they were going to falsely testify at federal grand jury hearings in Chicago, to which they had been subpoenaed.

I have tried to use my knowledge to help law enforcement understand Asian organized crime. I would like to help as much as I can in this hearing and will try to answer any questions as long as they do not jeopardize my present situation.

Thank You.

## STATEMENT OF WILLIAM OLDHAM

Thank you Senators for allowing me to speak on the important and timely subject of Asian organized crime. My name is William Oldham. I am a Detective assigned to the Major Case Squad of the New York City Police Department. In that capacity, I investigate Asian Organized Crime, frequently with federal agents from the Treasury Department's Bureau of Alcohol, Tobacco and Firearms.

As the number of Asian immigrants to this country grows greater, Asian crime skyrockets. Asian gangs proliferate and profit from activities that include extortion, prostitution, kidnapping for ransom, importation of heroin (the control of which has been wrested from traditional organized crime), the smuggling of illegal aliens, contract murder and armed robbery.

Some of the ethnic gangs active in these pursuits include Korean Power; the Fuk Ching, made up of immigrants from the Chinese province of Fukien; the New Taiwan Boys; the Dead Zone Posse or DZP whose members are of Cambodian descent; and the BTK or Born To Kill, a Vietnamese gang, to name a few.

The Vietnamese gangs, and the Born to Kill in particular, have developed a reputation as vicious predators, preying on

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their fellow Vietnamese immigrants at an unparalleled rate. The Vietnamese were originally incorporated into gang life by ethnic Chinese gangs who employed them as 'muscle' using them to recover bad gambling debts and to collect money borrowed from loan sharks. The Vietnamese, because of their recent war-torn history, were thought to be especially capable at these undertakings. Familiar with weaponry and the skills of urban warfare, they had the additional advantage of being ruthless by virtue of their recent immigration and after a particularly 'heavy' job would flee to another state or region.

Many of the gang members, if not most, came to this country as refugees in the mid to early eighties as unaccompanied minors. Generally, by the time they arrived here, they had spent two to three years in refugee camps located in Thailand or the Philippines before being relocated to the United States and being placed in foster homes. The foster homes I have seen appear to be run as commercial enterprises with little or no thought given to the needs of the foster youth. If the individual youth proves too difficult, he often finds himself on his own, fending for himself, as the foster family continues to collect payment for him.

This bode well for the Born to Kill as their recruiting efforts were made considerably easier. The young men in the gang were given living space in 'safe houses' paid for by the leader of the gang. These houses were rented and abandoned on a

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bi-monthly basis to keep the police from becoming familiar with the location of the gang's residences. Further, not all gang members were housed together. They were divided into smaller groups and scattered throughout New York and New Jersey. In return for housing, food and small amounts of spending money, the young men were expected to commit armed robberies and extortions, returning the proceeds to the gang's leader. The actual return on the proceeds to the members was a very small percentage of the gross take.

The Born to Kill was founded in 1988 when its leader, David Thai, left a gang known as the Vietnamese Flying Dragons and formed a gang originally known as the Canal Street Boys, so named because they were concentrated in the Canal Street area of New York's Chinatown. The gang membership ranged from 50 to 100 members with members in New Jersey, New York, Connecticut and Canada. The gang specialized in the robbery of jewelry stores, massage parlors, and home invasions. All victims were of Asian descent. For a time, the gang operated massage parlors in New York and Connecticut, notable insofar as they would orchestrate the robberies of their own massage parlors when they learned that one of the patrons was carrying a lot of money.

The home invasions committed by the gang tended to be particularly vicious in that once inside the residence, the gang members often raped the residents, and resistance by the victims often ended in murder.

Jewelry store robberies were popular with the gang as the proceeds were difficult to trace and were easily disposed of in the malls and stalls in Chinatown's jewelry district.

In July of 1990 the second in command of the BTK was shot to death on Canal Street. I believe this was arranged by members of the Chinese Tongs as a reprisal and a message to the BTK hierarchy, for the tongs had grown tired of the BTK robbing and extorting massage parlors and gambling parlors under the tong's control. The funeral was a large affair with members of the gang marching through the streets of Chinatown bearing Vinh Vu's coffin as well as banners that read 'BTK' emblazoned with a yellow coffin and the words, "stand by the Canal Boys" (see photos).

Historically there is no love lost between the Chinese and Vietnamese people and so it came as no real surprise when, to insure the message was made clear to the BTK, during Vu's burial, held at a cemetery in Linden, New Jersey, three attendees dropped their coats and began firing into the crowd of mourners at graveside with automatic weapons.

In early 1991 a Canal Street merchant, a jewelry store owner, went to the police to complain that he had been robbed by the gang. Shortly thereafter he was murdered by a gang member,

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shot in the back of the head in front of his wife, a block and a half from his store.

The Born to Kill, the subject of a twenty count indictment brought by the Eastern District of New York as a result of an investigation by ATF and the New York City Police Department, is responsible for literally hundreds of robberies making the Vietnamese probably one of the most victimized immigrant populations in the City of New York. While these federal indictments have diminished the power of the gang, now is certainly the time to redouble our efforts to protect the Asian community from these types of criminal activities by encouraging them to participate in the mainstream of the American criminal justice system.

You will hear testimony today from Odum Lim, the very brave victim of the Born to Kill gang whose family was assaulted and whose jewelry store was robbed in Doraville, Georgia. According to the indictment against the BTK, the Lim's were only one in a series of victims of this very violent gang.

You will also hear testimony today from two restaurant owners located in New York's Chinatown. They are both typical of Chinatown merchants in that each is extorted by a gang and required to pay money for "protection" of their businesses.

Thank you for your kind attention and interest in this important subject.

## STATEMENT OF ODUM LIM

My name is Odum Lim. I was born in Cambodia. I am married to Kim Lee, who is with me here today and we have three children. From 1973 until 1975, I served as an interpreter to the U.S. Military Attache in Phnom Penh.

In April of 1975, Cambodia fell to the Khmer Rouge. My family and I were forced out of our home and town where we had lived since we were born. Against our will, we were told to work as farmers in fields until 1979. Thousands of Cambodians starved to death. Most of them were killed simply because they were formal professional workers such as teachers.

It took us about five months by foot to reach the Thai-Cambodian border. However my family and I, as well as thousands of other refugees, were forced by the Thai Government to repatriate by foot down the mountains and through the jungle. We did not have any choice but to return to Cambodia. Up and down the mountains hundreds of refugees died because they stepped on mines. Some died because there was no food to eat or medicines to take for simple sicknesses.

After several days and nights of walking, my family and I were determined to find a different route to go back to

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Thailand. We realized that Communists would kill us if we returned to Cambodia. We wanted to have freedom.

Finally we reached refugee camps in Thailand after a very exhaustive and long walk. In the refugee camps I volunteered to help refugees. I worked for the United Nations High Commission for Refugee's as an administration assistant.

On August 21, 1981, my family and I resettled in the United States of America. The United States Embassy granted us visas because I had served in the U.S. affiliated army in Cambodia. We were sponsored by a local church. They gave us lots of care and support. After a few weeks of resettlement, I found a job at a Farmer's Market outside of Atlanta. My wife, Kim Lee, also worked for a sewing company. We did not have any public support at the time. We had two children. Kim Lee only worked part-time because she needed to babysit our children. After three years working in the Farmer's Market our living did not improve. Some times we did not have any funds to pay rent.

In the middle of 1983, I decided to change occupations. I started selling jewelry. Away from my family and without any insurance to cover for loss or stolen jewelry, I traveled to different states to sell jewelries. My primary market was the Cambodian community. After about year in this business, I decided to open a jewelry shop in Doraville, Georgia.

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Our business was getting better. We have had customers of various nationalities: Chinese, Cambodians, Vietnamese and so forth. However, things never went smooth.

In November 1990, our jewelry shop was hit by a Vietnamese gang. There were six gang members. They came in as customers. My wife, my two daughters, Soth Say and Elizabeth and myself were in the store. One of them asked my wife to repair a necklace, which she did. She returned the necklace and asked to be paid. One gang member turned to the others and said "are you ready?"

Several of the gangsters then jumped over the jewelry showcase while swearing in Vietnamese. One grabbed my wife, Kim Lee, and held her at gun point. He dragged her and my two daughters to the restroom. They handcuffed her there. At the moment I had a gun pointed at me by another gangster. I tried to disarm one gangster by grabbing his gun. The gangster then stabbed my right arm many times and sliced my neck. I will show you the scars on my arm. I had twelve stab wounds, but I was worried about my family's safety more than my own. I grabbed the gun in one of the gangster's hands. A shot was fired in the air. Then, another shot was fired and suddenly I realized that I had been hit by a bullet. The bullet entered my head behind my ear and went out my cheek. I collapsed and hit the showcase as I fell on the floor. Before the gang escaped, they took with them cash, gold rings, necklaces, a tray of precious stones and other valuable merchandise.

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The police arrived at the scene shortly after the gang was gone. I was laying conscious in a pool of my own blood in front of my jewelry shop. This is a photo my wife took of me. Then I was taken to the hospital. I was worried about my wife and the two kids safety.

I stayed in the hospital for 21 days. I did not have any health insurance to cover any doctors' bills. I did not have any insurance to cover the stolen merchandises. I decided to go home a little early due to lack of health insurance. My hospital bills total over \$50,000. I do not know how I will pay all these bills.

Psychologically and financially my family and I have been affected by this unfortunate incident. We are afraid that it might happen again. There are more and more Oriental businesses moving into the Atlanta community. If we do not do anything about these gangsters more and more people will get hurt just like myself. These captured gangsters should be locked behind bars for maximum years without parole.

Thank you for giving me the opportunity to share my past experience with you. And thank you very for taking the time to investigate this important issue.

## STATEMENT OF "MR. WONG"

Thank you for giving me this opportunity to speak here today before the Senate Permanent Subcommittee on Investigations on this very important subject.

I am a Chinese businessman who has owned two businesses in New York City, in the Chinatown area. I have been plagued by Chinese gang terrorism during the past few years and this problem has reached epidemic proportions for all Chinese businessmen in the New York City Chinatown area. I am prepared to testify in the hope that it will assist you in dealing with this problem and protecting us from these gangs.

Chinese gangs routinely extort money from owners of stores in the following way. Youthful members of the gang will visit the merchant and will tell him that he must pay monthly protection money. The amount that he has to pay varies with the type of business. For example, smaller stores pay the least because they're the least profitable. They pay either \$100 or \$200 per month. They are often asked to pay either \$108 or \$208. The reason for this is that in Chinese, the number 8 rhymes with the word prosperity. Restaurants pay at a higher rate because they earn more money. The general monthly payment

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for a restaurant would be \$300 or more. Gambling houses which are illegal pay a much higher rate. I have heard that their payments run into thousands of dollars. In these places, the gang often stations a member to observe the flow of money at all times. Because of the illegal nature of the business and the high profits involved, the gang sometimes become unofficial partners in the enterprise.

In addition to monthly payments, there is other money which is extorted. When a new business opens, there is a "grand opening fee." In my case, I was asked for \$1,330 when I opened my restaurant. There are also special amounts that must be paid at the Chinese New Year. Gang members will come to the merchants and sell them "Moon Cakes." These cakes cost \$7 in a bakery but the gang members oblige us to buy them for \$108 or \$208 each. The money is paid to the gang members in a red envelope. This is customary among Chinese people as the red signified good luck.

Various gangs control different parts of Chinatown. The northern section along Canal Street is controlled by the Vietnamese gangs. These gangs are growing very rapidly and they are becoming a competitive force with the traditional Chinese gangs. Central Chinatown is controlled by the Tung On Gang and the area along East Broadway on the southern portion of Chinatown is controlled by Fukanese gangs. When you pay money to one gang, they are supposed to provide protection. This protection is protection from them. However, they are also supposed to protect

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us from the other gangs. I have had the experience of being victimized by more than one gang. When I complain to the first gang that a second group was trying to extort money from me, they promised to speak to the other gang but in fact the other gang continued to torment me.

My most recent experience involved the opening of a new restaurant. After paying a \$1,330 fee for a grand opening and agreeing to a \$308 monthly payment, a second gang arrived demanding \$3,000. When I refused to pay this amount, because I could not afford it, the gang returned while the restaurant was crowded and they overturned tables and began throwing dishes. The customers fled and the gang did not leave until they had done approximately \$3,000 of damage. At this point, I became so upset and angered that I reported the incident to the police. Very few merchants ever do this because they fear retaliation against themselves and their families. Many also fear the police because they are in the country illegally and they are hesitant to have any contact with the authorities.

The gangs also require that we provide at least \$100 worth of free food to them per month. They generally enter the restaurant and are given the food on a take-out basis. We maintain an account for how much food they have taken. The gangs scare us and we always pay because we know they have the ability to ruin our businesses. They also extort money from Chinese businesses outside New York. For example, if they learn you have

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relatives in New Jersey or Connecticut, they will go to their businesses and extort money from them too. Since I called the police, the second gang has not as yet returned to my restaurant. However, they have called me on the telephone and made threats. Almost everyone pays except for stores which are owned by the gangs or by the gang's relatives.

Gang warfare is sometimes seen in our streets. This usually involves fights over territory. It may reflect feuds between ancient enemies from China. These feuds often continue for many, many years and when the groups meet here, the battle takes place on our streets. At the present time, it appears that the Vietnamese gangs are becoming the largest and the strongest. They have many new members and they are the most readily capable of violence.

Gangs have other ways of earning money. They learn who the relatives are of their victims and if you don't pay them, they kidnap your children and hold them for large ransom. Usually when they come to the stores to extort money they don't bring guns. When they arrive with guns, it is usually for the purpose of kidnapping. The gangs also sell drugs and engage in alien smuggling. When the aliens arrive in New York, they are held in apartments as prisoners and they are not released until their families pay, in full, the fees for coming to this country. If the families are late with the payment, they are charged 10 percent or 20 percent interest per week. The gangsters also

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kidnap aliens and ask their relatives for money because the relatives are afraid to go to the place themselves as they may also be in this country illegally. The young gang members have an insatiable appetite for money. They spend vast amounts on clothing, jewelry, cars, drugs, guns and women. Most of the gang enforcers are very young. However, the bosses are older. These older men keep their identities secret and they are never seen by the merchants in Chinatown.

Another gang activity which has proven very profitable involves video games for gambling. The gangs come to our stores and force us to install video games which they provide for such games as black jack and joker poker. They make you take the game into your store and then they split the proceeds with you. They require us to put these games into our stores even though we can get in trouble for having these illegal gambling games on the premises. The split of the money is generally 60 percent to 40 percent.

Gangs are also in the business of renting beepers. They take beepers away from young people they see with them or they steal the beepers then they have it turned on by another company and they sell it or rent it to a friend. This is cheaper than obtaining a beeper through the beeper company.

I hope that this information can give you an idea of the scope of the Asian gang activity in New York City. This same

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pattern of behavior exists in every large city in the United States where there is a sizable Chinese population. For this reason, some Chinese businessmen migrate to small towns where there are very few Chinese people and where they hope that the gangs will not become aware of their existence.

I am testifying here today under a false name and behind a screen, because I would likely be injured or killed if the gangs find out I am here. I will be happy to answer questions, but I respectfully request that I not be required to answer questions which might identify me.

## STATEMENT OF "MR. CHAN"

Thank you for the opportunity to speak today before the Senate. I am a manager of a restaurant located at the heart of Chinatown, New York City. Because my business location is controlled by a gang named "Flying Dragons," I am constantly threatened and intimidated by them. In order to buy safety for all employees of the restaurant, my owner asked me to yield any demand they ask. Here is the story how they extort money and favorable treatment.

From the beginning when the restaurant was opened, they came to the restaurant with a strange behavior asking for our lucky money and 20 percent discount of whatever they ate. A short while later, they started trouble by beating up one of my waiters for disrespectful behavior. My owner negotiated with their leader and agreed to pay the gang \$300 per month so that they would not disturb our business.

For the first few months, the gang accepted monthly payment. Later on, they asked the owner to pay them annually, and, in doing so, they gave us two months discount. In addition to this annual payment, we are required to give the gang discounts for food they buy. Frequently, gang members just sign their name on

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the bill and do not bother to pay until later. They also come into the restaurant and use our telephone.

During the year, there are many occasions that, according to the lunar calendar, we are also required to purchase additional items from the gang at a very high price. For example, on Chinese New Year, we are asked to buy a "lucky tree". Also, for the Autumn feast, the gangs sell "moon cakes." These cakes sell for \$6 or \$7 in the store but we are required to pay at least \$50 for them. Some merchants pay much more.

In the past, our restaurant has also been required to buy vegetables from a gang member. He would get the produce from other merchants and then sell it to us at higher prices. Other restaurants in the area were also required to buy their vegetables from the gang for more than they would cost at other produce stores.

As manager of a restaurant, I have to try to show the gang members respect. Otherwise, I put myself in danger. Two years ago, one of our waiters carelessly took a food order from the gang and mistakenly served the wrong item to them. They cursed the waiter and broke our table and dishes. That night, the illuminated sign outside the restaurant was broken into many pieces. It cost two thousand dollars to repair.

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I hope that there will be a solution to this problem where everyone has a chance to work safely and peacefully without being threatened and intimidated. Thank you.

## STATEMENT OF SERGEANT DOUGLAS ZWEMKE

My name is Douglas Zwenke. I am a 20-year veteran of the San Jose Police Department with the rank of Sergeant. I have eight years of experience related to Vietnamese matters stemming from assignments in the Intelligence Unit and (currently) the Robbery Unit. I have also received Vietnamese Hanoi dialect training at the Defense Language Institute. At times, I have been cross-designated as a U.S. Marshal for purposes of San Francisco strike force cases.

This statement reflects both my professional opinion as well as an honest effort to provide a consensus of opinions shared with me by law enforcement personnel at the federal, state and local levels in California.

I will provide brief demographical statistics concerning the Vietnamese population in California, followed by descriptions of the types of crimes in which Vietnamese criminals are often involved. Finally, I will mention some of the crime fighting techniques employed by the San Jose Police Department and will discuss our procedures for a typical sting operation.

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Demographics. Nearly 700,000 Vietnamese live in California. The major population centers are the areas of Los Angeles, Orange County, and the San Francisco Bay. San Jose (pop. 800,000) has one of the largest concentrations of Vietnamese in the United States, with a Vietnamese population numbering 75,000.

The fall of Saigon to Communist forces in April 1975 marks the beginning of major immigrations of Vietnamese to the United States. There are two significant effects of these immigrations on American society relevant to this hearing. One is positive, one negative.

On the positive side: Vietnamese people demonstrate a true "American success" story. They have adapted well to mainstream America, and their academic, business and professional achievements are well documented. The Vietnamese work ethic is reminiscent of the work ethic brought to this country by other immigrants from other parts of the world in times past.

On the negative side: In the nearly 16 years since the fall of Saigon, those Vietnamese predisposed toward crime have been involved in almost every type of crime, leaving virtually no illegal stone unturned. The major areas of Vietnamese related crime are: (1) extortion, (2) fraud, (3) auto theft, (4) terrorism (political/criminal), (5) high technology theft, (6) gambling/prostitution, (7) narcotics trafficking, and (8) robbery.

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(1) Extortion. Extortion is a crime typically carried out by Vietnamese against other Vietnamese. It is widely unreported or under-reported, and is difficult to investigate due to some continuing distrust of police and to victim or witness intimidation following arrests. Extortionate activity is expected to decline as Vietnamese continue the Americanization process.

(2) Fraud. Vietnamese criminals are notably active in the areas of welfare fraud, insurance fraud (such as staged auto accidents), and health care fraud. In the area of health care fraud, the systematic bilking of millions of dollars of the California "Medi-Cal" program was investigated by state and local officers in 1983 and 1984, leading to the arrests of 52 Vietnamese physicians and pharmacists. Insurance and health care fraud remain widespread in both California and the United States. The health care programs involved are partly federally funded.

(3) Auto theft. This is an area of significant concern. The crimes involved also include vehicle salvage swaps. Sixty percent of all auto theft-related cases in San Jose involve the Vietnamese criminal. Similarly high percentages of case loads exist in Southern California. Such crimes, of course, result in higher insurance premiums for everyone.

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(4) Terrorism. This area involves established patterns of arsons, threats, assaults and assassinations of Vietnamese nationals opposed to "anti-Communist" Vietnamese organizations by members of a Vietnamese resistance group called the "Front." The Front, like other so-called "resistance" groups, appears to be little more than a scheme to defraud internationally displaced Vietnamese of millions of dollars. Their violations are currently a focus of the San Jose Police Department and the FBI.

(5) High Technology. In San Jose - also known as Silicon Valley - approximately 70 percent of all high-tech theft cases are generated by Vietnamese criminals. These cases typically involve thefts of computer memory chips which are easily sold to a gray market on intrastate, interstate, and international levels. The San Jose Police Department and the FBI are currently conducting appropriate investigations.

(6) Gambling/Prostitution. Gambling and prostitution are endemic. Legalized card clubs in California have spawned well-entrenched organized crime. Illegal gambling is typically conducted in impromptu settings such as residences which have been scenes of robberies and homicides.

(7) Narcotics. Narcotics distribution by Vietnamese lags behind that of the more organized crime groups such as the South American cartels and the Chinese crime groups.

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However, organized patterns of drug distribution are emerging and drug use by younger Vietnamese is having a telling effect on their culture. Drug use is a catalyst for crime for Vietnamese, just as for all other groups.

(8) Robbery (Home Invasions). Robberies carried out by Vietnamese have almost exclusively other Asians as their targets. Commercial and, most notably, residential robberies are thought to be reaching epidemic proportions nationally. Most Vietnamese residential robberies are characterized by their extreme violence, with humiliation, torture, rape, assault and homicide of victims quite common.

The victims of the robberies are often their own worst enemies. The cultural habit of hoarding gold and money at home is common, and Vietnamese "gangsters" prey on these habits. Home invasions often go unreported or under-reported, and are difficult to investigate and prosecute. Distrust of police, and victim/witness intimidation frustrate these investigations.

Vietnamese "gangsters" can be thought of as loosely knit groups of people who are extremely mobile throughout the United States. A Vietnamese robber in San Jose often reappears in Southern California or Texas or New Orleans a few days later. While some of these groups assume gang-type names, many of these "gangsters" are simply focused on economic gain - in contrast to

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other ethnic gang-type groups. Name-taking is more common among aspiring criminal types who are still in their teens.

Crime Fighting Techniques

There are several techniques which the San Jose Police Department has employed to fight Vietnamese crime:

- we have established a hot line;
- we have instituted Vietnamese language classes for San Jose police officers;
- we have attempted to combine resources of federal and local agencies;
- we have used innovative investigative approaches such as the San Jose Police Department Robbery Sting.

I have a tape here of some excerpts from this sting operation. It involved an informant who spread the word that he was interested in doing some home invasion robberies. We had his apartment wired in order to capture the bad guys on sound and video when they came to the apartment to plan the robberies.

## Statement of Detective William G. Howell

Thank you Senators for allowing me the opportunity to speak to you on the subject of Asian organized crime. My name is William Howell, and I am a Detective assigned to the Special Investigations Bureau of the Los Angeles County Sheriff's Department. My job is to identify Asian organized criminal groups and their members and to topple these organizations through criminal prosecution.

The Los Angeles County Sheriff's jurisdiction covers approximately thirty-eight contract cities and the unincorporated areas of the county. Within these boundaries are three of the five distinct Asian population centers of Southern California. These areas are the San Gabriel Valley, the Pomona Corridor and the South Bay Region, which includes Long Beach. The fourth and oldest of these areas is the downtown Los Angeles Chinatown which consists largely of Cantonese-speaking Chinese and Vietnamese. The downtown Chinatown was the only major Chinese area throughout the 1960's and 1970's. Recently, however, the Asian population has grown dramatically throughout Los Angeles County. This is particularly true in the San Gabriel Valley, East of Los Angeles. This area has eclipsed the downtown Chinatown as a cultural and business center. This area includes such communities as Monterey Park, Alhambra, Rosemead and San

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Gabriel. The San Gabriel Valley has a mix of both Mandarin, Cantonese and Vietnamese speaking residents.

The fifth Asian population center is located in the Orange County communities of Westminster, Garden Grove and Santa Ana, and is home to over 100,000 primarily Vietnamese immigrants. The variation in ethnicity among the various population centers is significant because the ethnic nature of the criminal gangs parallels that of the local communities.

One of the most active organized criminal groups in the downtown area of Los Angeles is the Wah Ching, which consists of ethnic Chinese. The most active groups in the San Gabriel Valley are the United Bamboo gang and the Four Seas Gang, which are Taiwan-based organized crime groups, and a number of ethnic Chinese-Vietnamese gangs (sometimes called "Viet-Ching") such as the Black Dragons, the Hung Pho gang and the V-Boys. The Wah Ching also operate in the San Gabriel Valley and the Pomona Corridor. In the Vietnamese community in Orange County, several large Vietnamese gangs are active in home invasion robberies and extortion. These groups are hyper-violent, and pose a uniquely dangerous threat to society.

Asian gangs participate in a broad range of activities in Southern California, including extortion, residential robbery (or home invasion), narcotics trafficking, loan sharking, and alien smuggling. While all of these activities are significant,

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perhaps the most widespread criminal activity is gambling. Gambling also fuels much of the other activity. First, it allows gangsters to launder their money. Gambling activity also provides the gangs with potential victims of loan sharking, residential robbery and follow-home robbery. Additionally, unlucky gamblers are sometimes used as "mules" to bring in heroin from Southeast Asia.

Southern California is home to an enormous amount of both legal and illegal gambling, much of which is controlled by Asian gangs. There are currently believed to be between 150 and 200 illegal underground gambling parlors operating in Los Angeles County. Many of these underground gambling parlors are under the control of Asian organized crime groups.

Los Angeles County is also home to several legal casinos, also known as card clubs. These clubs have experienced an enormous growth in recent years in what are called "Asian Games" such as pai gow. The two largest clubs are the Commerce Club, located in the City of Commerce, and the Bicycle Club, located in Bell Gardens. The Bicycle Club was partially seized in 1990 by the US government. The club remains open, however, and business is booming. The Bicycle Club, which is the largest legal card club, netted \$9.5 million per month in 1990. At the Commerce Club, an estimated \$107 million was wagered in 1990. The stakes in these clubs, particularly in the Asian games, can be enormous, and it is not unusual for tens of thousands of dollars to be on

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the table in any given hand of pai gow. California has the largest gambling revenue of any state.

These clubs subcontract the Asian games to so-called "consultants," some of whom have ties to Asian organized crime. Additionally, gang members are often used by the Asian games contractor as dealers and pit bosses in the casinos.

The State of California does not have a gaming commission. Card clubs are licensed through the regulatory board of the California State Department of Justice, but this process involves only a cursory review of the criminal records of club ownership and employees. Consequently, the clubs employ numerous known gang members and serve as a central meeting place for gangsters. As a result of the lack of regulation, card clubs operating in both Northern and Southern California have come under Asian organized crime influence.

A disturbing trend in Asian organized crime is the increasing involvement of Asian gangs in semi-legitimate business ventures. For example, the leaders of the Wah Ching gang in California have insulated themselves from the street level, and are now primarily involved in the entertainment industry and the leasing of videotapes. Gang members have control of a number of very popular videocassette libraries, and investigations have disclosed that the Wah Ching has been extorting video merchants and forcing them to lease videotapes.

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Asian organized crime figures are also laundering money through ownership interests in nightclubs and restaurants. As these gangsters mature, they generally insulate themselves from direct contact with street-level crime. For example, the Wah Ching and United Bamboo gangs generally use Viet-Chinese and Vietnamese gangs to do their "dirty work." As these gangsters age and mature, however, they tend to branch out on their own. This creates a particularly disturbing prospect, since these groups tend to use violence to back up all of their activities.

The Los Angeles County Sheriff's Office has a number of recommendations that we would like to offer for your consideration. First, we feel that a multi-jurisdictional, joint federal-local approach to this problem is critical. Law enforcement must increase the level of inter-agency cooperation in order to effectively combat these groups. Second, a number of changes are needed in immigration and extradition practices. I recently returned from Taiwan, where I helped return a wanted murder suspect who had been at large in the United States for five years. Unfortunately, it took two years to get this individual out of the country, even though he murdered an entire family of Taiwanese in the Phillipines. The deportation process currently takes too much time and allows for too much due process.

I would be happy to answer any questions.



# Department of Justice

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STATEMENT OF

ROBERT S. MUELLER, III

ASSISTANT ATTORNEY GENERAL

CRIMINAL DIVISION

UNITED STATES DEPARTMENT OF JUSTICE

BEFORE THE

SENATE PERMANENT SUBCOMMITTEE ON INVESTIGATIONS

COMMITTEE ON GOVERNMENTAL AFFAIRS

UNITED STATES SENATE

REGARDING

ASIAN ORGANIZED CRIME

NOVEMBER 6, 1991

Mr. Chairman and Members of the Subcommittee, I am pleased to discuss with you today what the Department of Justice is doing to respond to the threat posed by Asian organized crime groups. We appreciate the interest this Subcommittee has in this important topic and in the support that you have provided to our program on Asian Organized Crime. We were delighted that your staff was able to participate recently at our Asian Organized Crime Conference in San Francisco.

The Government is making significant progress against Asian organized crime. And we are taking and planning additional steps that will have a greater impact in the future.

As we reported to you in 1988, the Justice Department was expanding its efforts against Asian organized crime. It was apparent in the 1980's that Asian organized crime was beginning to grow. Like all organized crime groups, it was preying more often on members of its own ethnic groups. It was also beginning to spread its criminality into the general society.

In the last several years, we have developed a number of major criminal prosecutions of Asian organized crime. We have at the same time enlarged and refined our planning and intelligence. One notable result of our planning efforts is the new national strategy against organized crime that was issued earlier this year.

It is equally important at the outset to emphasize that virtually all of the United States citizens of Asian origin, numbering millions, are hard-working and law-abiding citizens. Only a tiny minority of Asian-Americans is the subject of our attention today, a minority that I might add is only too eager to victimize its own community.

For most of the last 30 years, we've played catch-up in eradicating what is still this country's most serious organized crime problem -- La Cosa Nostra (LCN). We will not repeat that mistake. We cannot stand idly by while newer organized crime gangs invade our society -- and in some instances our homes -- with the same lawlessness that has come to typify the traditional mob. Thus, in 1990 the Attorney General directed the nation's United States Attorneys to assess their regional crime problems and submit plans for addressing organized crime in their districts. The Attorney General consolidated these plans and announced an Organized Crime National Strategy in January 1991. At the same time, he created the Organized Crime Council, composed of the principal Federal law enforcement agencies in conjunction with the Criminal Division, to implement the National Strategy.

While correctly concluding that La Cosa Nostra remains the dominant form of organized crime in this country, the National Strategy also concludes that Asian organized crime groups have

become "significant national and international problems" that demand national attention. As I will later fully explore, the National Strategy directs Federal prosecutors, in close association with their state and local counterparts, to curtail the growth of these groups. One of the many virtues of the National Strategy is its flexibility: It recognizes that organized criminality has many dimensions and that local law enforcement must be coordinated nationally when addressing national crime groups, while remaining available to attack local factions. The National Strategy requires that the United States Attorney identify the most serious organized crime threat in the district and direct resources accordingly. For example, in those cities where Asian organized crime poses a greater threat than La Cosa Nostra, the United States Attorney is expected to concentrate more heavily on the former. Some cities -- such as Chicago and New York -- are threatened by both La Cosa Nostra and Asian crime groups, thus placing a complex and heavy demand on law enforcement resources.

Fortunately, Congress has enacted statutory tools which previous generations of prosecutors did not have. Prior to 1968 we had no statutory authority to intercept electronic communications; until 1970, no effective means of immunizing witnesses. The RICO statute and the Continuing Criminal Enterprise statute were not enacted until 1970. As you know, these enterprise-type statutes are essential to any organized crime program. It was not until the 1980's that the drug forfeiture laws

and penalties were significantly enhanced. These laws, together with the new money laundering statutes, are important, because some Asian crime groups are using criminal proceeds to acquire assets within the United States.

We have many of the essential tools for attacking Asian organized crime. The National Strategy provides the framework for planning and executing this attack more effectively. Moreover, the United States Attorneys' Advisory Committee's Subcommittee on Violent Crime and Emerging Organized Crime meets regularly to monitor the implementation of the National Strategy on the local level, with particular attention on developing Asian organized crime cases. We see positive results; there are more investigations and prosecutions and more personnel assigned to these cases than ever before. Over the past year, I have spoken directly with United States Attorneys in key districts concerning the Attorney General's priority in attacking this problem. Allow me now to summarize what this problem is.

I. THE NATURE OF THE ASIAN ORGANIZED CRIME PROBLEM

The Asian organized crime problem in this country consists of four major groups -- first, Chinese organized crime, including triads, criminally-influenced tongs, and street gangs; second, the Japanese criminal society known as the Boryokudan, or "Yakuza"; third, Vietnamese organized crime, which largely consists of street

gangs, often affiliated with Viet Ching or Chinese groups; and finally, Korean gangs, some of which are closely associated with the Japanese Boryokudan.

Let me begin with the Chinese organized crime groups.

A. Chinese Organized Crime

Chinese organized crime consists of three types of criminal and criminally-affiliated organizations: triads, tongs, and street gangs. Triads, which are secret Chinese criminal societies, were originally formed as resistance groups to the Ching Dynasty that ruled China from the 17th century until 1912. The word "triad" is an English term derived from the societies' sacred emblem -- a triangle whose sides represent three basic powers: heaven, earth, and man. There are currently about 50 to 60 triads in Taiwan and Hong Kong, with membership estimated at 80,000 to 100,000. The purpose of these triads has become exclusively criminal. Although their structures vary somewhat, triads are based on models and traditions which have a number of parallels with LCN families. For example, the initiation ceremonies typically involve oaths of loyalty, secrecy, and brotherhood, and discipline is strictly enforced by fear and violence.

Today, most of the powerful criminal organizations in Hong Kong and the Far East are not triads as such. Rather, they are

"triad-like" syndicates composed of both triad and non-triad members serving various functions within the syndicate. It is not unusual for members of different triads to collaborate within the same criminal enterprise.

In Asia, triads and related organizations are engaged in a vast array of illegal activities, ranging from extortion and racketeering to heroin trafficking, prostitution, weapons smuggling, money laundering, and credit card fraud. Bank card officials estimate that one-half of the counterfeit credit cards in the entire world are produced by triad gangs in Hong Kong, Malaysia, and Singapore.

Triad leaders also engage in large-scale smuggling of illegal aliens into the United States and Canada. During the past several years, alien smuggling has emerged as an immense, organized, and highly profitable business. Since 1990, the Immigration and Naturalization Service has identified approximately 60 routes used primarily by Chinese syndicates to smuggle aliens into the United States and Canada from Taiwan, Hong Kong, and the People's Republic of China (PRC). As Mr. Lempres of INS will describe more fully in his upcoming testimony, approximately one-quarter of recent INS smuggling cases are directly linked to triads and other organized crime groups. The immigrants, who are often given forged passports and immigration documents, are victimized by agreements to pay fees for their passage that can run as high as \$50,000 per person.

Since few can afford any substantial fee, most of these victims are farmed out to a network of Chinese restaurants, brothels, and sweatshops where they work under conditions reminiscent of indentured servitude.

Using its statutory tools, INS has been an effective force in excluding and deporting criminal elements from the Pacific Rim. Beginning in FY 1987 through July 1991, INS and Border Patrol agents have apprehended a total of 14,877 illegal aliens from the PRC, Japan, Korea, Taiwan, and Vietnam. Over one-half (56 percent) came from the PRC. While most of these aliens were excluded, 704 persons were deported during the same time period for narcotics crimes and other offenses. This total of 704 includes persons from other Asian countries in addition to the five listed above.

In the United States, triad members and splinter groups are active in many cities with Chinese populations. While some of these triad members operate independently, others are found in street gangs such as the Ghost Shadows, Flying Dragons, Wah Ching, and Ping On.

There are at least four triad societies currently active in the United States. The United Bamboo Gang has been engaged in a wide variety of illegal activities in this country, from drug trafficking to bank fraud to alien smuggling, primarily in Chicago, Houston, Los Angeles, New York, and San Francisco. The 1985 murder

of Henry Liu, a California journalist, was committed by members and associates of the United Bamboo Gang, several of whom were convicted of Federal offenses related to that murder. In the last few years, the United Bamboo has begun to develop an international network to assist members in obtaining weapons, drugs, false passports, and transportation to and from certain countries.

The 14K Group, one of the largest triad societies in Hong Kong, is associated with several American criminal groups and has inducted members of U.S. Chinese organized crime into its society. Members and associates of the 14K allegedly launder drug money and smuggle counterfeit U.S. currency from Hong Kong to San Francisco. The 14K is most active in New York, Los Angeles, San Francisco, Boston, and Houston.

Leaders of the Sun Yee On Triad in Hong Kong have allied themselves in this country with the New York-based Tung On Tong and its Tong On Gang, going so far as to detail triad members to the Tung On Tong. It is believed that various Sun Yee On members provide security for the Tong's gambling houses. Other U.S. cities with significant Sun Yee On activity include Philadelphia, Los Angeles, San Francisco, Boston, and Atlantic City. The Sun Yee On is one of the few traditional triad societies with a strong, vertically-integrated organization.

Finally, the Wo Hop To triad has developed an affiliation in

San Francisco with the Hop Sing Tong, through which it is attempting to challenge the Wah Ching Gang in San Francisco's Chinatown for control of various rackets there. This violent power struggle has already resulted in numerous murders in San Francisco.

The second Chinese organized crime structure in the United States is the Chinese "tong," or merchant association, which is found in many cities with large Chinese populations. Tongs generally are actually legitimate societies composed largely of noncriminals whose purpose is to aid immigrants, facilitate business, and preserve Chinese culture. In many important respects, tongs are a "parallel government" for those Chinese who live within a closed, insular community. Unfortunately, however, criminals control the leadership of some tongs, and use those organizations to further their criminal activities.

I have already mentioned several of the tongs in this country which are being used by criminals for illegal activity -- the Tung On Tong in New York and the Hop Sing Tong in both San Francisco and New York. Another significant criminally-influenced tong is the On Leong Tong, which has a substantial presence in Chicago, New York, Houston, and other cities throughout the United States. The On Leong Tong allegedly has engaged in widespread gambling and other racketeering for years.

The third component of the Chinese organized crime picture in

this country is the street gangs. Like triads, Chinese street gangs are entirely criminal, and there is a growing trend for upper-echelon street gang leaders to belong to both tongs and gangs. As a result, many criminally-influenced tongs use street gangs as enforcers for gambling and other illicit operations. Chinese gangs are also heavily involved in extortion schemes, often victimizing businesses in the Chinese community. For example, a study conducted last year by a New York City criminal justice agency estimated that four out of five Chinatown restaurants in New York City and two-thirds of all Chinatown businesses have been extorted by street gangs.

Three of the most significant Chinese street gangs in this country are the Wah Ching, the Ghost Shadows, and the Flying Dragons. The Wah Ching, one of the most established Asian gangs, is believed to have 600 to 700 members and associates today in a number of cities across the United States. As I previously mentioned, the Wah Ching is currently in a power struggle with the Wo Hop To triad for control of illegal activities in San Francisco's Chinatown, the headquarters of the Wah Ching. Wah Ching leaders control a vast array of legal and illegal business enterprises in North America, and have close ties to the Sun Yee On and 14K triad societies in Hong Kong.

The Ghost Shadows is an organized street gang that was formed in New York City in the early 1970's by a group of teenage

immigrants from Hong Kong. Today, the Ghost Shadows is actively involved in robbery, extortion, loansharking, and drug trafficking. The Ghost Shadows is affiliated with the On Leong Tong, and has members in numerous cities in North America.

The Flying Dragons, another New York-based street gang, is also involved in drugs, extortion, loansharking, and gambling. Together with its Vietnamese counterparts, the Chinese Flying Dragons gang is believed to have committed extortion and kidnapping in various cities along the east coast and as far west as Dallas. The Flying Dragons is supported by the Hip Sing Tong in return for protection of the Tong and its interests.

#### B. Japanese Organized Crime

Japanese organized crime consists of the Boryokudan, or "violent ones." The Boryokudan, sometimes referred to as the Yakuza, is composed of approximately 3,200 groups with a total membership of about 87,000 in Japan. In the past, the Boryokudan was more accepted within Japanese society, despite its heavy involvement in prostitution, gambling, and the amphetamine trade. As ordinary citizens have become targets of its robberies and street shakedowns, however, the Boryokudan's reputation has worsened. Nevertheless, its insignias and flags are openly displayed on its meeting places and buildings, and members proudly wear distinctive lapel pins that identify a particular group of

Boryokudan, and openly boast about their membership. In general, the Boryokudan constitutes a separate class of Japanese society: powerful, wealthy, and politically influential.

There are a number of similarities between the Boryokudan and both the Chinese triads and LCN. For example, Boryokudan members are instructed never to reveal the "secrets" of their organization, never to disobey superiors, never to withhold money from the gang, never to appeal to the police or authorities, never to violate the wife or child of another member, and never personally to use drugs. All authority in a Boryokudan group is centered in the "oyabun" or boss. A member is required to pass his illegal earnings to those at levels above him, and his status is determined by his efficiency as an "earner." The Boryokudan's activities in Japan consist mostly of extortion schemes, trafficking in crystal methamphetamine (commonly called "ice") and in weapons, prostitution, loansharking, and pornography.

Until the mid-1970's, Boryokudan interest in the United States was thought to be relatively limited. Since then, several Boryokudan organizations have become increasingly international in their operations. The United States, for example, is a major source of weapons for the Boryokudan, who route these weapons through the Philippines to Japan. Since possession of handguns by private citizens is illegal in Japan, these weapons sell for as much as \$5,000 to \$7,000 each. The United States is now a prime

investment site for Boryokudan capital. Drug trafficking has taken on increased importance for the Boryokudan, with "ice" becoming a serious problem in Hawaii. The Boryokudan has taken on an increased presence there, on the West Coast, and in Nevada.

C. Vietnamese Organized Crime

In the United States, Vietnamese organized crime means street gangs. These gangs typically do not have the tight organizational structure of Chinese or Japanese organized crime groups, and have a much younger membership than other Asian criminal groups. Also, unlike the Chinese and Japanese groups, Vietnamese gangs do not have a centuries-old tradition of organized crime in their homeland. Vietnamese street gangs include both Vietnamese and Chinese-Vietnamese (or Viet Ching), who are most likely to forge close relationships with Chinese organized crime groups.

The Vietnamese gangs sometimes serve as extortionists or enforcers for Chinese-American syndicates; their use of violence is common and frequently brutal. Some Vietnamese gangs also specialize in violent home-invasion robberies, often of other Vietnamese-Americans. These gangs are highly mobile and prey on Vietnamese in various parts of the United States.

The Born To Kill gang, headquartered in New York City, exemplifies the characteristics of the Vietnamese street gang.

The Born To Kill was allegedly formed in 1988 by 35-year-old David Thai, who split off from the Flying Dragons. Many of the members of the Born To Kill are in their teens and early twenties. Born To Kill members engage in a variety of criminal activities in New York City, including extortion and armed robbery, and frequently travel to such places as upstate New York, Connecticut, and even as far as Georgia, to commit armed robberies and crimes of violence against other Asians and Asian businesses.

We have seen significant Vietnamese gang activity in New York City, New Orleans, Houston, Miami, Arlington, Virginia, San Francisco, and San Jose, California.

D. Korean Organized Crime

The Koreans are an "emerging" Asian organized crime group in the United States. Korean organized crime groups are beginning to extend to an international arena as a result of their association with the Boryokudan. Korean organized crime groups, as well as individual Korean criminals, supply the Boryokudan with the raw materials to manufacture "ice." In Hawaii, the Korean syndicate known as the Towa Ynai Jigyo Kumai -- an affiliate of the Boryokudan -- controls most of the ice trade. Some of that drug is now appearing on the West Coast, especially in the Korean community.

Korean organized crime groups are also involved in gambling, extortion, loansharking, prostitution, alien smuggling, and credit card fraud in this country. Like the LCN, but on a smaller scale, Korean organized crime groups are apparently attempting to monopolize the Korean construction business in New York City. The New York City Police Department has estimated that Koreans control the majority of indoor prostitution -- that is, "call girls" as opposed to street prostitutes. Korean street gangs, such as the Korean Killers, the Korean Fu Ching, and the 24K, have also begun to compete with Chinese street gangs in some cities. There currently is some Korean organized crime activity in Los Angeles, New York, Seattle, Baltimore, Chicago, Washington, D.C., and other cities with significant Korean populations.

As this brief overview of the major Asian organized crime groups in this country makes clear, Asian organized crime poses a significant threat. One example of the inroads made by Asian organized crime is the importation of heroin. On May 20, 1991, U.S. Customs agents seized 1,080 pounds of heroin shipped from Thailand to the Join Sun Corporation in the San Francisco area. This seizure, the largest heroin seizure ever in the United States, had an estimated street value of \$3 billion, and resulted in the arrest of five Asians. In 1983, Southeast Asia accounted for only 19 percent of the heroin imported into the United States. As our chart shows, that percentage has increased over the last few years; since 1989, 56 percent of the heroin available in this country has

come from Southeast Asia. Much of this heroin trade is controlled by Chinese organized crime syndicates.

As the Subcommittee is aware from FBI Director Sessions' earlier testimony, the problem of Asian organized crime so far has been confined largely to certain urban areas with relatively large Asian populations. In his testimony, Director Sessions specifically mentioned ten cities that have been of particular concern to the FBI: Boston, Baltimore, Chicago, Dallas, Honolulu, New Orleans, New York, Philadelphia, Portland, Oregon, and Sacramento. In addition, there has been significant activity by Asian criminal groups in Atlanta, Los Angeles, and San Francisco. Before discussing in detail some of our significant prosecutions of the past several years, I will provide a brief description of the nature of the problem in each of these cities. I should point out that this list is not exclusive; we do, from time to time, see Asian criminal activity in other areas, such as Houston and Atlantic City, as discussed earlier in this statement, and we are constantly monitoring the situation across the nation to keep track of changing patterns of organized criminal behavior.

#### Atlanta

The Atlanta area has a growing number of Asian immigrants and a growing problem from Asian criminal groups. There are groups, some of them highly structured, engaging in criminal activity ranging from white-collar offenses to narcotics trafficking. The

United States Attorney's office is planning a Law Enforcement Coordinating Committee meeting soon that will be focused on Asian organized crime and gang activity. This meeting is expected to enable law enforcement authorities in the area to better determine the nature and extent of the problem and to develop a more effective coordinated attack.

#### Baltimore

The Asian organized crime problem in Baltimore has fluctuated over the past few years. Most recently, the Mid-Atlantic Regional Offices of the Organized Crime Drug Enforcement Task Force initiated an investigation of the On Leong Tong/Ghost Shadows organization, which was distributing cocaine and heroin in Maryland, New Jersey, Virginia, New York, California, and Washington, D.C. The investigation resulted in the successful prosecution of 24 defendants, 13 in Washington, D.C., and 11 in Hong Kong. In addition, there have been some allegations of criminal activity by Vietnamese groups in the Baltimore area.

#### Boston

At this juncture, Asian organized crime is in substantial disarray in the District of Massachusetts. The successful RICO prosecution of the most influential member of Asian organized crime in the district, Harry Mook, combined with a series of killings by rival gangs, have left Boston without a stable, dominant Asian organized crime group. There appear to be a number of Viet-Ching

and Hong Kong Chinese gangs in the area. However, none appears to have reached a position of either stability or dominance at this time.

The United States Attorney's office is working with local law enforcement officers to find and bring to justice the fugitive gang members and leaders behind these slayings. At the same time, there is a full-time Strike Force prosecutor assigned to Asian organized crime investigations. That prosecutor is working with agents in INS, FBI, and Customs, monitoring the evolving groups within the district. Various investigations are being actively pushed.

#### Chicago

The principal Asian criminal faction currently active in the Chicago area is the criminally influenced On Leong Tong, which, as I will discuss in some detail later, was the subject of a recent major prosecution involving illegal gambling and other activities. In addition, the Hip Sing Tong is involved in gambling activities. Finally, we have knowledge of some illegal debt-collection activities by a Korean criminal group.

#### Dallas

The Asian gang problem in the Dallas area has grown substantially over the past several years. At present, the main concern is over highly mobile, loosely knit gangs such as the Angel Boys, Born to Kill, and the New Boys. These gangs are involved in

massage parlor protection, illegal gambling, home-invasion robberies, and narcotics trafficking.

#### Honolulu

Japanese and Korean organized crime groups constitute Hawaii's principal Asian organized crime enterprises. Chinese Tongs and Vietnamese gangs, prevalent on the continental United States, have yet to present a discernible criminal threat in Hawaii. The Japanese Boryokudan has been active in the state since the late 1960's, engaging in activities such as illegal gambling, narcotics trafficking, prostitution, pornography, extortion, and weapons offenses. It often is difficult to bring effective prosecutions for such criminal activity, because of the language problem and fear on the part of victims, who often are vacationing Japanese nationals.

To respond to the problem, the INS has developed prosecutable false-statement cases against Boryokudan members with criminal records who enter the United States on fraudulently obtained visas. INS's vigorous Boryokudan screening program at Honolulu's International Airport, in conjunction with follow-up prosecutions by the United States Attorney's Office, appears to have reduced the number of Boryokudan members and associates coming directly to Hawaii from Japan.

In addition, Korean organized crime groups in Hawaii recently

have expanded their illegal activities beyond drug distribution (largely involving "ice") into extortion, gambling, and prostitution. These groups, which are considered violent, are aggressively moving to take over criminal "territories" worked by local organized crime groups.

#### Los Angeles

The most prominent organized crime factions in Los Angeles are Chinese. The most active groups at present are believed to be the Wah Ching, the United Bamboo, the Four Seas Gang, and the 14K Triad. These groups are engaged in narcotics trafficking, extortion, murder for hire, money laundering, illegal gambling, loansharking, and copyright infringement.

Japanese criminal groups (Boryokudan) have maintained a low profile in the Los Angeles area for many years, but several such groups have members and associates in the area. Most of these persons are "facilitators" who perform services for the Japan-based groups, such as smuggling of firearms and narcotics, purchases of luxury cars, and investment of capital into United States ventures.

Another factor in the area is the presence of Korean organized crime groups, some of whose members are closely affiliated with Japanese criminal groups. These groups are involved in narcotics trafficking, loansharking, extortion, and other crimes.

Los Angeles also has a significant problem from Asian street gangs of many nationalities. The greatest problem to date has been that of the Vietnamese gangs, of which about 20 have been identified to date. As elsewhere in the United States, in Los Angeles these gangs victimize other Vietnamese by home-invasion robberies, thefts of luxury cars, and other crimes.

#### New Orleans

The principal Asian criminal groups currently operating in the Eastern District of Louisiana are Vietnamese, followed in significance by Koreans and some Chinese. These groups engage in activities such as illegal gambling, prostitution, bribery of public officials, narcotics trafficking, extortion, loansharking, and money laundering.

#### New York

As will be obvious upon an inspection of the summaries of major cases presented later in this statement, New York City is a primary site of major Asian organized crime activity in the United States. Violent Chinese gangs such as the Ghost Shadows, the United Bamboo, and the Green Dragons, well-organized international heroin importers, and Vietnamese gangs such as the Born to Kill are only a part of the mixture of groups that have been in operation in these districts over the past several years. We have been devoting tremendous resources to the problems in these districts,

and our investigative agencies, such as the DEA and the FBI, in conjunction with state and local authorities, have developed great expertise with respect to the many varieties of Asian groups that operate there.

#### Philadelphia

During the past four years, Philadelphia-based Asian gangs, composed of young adult Chinese and Vietnamese males, have committed a substantial number of home invasion robberies and kidnappings in Asian communities of Southeastern Pennsylvania. In addition, these highly mobile gangs have extorted and robbed Asian-operated businesses in Philadelphia's Chinatown and South Philadelphia, including restaurants, entertainment clubs, and massage parlors. There are indications that gang members from New York, Boston, and Washington, D.C., are brought into the Philadelphia area by an East Coast organization to carry out these crimes. The Philadelphia Strike Force Unit currently has an active program targeting the Asian organized crime problem. Although the problem does not appear currently to be of the same magnitude as on the West Coast or in the New York City area, rapid growth in an already large Asian community may cause parallel growth in Asian organized crime.

#### Portland, Oregon

The last two years have been marked by several significant developments in Asian gang activity in Portland. Prior to 1990

such activity involved loosely organized gangs of Southeast Asians lacking well-defined leadership and commonly having a transient membership. In 1990, several of these gangs evolved into more organized "informal gangs" showing signs of stable membership and the formalization of an organizational structure. At the same time, the gangs have become polarized into two highly visible competing gangs, the "Red Cobras" and the "Vung Tao Boys." These gangs both are involved in crimes against non-gang members, including car thefts, burglaries, extortions, and robberies, including home invasions. In addition, there has been some activity by the Chinese Wah Ching gang, who were involved in matters such as loansharking and prostitution.

#### Sacramento

The Eastern District of California has a Vietnamese organized crime problem centered primarily in Sacramento. This group is not involved in narcotics trafficking, but limits its activities to burglary and extortion of businesses. Thus far, we have been able to deal with its activities through existing law enforcement resources.

#### San Francisco

In the San Francisco Bay Area, the most serious Asian organized crime influences are the Chinese members of the triads, the tongs, and Asian street gangs. In the late 1970's, the Wah Ching gang took control of San Francisco's Chinatown after a bloody

tong war. The Wah Ching is headquartered in San Francisco, with branches in Los Angeles, Seattle, Vancouver, Toronto, and New York. In more recent years, the Wah Ching's dominance has eroded, resulting in armed conflicts between warring factions in the Asian organized crime community.

San Francisco also has problems with violent Vietnamese gangs, some of which include former military officers of South Vietnam. These groups specialize in the familiar pattern of home invasion robberies, automobile burglaries, extortions, and narcotics trafficking. As a result, some gang members have been indicted for murder, including the killing of a law enforcement officer. One of our principal concerns, moreover, is that Vietnamese street gang members have begun to join forces with Chinese organized crime groups.

## II. MAJOR CASES

As I indicated earlier, we are mounting a determined attack on Asian organized crime in this country and will be bringing larger and more significant cases, with continued emphasis on use of the enterprise approach. As you know, this approach has been the heart of our successful attack on the LCN. We are convinced that this, in conjunction with the use of the Federal racketeering statutes, is the way to go against the Asian criminal groups.

Some examples of more significant Asian organized crime prosecutions brought by the Federal Government within the last five years are outlined below.

1. On May 13, 1991, the United States Attorney's Office for the Eastern District of New York in Brooklyn obtained an indictment of thirteen members and associates of the Green Dragons, a Chinese gang in Queens, New York, on RICO and related charges. The defendants in United States v. Chen I. Chung, et al. are charged with a pattern of racketeering activity that includes murder, kidnaping, armed robbery, extortion, illegal gambling, and bribery. One defendant is also charged with violating 18 U.S.C. § 1959, violent crimes in aid of racketeering activity, for kidnaping and murdering a witness who testified against the Green Dragons. The Green Dragons are led by their accused founder, "Foochow Paul," who allegedly directs much of the gang's illegal activities from outside of the United States, communicating his orders to the gang over the telephone. In addition to the thirteen indicted Green Dragons, two other members of the gang have already entered cooperation agreements with the government. Trial in this case is scheduled to begin on December 2, 1991.

2. On September 25, 1991, a grand jury in the Eastern District of New York indicted eleven members of the "Born To Kill," the violent Vietnamese street gang in New York City described earlier, on RICO charges in connection with their involvement in

numerous armed robberies, extortions, and murder and attempted murder in New York City, Long Island, upstate New York, Connecticut, and Georgia. The indictment in United States v. David Thai, et al., supersedes two pending indictments of several Born To Kill members for the attempted extortion of several businesses in New York State.

Among the criminal acts charged in the superseding indictment are two murders, including the murder of Sen Van Ta, the owner of Gold Star Jewelry in New York's Chinatown, and the attempted murder of Odum Lim, a jewelry store owner in Georgia, who was shot in the head during the course of the robbery. The Sen Van Ta murder and a conspiracy to bomb the Pho Bang Restaurant in Chinatown are also the basis for Section 1959 violations charged against David Thai.

3. In July 1991, the Boston Strike Force Unit of the United States Attorney's Office for the District of Massachusetts obtained guilty pleas in Boston in two related cases, United States v. Harry Mook, et al. and United States v. Robert Chin, et al. Harry Mook, past President of the Hung Mun (Chinese Freemasons Association) and a member of the 14K triad, and Peter Yee pled guilty to two RICO counts charging them with operating a money laundering enterprise that laundered and attempted to transport to Hong Kong over \$1.6 million of the proceeds of illegal gambling and drug dealing in New York and Chicago. Mook also pled guilty to six counts of structuring currency transactions to evade federal reporting

requirements in violation of 31 U.S.C. §§ 5322 and 5324, and two charges of money laundering in violation of 18 U.S.C. § 1956. Yee also pled guilty to five structuring counts and seven counts of money laundering counts under 18 U.S.C. §§ 1956 and 1957. In the related case, Robert Chin and Raymond Yee pled guilty to conspiring with Peter Yee to launder the proceeds of narcotics trafficking and to transport over \$1 million in currency to Hong Kong. The currency was civilly forfeited. The defendants' pleas were part of an agreement under which Mook will be sentenced to 46 months incarceration, Peter Yee to 48 months, Raymond Yee to 30 months, and Robert Chin to 27 months.

4. The national, Chicago, Houston, and New York On Leong Merchants Associations and 29 individual members and associates of the On Leong were indicted in Chicago in August 1990 in United States v. National On Leong Chinese Merchants Association, et al., a prosecution handled by the Chicago Strike Force Unit of the United States Attorney's Office for the Northern District of Illinois. The defendants were charged in connection with their operation, since 1974, of an illegal gambling business. The four On Leong associations and thirteen individual defendants were also charged with RICO based on a pattern of racketeering that included illegal gambling, bribery of a Cook County judge and a witness in the murder trial of a Ghost Shadow member, solicitation of an unrelated murder, interstate travel to acquire firearms, assaulting an unhappy bettor, and collection of unlawful debts, among other

crimes. Some of the defendants were also charged with income tax violations.

The On Leong case went to trial on April 1, 1991. Sixteen defendants pled guilty prior to trial, one pled guilty at trial, and five of six defendants charged with tax violations were found guilty. The jury was unable to reach verdicts on the RICO and illegal gambling counts for all defendants, apparently due to juror confusion over the RICO enterprise charged. The government will soon file a superseding indictment and retry the defendants on those counts. In a related civil forfeiture proceeding brought under 18 U.S.C. § 1955, the illegal gambling business statute, the Chicago On Leong was ordered to forfeit to the government its Chicago building (worth \$2.1 million), \$300,000 in cash, and assorted gambling-related paraphernalia.

5. On February 26, 1990, the United States Attorney's Office for the Northern District of California obtained a conviction in San Francisco in United States v. Hieu Duc Tran. Hieu Duc Tran was the leader of a Vietnamese gang that engaged in home invasions and robberies. Tran was convicted of conspiracy and interstate transportation of stolen property resulting from one such home invasion and robbery.

6. A Federal grand jury in Los Angeles in the Central District of California indicted four members of a Korean organized

crime group in 1990 for importation and distribution of methamphetamine, and money laundering. All four defendants in United States v. Kwang Sur Kim, et al., were convicted and sentenced to terms ranging from five to fifteen years.

7. On June 27, 1991, the United States Attorney's Office for the Northern District of California obtained an indictment in San Francisco of Jui Chang Chen, Kelly Paoko Chen, Jsueh-Ju Chen Yang, Yen Shin Li, and Mike Juiming Chen in connection with the May 20, 1991, seizure by U.S. Customs of approximately 1,080 pounds of heroin, bound for the Join Sun Corporation, at the Port of Oakland. All five defendants are charged with a number of drug offenses, including conspiracy and importation, and two defendants are also charged with interstate travel in aid of racketeering, arising from flights from Thailand to the United States.

Four of those indicted were arrested by Customs and DEA agents on June 20, 1991, at Join Sun, to which the agents had sent a controlled delivery of ten pounds of heroin on May 23. The fifth defendant, Mike Chen, was arrested in Woburn, Massachusetts, on June 22, 1991. In addition to the heroin, Federal agents seized \$35,000 worth of plastic bags, a 1989 Honda Accord, and a 1987 Ford pickup truck in the search of Join Sun, as well as the home of Mike Chen in Danville, California.

8. In December 1989, U.S. Customs and DEA agents seized 125

pounds of China White Number 4 heroin packed in cans of lychee nuts being imported into the United States from Hong Kong. As a result of this seizure and a subsequent controlled delivery, the United States Attorney's Office for the Central District of California in Los Angeles arrested and indicted three Chinese defendants and one Vietnamese individual, in United States v. Choi Ngai Chan, et al., for conspiring to smuggle heroin into this country. The conspirators apparently used a legitimate import/export business as the front for their heroin trafficking.

Three of the defendants were convicted in August 1991, and received sentences ranging from 22 to 24 years. The lead defendant was also fined \$1 million. The fourth defendant, Wai-Chong Leung, was arrested in Canada and extradited to Hong Kong, where a decision on his extradition to the United States is pending.

9. A Federal grand jury in Los Angeles in the Central District of California indicted nine defendants on September 19, 1991, on alien smuggling charges in United States v. Chong-Biao Chen, et al. The defendants allegedly conspired to hire a boat in San Pedro Harbor for \$50,000 to meet a ship 100 miles off the California coast. On August 29, 1991, the defendants picked up 132 aliens in the harbor. The defendants' plan then called for the aliens to be taken to a safe house in Garden Grove, and flown to New York City. All 132 of the aliens were seized and detained by the United States. The defendants in Chen apparently have ties to

Chinese organized crime in New York City.

10. Fourteen members and associates of the United Bamboo Gang were indicted on January 24, 1986, by a Federal grand jury in Manhattan in the Southern District of New York in United States v. Chang An-Lo, et al. The indictment, which resulted from a joint New York City Police Department and FBI undercover operation, charged the defendants with various drug-related offenses, and with two counts of RICO. Among the predicate offenses in the RICO counts were the murder of Henry Liu, a California journalist, and illegal gambling and drug trafficking charges. On September 19, 1986, most defendants were found guilty of most major charges, including the murder of Liu. Defendants Chang An-Lo, the leader of the United Bamboo in this country, Chen Chih-Yi, the national head of finance, and Tung Kuei-Sen, the California gang leader, were each sentenced to 20 years in prison, and defendant Lam Tso, the New York City leader, was sentenced to 25 years.

11. On July 9, 1991, a Federal grand jury in Atlanta in the Northern District of Georgia returned a two-count indictment against the defendant in United States v. Nghiep Van Truong for concealing a material fact and for fraud in connection with an application for permanent residence in violation of 18 U.S.C. §§ 1001 and 1546(a). The case stems from Truong's 1987 application for permanent residence status while he was living and working in Atlanta. Between 1983 and 1986, Truong was a member of the largest

Vietnamese gang in Toronto, which gang's activities included narcotics importation, gambling, extortion, murder, home invasion robberies, and other crimes. In 1986, Truong became a member of the Black Dragons, a Los Angeles-based Vietnamese gang, and he is also associated with the Hung Pho Group, another violent Los Angeles-based gang.

In his application for permanent residence, Truong omitted all references to his arrest in Canada for first-degree murder, his trial and acquittal on those charges, and his arrest for kidnapping in Los Angeles, charges which were eventually dismissed. The investigation was conducted by the Immigration and Naturalization Service with the assistance of local police in Toronto and Los Angeles.

12. A lengthy investigation into the activities of the Ghost Shadows, a major Chinese street gang in New York City, which was conducted jointly by the New York City Police Department, the New York County District Attorney's Office, the FBI, and the United States Attorney's Office for the Southern District of New York, resulted in a Federal indictment of twenty-five members of the Ghost Shadows in January 1985, in United States v. Yin Poy Louie et al. The defendants were charged with Hobbs Act robbery and extortion, obstruction of justice, and two counts of RICO. Among the 85 racketeering acts charged were extortion, gambling, robbery, kidnapping, and 13 murders committed over an eleven-year period

from 1971 until November 1982. Twenty-one defendants pled guilty and four defendants remain fugitives.

13. On October 12, 1990, Man Wai Wong and James Cheung pleaded guilty in United States v. Man Wai Wong, et al., to charges of failure to report United States currency in violation of 31 U.S.C. § 5316. The two defendants were arrested at the San Francisco International Airport as they boarded a flight to Hong Kong. Wong was carrying approximately \$102,000 wrapped in Christmas paper and Cheung was carrying an additional \$28,000. Investigators believe that the currency represented proceeds from illegal gambling activity of the On Leong Tong in New York City, with which the defendants were associated. The defendants claimed they worked for minimum wage in a fast-food restaurant in New York City. The prosecution was handled by an attorney with the San Francisco Organized Crime Strike Force Unit.

14. Nine individuals were indicted by a Federal grand jury in Houston in the Southern District of Texas on February 14, 1990, in connection with their scheme to bribe an official of the Immigration and Naturalization Service to obtain "green cards." The defendants in United States v. An-Chyi Lui, et al. were allegedly associated with the United Bamboo Gang. Of the nine people indicted, two defendants pled guilty, two were convicted on July 31, 1990, of conspiring to bribe the INS official, one is a fugitive, and four were acquitted or had the charges against them

dismissed at some stage of the proceedings.

15. In April 1989, Johnny Eng, also known as "Onionhead" and "Machine-gun Johnny," was indicted in Brooklyn in the Eastern District of New York for conducting a continuing criminal enterprise and for seventeen heroin trafficking offenses. Eng, the leader of the Flying Dragons, a Chinese street gang, is charged with directing the importation and distribution of more than 150 pounds of heroin into the United States in 1987 and 1988. In addition to Eng, seven of his workers, including Michael Yu, the underboss of the Flying Dragons, were also indicted and have been convicted of heroin trafficking. Lead defendant Eng is also the subject of several other U.S. indictments, including one in the Southern District of New York, and one in the District of Massachusetts in United States v. Harry Mook, et al.

Due to outstanding international cooperation between the U.S. and Hong Kong, Eng was recently found extraditable from Hong Kong to the United States. Eng was provisionally arrested in Hong Kong in August, 1989, pursuant to a request by the Departments of Justice and State on behalf of the Eastern and Southern Districts of New York. Eng's contested extradition proceeding was purportedly the longest in Hong Kong history. Eng's counsel presented a variety of technical arguments before the Hong Kong courts, which Senior Crown Counsel from the Hong Kong Attorney General's Chambers forcefully and successfully countered for over

two years. On September 27, 1991, Eng was found extraditable by Hong Kong, and did not appeal. He was returned to the United States on November 1, 1991, in the custody of the United States Marshals Service.

16. On March 15, 1990, the Attorney General announced the unsealing of an indictment in Brooklyn in the Eastern District of New York charging Chung Chi-Fu, a/k/a Khun Sa, with conducting a continuing criminal enterprise that imported massive quantities of heroin into the United States. Khun Sa is the commander of the Shan United Army that operates out of Myanmar and Northeast Thailand. Khun Sa apparently runs his heroin trafficking organization in Laos, Burma, and Thailand -- the "Golden Triangle."

Khun Sa is charged with supplying the heroin involved in the largest heroin seizure ever: 1,086 kilograms of heroin seized in February 1988 in Bangkok, Thailand, in a shipment of rubber destined for a warehouse in Queens, New York. He is also charged with importing into the United States an additional 1,500 pounds of heroin between September 1986 and February 1988.

17. More than 40 individuals have been indicted and 26 defendants have been convicted in a series of cases as part of the joint FBI/New York City Police Department "Whitemare" investigation into heroin and cocaine trafficking. The "Whitemare" investigation led to the second largest U.S. seizure of heroin -- on February

1989, approximately 900 pounds of high-purity heroin was seized in a Queens, New York stash house. Among those defendants convicted after trial in the Eastern District of New York were Wong Cheong Wai, an organizer of an importation of 75 pounds of heroin from Thailand, who received a 20-year sentence, and Lim Yung Heng, who received and stored the 75-pound shipment in Canada, prior to its transportation to New York City. Han Sho Wei, one of the most significant female drug traffickers ever prosecuted in this country, entered a guilty plea to the charges against her. Wong Cheong Ying, the older brother of Wong Cheong Wai, also indicted in the Eastern District of New York in connection with the Whitemare prosecutions, is reputedly a ranking member of Hong Kong's Sun Yee On. The United States is seeking his extradition from Hong Kong for prosecution in this case.

18. In early 1990, the United States Attorney for the Eastern District of New York obtained an indictment in Brooklyn on heroin trafficking charges against William Tapia, a senior Nicaraguan diplomat assigned to the Nicaraguan Embassy in Tokyo, Japan, in United States v. William Tapia. Tapia was accused of recruiting and using other diplomats to smuggle large quantities of heroin from Asia into the United States. On July 17, 1990, immediately after the Government of Nicaragua removed Tapia from his diplomatic post, the Japanese Government executed a U.S. request for his provisional arrest pursuant to the U.S.-Japan Extradition Treaty. Tapia was successfully extradited to the United States in October

1990, and on September 10, 1991, he pleaded guilty to a heroin importation charge. Tapia faces between 5 and 40 years of incarceration and a fine of up to \$2 million.

This important blow against the abuse of diplomatic status in furtherance of narcotics trafficking could not have been delivered absent the outstanding cooperation of Japanese law enforcement authorities. In addition, the United States received significant cooperation in this case from Hong Kong and Australia.

19. An investigation into heroin importers and distributors in San Francisco led to the indictment on November 20, 1990, of four individuals on drug trafficking charges in United States v. Suen Man Tang, et al. One defendant, Kelvin Lee, was severed from the case shortly after indictment, and is currently awaiting trial. The remaining three defendants were convicted following trial in August 1991. The drug trafficking operation of the defendants was apparently protected by Chinese Tongs.

20. On May 29, 1986, a Federal grand jury in San Francisco in the Northern District of California indicted three defendants on prostitution charges in United States v. Director Wang, et al. The three defendants, who had connections to a brothel in Taiwan, were charged with operating a house of prostitution and importing women for the purpose of prostitution. Two of the three pled guilty in August 1986; the third defendant remains a fugitive.

21. A criminal complaint against Mayuret Tankhanchophat was issued in San Francisco in the Northern District of California on January 24, 1991, in connection with an investigation into a Thai/Chinese heroin importing operation. The defendant is currently in Hong Kong, and the United States Attorney's Office is seeking her extradition to the United States, at which time it will seek an indictment against her.

### III. PRESENT AND FUTURE INITIATIVES

The above cases demonstrate that the Department has over the past several years achieved considerable success in attacking some of the most egregious criminal conduct by Asian criminal groups. At the same time, we have broader initiatives already in place and planned for the future to attack the problem at its roots. Our initiatives, which will dramatically improve the effectiveness of our long-term strategy against Asian organized crime, can be divided into four major groups: training and recruitment; international coordination; domestic coordination; and prosecution.

#### A. Training and Recruitment

Obviously, because of the great effectiveness of electronic surveillance and undercover operations, successful long-term investigations need a sufficient number of investigative agents to

monitor and infiltrate Asian criminal organizations. The Department of Justice is affirmatively reaching out to find prosecutors who have expertise in Asian matters, and the investigative agencies are seeking agents with those same qualifications.

In addition, we are now exploring with foreign jurisdictions the exchange and cross-training of agents and prosecutors. We are also establishing training programs in language and culture. The Attorney General's Advocacy Institute will be a key participant in these initiatives. We also hope to hire retired police officials from Hong Kong to increase our expertise on Chinese criminal groups.

The Department and numerous investigative agencies also have participated in several important conferences devoted exclusively to Asian organized crime. For example, in April 1991, the 13th International Asian Organized Crime Conference was held in Seattle. That five-day conference, which was attended by Federal prosecutors from all major cities affected by Asian organized crime, included extensive workshops on all aspects of the strategic and tactical approaches best suited to attacking the problem. Another three-day conference is scheduled for January 1992 in Toronto, to address problems of particular interest to United States and Canadian law enforcement officials who deal with Chinese, Korean, and Vietnamese criminals. This session will be attended by representatives from

the FBI, DEA, INS, other Department of Justice officials, and members of the Canadian Criminal Intelligence Service. And in a moment I will give you the details of our most important international conference yet held on Asian organized crime.

B. International Coordination

One of the most challenging aspects of Asian organized crime is its international nature. The benefits of close international coordination are self-evident. Last year, for example, in a fine instance of cooperation, Hong Kong and United States authorities coordinated the arrests of nine subjects in Hong Kong and the simultaneous seizure of more than 3 million U.S. dollars. These arrests grew out of an investigation following the 1988 seizure in Boston of 80 pounds of pure heroin, which had been concealed in industrial equipment. This event was particularly noteworthy for two reasons: first, this was the first time that Hong Kong had used its new statutory provisions permitting the seizure of drug-related assets; and second, Federal prosecutors in San Francisco, Seattle, and New York agreed to defer prosecution on United States charges so that the case could go forward in Hong Kong.

We also can point to a few other particularly noteworthy examples of the benefits of international cooperation:

Executive Agreement with Hong Kong on the Freezing and Forfeiture of the Proceeds of Narcotics Trafficking

The United States recently concluded an Executive Agreement with Hong Kong for mutual assistance in the freezing and forfeiture of the proceeds of narcotics trafficking. The agreement entered into force in early 1991. It has already resulted in the immobilization of more than thirty million dollars of drug proceeds located in Hong Kong bank accounts. Moreover, pursuant to the agreement, Hong Kong will actually be able to enforce U.S. forfeiture orders against drug proceeds located in Hong Kong banks. Through its continuing cooperation under this agreement, Hong Kong is assisting the United States in striking a stinging blow against Asian Organized Crime groups involved in drug trafficking.

Extradition of Three Thai Nationals from Singapore

On August 23, 1991, the High Court of Singapore denied the applications for habeas corpus filed by Suchin Siriwattana, Son Kaewsua, and Pipat Boonrvant, and ordered their extradition to the United States. The defendants were high-level Thai heroin traffickers wanted in the Eastern District of New York who had been arrested in Singapore last spring following a request by the U.S. for their provisional arrest. The case marked several firsts in our extradition relationship with Singapore: It was the first contested extradition; it was the first requested extradition of

third country nationals; and it was the first case involving charges based on purely extraterritorial acts by the fugitives. By providing avid and excellent representation of the United States in this case, Singapore reaffirmed its position as one of the leading opponents of drug trafficking on the Pacific Rim.

As the above examples (and several of the case histories set forth earlier in this statement) clearly illustrate, forging strong ties with the nations from which these groups originate, operate, and seek shelter, is one of the primary goals of our long-range Asian organized crime program. I am pleased to say that we have made considerable strides in this area, particularly in recent months.

As the Subcommittee is aware, in September of this year the Department hosted the first-ever Multinational Conference on Asian Organized Crime. This conference included high-ranking (in some cases, the highest-ranking) law enforcement officials from eleven of the nations most dramatically affected by Asian organized crime: Hong Kong, Japan, South Korea, Malaysia, Singapore, Thailand, Australia, New Zealand, Canada, the Netherlands, and the United States. Meeting in San Francisco for three full days, these men and women exchanged views on the topics most vital to making progress in this area: extradition, money laundering, mutual legal assistance, asset forfeiture, investigative approaches, and overcoming obstacles to international cooperation.

This conference was successful beyond our most optimistic expectations. The Criminal Division's Office of International Affairs, which, in conjunction with the Organized Crime and Racketeering Section was largely responsible for planning the conference, made new contacts and improved existing contacts with the senior officials in the Pacific Rim nations with whom they must do business every day. In the weeks since the conference took place, we have heard a steady stream of extremely positive feedback from the foreign participants. Our staff of international specialists is hard at work taking advantage of these enhanced contacts, which are virtually certain to result in the establishment of new mechanisms for evidence sharing, including consideration of new Mutual Legal Assistance Treaties (MLAT's) as well as enactment of relatively uniform domestic legislation within the region, providing for mutual legal assistance on the basis of reciprocity. The benefits will be felt not only by the Department of Justice and other Federal and state law enforcement agencies, but by our overseas counterparts as well, because, of course, cooperation is a two-way street. The only losers will be the criminal groups who will gradually discover that expanding law enforcement cooperation leaves them exposed to quick and effective prosecution for their predatory and illegal conduct.

As we continue to reap the benefits of the San Francisco conference and other conferences to follow, we also will continue

to improve our use of more traditional modes of international cooperation, such as INTERPOL and the existing framework of extradition and legal assistance treaties. As our chart depicting cooperation with Asian countries demonstrates, we now have in place extradition treaties with many of these nations, including Japan, Hong Kong, Myanmar, Thailand, Malaysia, and Singapore. We have an MLAT about to go into force with Thailand, and we are in an advanced stage of MLAT negotiations with the Republic of Korea.

In addition, we have MLAT's and extradition treaties with other countries strongly affected by Asian organized crime, such as Canada and the Netherlands, and we are in the process of MLAT negotiations with Australia. We also are assessing the possibility of placing a permanent liaison office for the Department of Justice in a key Asian city, such as Hong Kong or Tokyo. Similarly, the Drug Enforcement Administration, which has attaches in several Asian locations, is negotiating to place an office in Beijing. With the added boost our international efforts received in San Francisco, the future of cooperation with our Asian allies, and other affected countries, such as Canada, Australia, and the Netherlands, is very bright indeed.

C. Domestic Coordination

Apart from the clear need to coordinate with many foreign jurisdictions, we are aggressively pursuing closer ties among

Federal, state, and local law enforcement authorities within the United States when dealing with crimes by Asian groups. There are several reasons for this need. First, as you know, many of the crimes typically committed by such groups are "local" crimes traditionally handled by states: weapons offenses, assaults, home-invasion robberies, and other acts that often are directed against individual victims. Obviously, since local and state police forces have been confronted with these problems for several years, they have developed considerable expertise, particularly in large cities such as Los Angeles, San Francisco, and Boston. However, when the groups' members begin to travel interstate and internationally, as they have, it becomes impossible for local authorities to deal effectively with the problem. Accordingly, joint task forces have become the weapon of choice against these mobile groups. The task forces draw on local expertise and manpower while taking full advantage of Federal investigative abilities and statutory tools. We have found the task forces to be extremely effective against Asian criminal groups.

I am pleased to report that we have strong and effective task forces in place in several key areas, with more planned for the future. For example:

- In New York City, Federal agents cooperate with New York City Police Department officers assigned to the Jade Squad, which monitors a wide range of Asian organized crime investigations.

- In Chicago, two task forces are in operation. The first, consisting of investigators from the FBI, BATF, Illinois State Police, and the Chicago Police Department's gang crime squad, targets Asian organized crime generally. The second, formed by the FBI and the Illinois State Police, targets Korean gangs.

- In New Orleans, the United States Attorney has formed an Asian organized crime task force consisting of FBI, DEA, Customs, IRS, BATF and INS agents, as well as officers from the New Orleans Police Department and the Jefferson Parish Sheriff's Office. This task force meets monthly to assess the activities of Vietnamese and Korean crime groups operating in New Orleans.

In similar fashion, Asian organized crime task forces also exist in Dallas, Washington, D.C., Miami, San Juan, and Portland, Oregon; we soon expect Seattle and Los Angeles to follow suit.

Los Angeles, of course, is an example of a city plagued with almost every form of organized criminality. As we step up our efforts against its Asian crime problem, we also do everything possible with our limited resources to curtail the daily murders and drive-by shootings attributed to Los Angeles' notorious street gangs, such as the Crips and Bloods, and the growing presence in Southern California of South American and Mexican drug traffickers and money launderers. To have the maximum impact on these groups,

while addressing the many other crime problems in a city of three and a half million citizens, we have to focus on the criminal hierarchies of these groups; we cannot afford to dilute our overall efforts by targeting all individuals who are arguably associated with organized crime groups.

In addition, the Department has in place its own specific groups devoted to addressing the Asian crime problem. Most prominent is the Criminal Division's Organized Crime and Racketeering Section, which is responsible for coordinating the Department's program against all forms of organized crime, including Asian. The Section supervises the operation of Strike Force Units in United States Attorney's offices in 26 cities. Those units are dedicated to the investigation and prosecution of organized crime cases, as defined in the Organized Crime National Strategy. Although the Strike Force Units must continue to deal with the high-priority areas of traditional and Sicilian organized crime, you can see from our chart that at least nine of our offices--those in Atlanta, Boston, Chicago, Honolulu, Houston, Los Angeles, New Orleans, New York, and San Francisco, have already brought Asian organized crime cases. More such cases are now under investigation; at present we have more than thirty active Strike Force investigations involving Asian criminal groups. Under the mandate of the National Strategy, we expect our activity in this area to increase dramatically as our program gains momentum.

Also guiding the Department's efforts against Asian organized crime is the Subcommittee on Violent Crime and Emerging Organized Crime of the Attorney General's Advisory Committee of United States Attorneys. This Subcommittee, which consists of United States Attorneys from several affected cities, meets regularly to assess current plans and develop new initiatives, with particular emphasis on Asian groups.

Finally, the Attorney General's Organized Crime Council meets periodically to reassess our national priorities: in so doing, it annually gathers updated data from each United States Attorney's office to monitor the changing patterns of Asian and other organized criminal activity throughout the nation. The Acting Attorney General is now in the process of directing the 94 United States Attorneys' offices to update their assessments of organized crime within their districts. These reports will, of course, reflect the Asian organized crime problem.

D. Prosecution

As I noted at the outset of this statement, the Department is very gratified at the excellent support provided to our law enforcement efforts by the Congress over the past two decades. As you know, our significant inroads against traditional organized crime groups have been made possible in large part by our ability to employ extremely effective statutory weapons such as the RICO

statute, electronic surveillance, use immunity, and, more recently, asset-forfeiture and money-laundering provisions. We are expanding the use of these tools against Asian criminal groups.

For example, several of the successful prosecutions I described earlier involved RICO charges. The advantages of using this complex, powerful law are illustrated in simplified form on our chart depicting a typical RICO prosecution. The statute permits us, where appropriate in particular cases, to bring charges against organized criminals, when the evidence demonstrates that the defendants and their crimes have a common association with an "enterprise," such as, for example, the Green Dragons. Thus, we do not bring individual charges based on each isolated crime committed by a member of the group; rather, we bring a coordinated legal attack against the entire enterprise and its members in a way that permits us to present to the court and jury the true extent of the group's criminal activities. Moreover, upon conviction, RICO permits us to obtain forfeiture of the defendants' ill-gotten proceeds and any interest they have in the enterprise. Today, many LCN crime families are in disarray because of enterprise prosecutions built around the RICO statute. We will bring more of these Asian crime syndicates to their knees using the same basic technique.

Our Organized Crime National Strategy calls for continued use of this "enterprise theory" to incarcerate the hierarchies of major

criminal groups in single prosecutions wherever possible. We also will continue to take full advantage of the newest money-laundering, forfeiture, violent crimes, and other provisions that are designed to enable us to attack groups at their roots.

Although we are very pleased with the tools that have been given to us to date, we need the continued support of the Congress in granting us additional statutory measures as they become indicated in order to combat the changing patterns of organized criminal conduct. We also request that the Congress remain alert to the dangers of proposals that would unduly increase the risks faced by witnesses and, occasionally, jurors in organized crime prosecutions. The enactment of any provision requiring pre-trial disclosure of witness identities would have the gravest consequences for future prosecutions against violent and organized criminal groups.

One final point. I have outlined for you a number of the initiatives that we have under way or are planning to combat Asian organized crime. These initiatives will produce very important cases against Asian organized crime groups, I can assure you. But, as this Subcommittee knows from its own oversight and support of the Department's efforts against the LCN, the cases with real impact against the major groups take months -- and sometimes years -- to develop properly. Whether our evidence comes from undercover operations, electronic surveillance, cooperating conspirators, or

immunized witnesses, that evidence must come primarily from within the targeted crime groups. And since the Department is emphasizing criminal and civil forfeitures as key ingredients of this approach, the pre-indictment location and pre-trial restraint of forfeitable assets require careful preparation. In short, we must stay the course in these big cases while picking up as many smaller ones along the way as possible.

#### IV. CONCLUSION

In conclusion, let me emphasize that we are aware of the scope of the problem confronting us in this area and of the many difficult obstacles that we must overcome before we can eradicate the menace of Asian organized crime. However, our resolve is strong. As our testimony has demonstrated, we have achieved many successes. In the months and years to come, we will continue to build on the knowledge we are accumulating and to use our proven and evolving techniques, such as electronic surveillance, undercover operations, and joint task forces, to their greatest potential. I am confident that, when I or another Department representative revisits this area with your Subcommittee a year or two from now, we will have more substantial new achievements to report.

I am very grateful for the opportunity to brief the Subcommittee on our progress against Asian organized crime, and I

would be happy to respond to any questions the Members of the Subcommittee may have.

Testimony of

Michael T. Lempres

Executive Associate Commissioner  
for Operations  
U.S. Immigration and Naturalization Service

before the

Senate Committee on Governmental Affairs  
Permanent Subcommittee on Investigations

on

Asian Organized Crime

Wednesday, November 6, 1991  
Room 342, Senate Dirksen Office Building  
9:30 a.m.

At the very outset of my comments I would like to note that my remarks on organized crime are not directed at the great majority of Asians and of Chinese who have entered this country legally and who are now law abiding contributors to our society. Rather, what I have to say concerns, to some extent, those who came to this country illegally and who themselves may be targets and victims of organized crime groups. But most of all, what I want tell you about are those who have chosen to associate themselves with a life of crime and to exploit their fellow human beings for the sake of their own power and profit.

Asians, and thus Asian organized crime groups, encompass a large and diverse population. INS is particularly familiar with these population groups, and engages in both effective service and enforcement efforts respective to Asians of all nationalities. However, the Chinese represent the fastest growing group of aliens seeking to enter the United States illegally, and pay more to illegal arrangers than any other ethnic group to attempt to achieve their entry. Immigration and Naturalization Service (INS) anti-smuggling initiatives targeted at Chinese aliens have documented that Chinese organized crime groups are involved in over 25% of such cases. Accordingly, this testimony will focus on the INS response to the unique problems presented by Asian organized crime.

The United States contains the sixth largest Chinese population in the world and the largest population of Chinese outside of Asia. Approximately one quarter of all Asian-Americans are Chinese, totaling about 1,650,000 people. The Chinese population of the United States, both legal and illegal, has increased greatly within the last decade. Migration has been accompanied by a sharp increase in the number of visaed tourists and transits from the People's Republic of China (PRC), at a rate that has tripled between 1981 and 1989. This is particularly notable in view of the fact that the average Chinese citizen's income in China is only about \$500 per year, an amount that is unlikely to make legal overseas travel easy or commonplace. Thus, a significant proportion of this movement to the United States is illegal. Early this year, the New York Times conservatively estimated that in New York City alone 10% of its Chinese population of 300,000 is in the United States illegally.

The explosion of the number of illegal Chinese in this country has far-reaching implications both for society and the law enforcement community. This large influx has resulted in a dramatic increase in Chinese organized crime activities including narcotics smuggling and distribution, murder, kidnapping, money laundering, extortion, racketeering, involuntary servitude and prostitution, forgery and the sale of fraudulent documents, illegal gambling, and illegal labor practices. Many Chinese

enter the United States with the help of smuggling syndicates, which are linked to Chinese organized crime groups including gangs and Triads.

The smuggling of illegal aliens is extremely lucrative: in just one recent Los Angeles case involving the arrest of 130 mainland Chinese smuggled to the United States on an ocean-going fishing trawler, the criminal organizers stood to make nearly \$4 million. Overall, Chinese smuggling organizations earn hundreds of millions of dollars in profits, and have grown in size, complexity, and sophistication. INS anti-smuggling investigations have shown that Chinese organized crime groups have increased their smuggling fees from approximately \$12,000 charged three years ago, to a recent average of \$30,000 and to as much \$50,000 per person. Other cases include:

- o During fiscal year 1990, our Anti-Smuggling Branch identified over 40 routes used by Chinese smuggling organizations and in 1991 more than twenty additional routes were discovered.
  
- o An INS informant has advised that at least 80,000 Chinese from Fujian Province have been smuggled into the United States during the last two years.

- o Over 57,000 Chinese nationals, the vast majority of them smuggled, were issued Employment Authorization Documents (EAD) in the 16 months ending in January 1991. An additional 13,000 overstayed their visas during the same period.

This problem is not limited to the United States alone: Canadian immigration has documented that well over 25% of all inadmissible aliens are from China, and departures of PRC nationals through Hong Kong to third countries known to be transit points for smugglers and criminals have doubled within the past five years. In addition, the Netherlands police have reported that 40,000 of the estimated 100,000 Chinese in Holland are illegal.

Historically, Chinese smuggling dates back several centuries, particularly in the southern coastal provinces of Fujian and Guangdong (Canton). Many of the early immigrants to the United States came from this region during the California gold rush, and used a "credit-ticket system," which was the precursor of the more sophisticated smuggling schemes employed by today's criminal syndicates. Each immigrant purchased passage to the United States on "credit," to be paid on arrival by relatives and friends, or by an employer. The immigrant then had to work for the employer until the debt was repaid. Today that system is much the same, but the "work" consists of endless hours in

sweat shops, forced prostitution, coerced membership in violent gangs, and even acting as couriers for drug shipments from Asia.

Early immigration brokers organized themselves into smuggling syndicates, working closely with secret societies known as Triads. The Triads and their associated gangs are criminal enterprises that eventually gained control of smuggling routes, and are able to recruit from the large pool of illegal immigrants. These Triads continue to form the basis for Chinese organized crime, and have grown exponentially in sophistication and power.

More than twenty different Triads and gangs have been found to be involved in Chinese alien smuggling and other types of criminal activity by the INS. Even more disturbing is a documented trend toward Triads and gangs smuggling their own members from China, Hong Kong, and Taiwan to perpetuate criminal activities in the United States, which presents alarming implications for law enforcement. Criminal groups tend to be concentrated in certain metropolitan areas, and to specialize in certain types of criminal activity. For example, Fukienese aliens from Fujian province are involved in violent criminal activities in the New York City area, Cantonese aliens from Guangdong province operate vice, extortion, and similar rackets in San Francisco, and Taiwanese crime groups are active in money laundering and white collar crime in Los Angeles and Houston.

The return of Hong Kong to the PRC in 1997, followed by the return of the Portuguese territory of Macau in 1999, is likely to result in increased alien criminal activity in this country. Our Officer in Charge in Hong Kong reported as recently as October 2nd that Triad groups are now seeking to relocate to the United States where "they will attempt to recruit youth gang members, [and] recent immigrants from Hong Kong, Vietnam, Taiwan and the PRC as an infrastructural necessity for added incursions into the Chinese communities." He also noted that the new visa category based on an investment of one million dollars has attracted Triad attention and indicated his belief that many Triad chieftains will attempt to enter by this means.

Equally disturbing are the links among Chinese organized crime groups, alien smugglers and drug producers and distributors. It is widely believed that the majority of the heroin now flowing into New York is controlled by ethnic Chinese. Our Bangkok office recently reported that Chinese alien smuggling rings have established new routes through the southwestern Chinese province of Yunnan, through Burma, Laos and Thailand (that is, through the Golden Triangle) and that the prime movers in these rings (many of whom have been documented by Drug Enforcement Administration as heroin smugglers) are now transporting heroin as well as their human cargo.

The Immigration and Naturalization Service has taken action against Chinese organized crime at all levels. We have sought and continue to seek to remove as many of these criminal aliens from the United States as possible. We have obtained convictions of individual smugglers and heads of syndicates such as one woman who is alleged to have amassed a personal fortune of some \$30 million from alien smuggling and who was described by a Chinese Communist Party official in Fujian as simply "the best." We participate in joint enforcement task forces at the local level including one recently completed action in New York in which virtually the entire leadership of the violent Green Dragon gang was indicted on a variety of felony charges. We also participate in inter-agency operations at the federal level such as a recent "sting" in which a plan to smuggle more than 5,000 Chinese from Panama at a gross of some \$75 million was frustrated with the arrest of the principal and his banker.

However, given the great increase in the number of Chinese entering the United States illegally and the expansion of Triad and gang activity, it is even more vital that INS pursue proactive measures to prevent the illegal entry of Chinese criminal aliens. Our Investigations Division has recently initiated a special INS Asian Crime Task (ACT) Force directed from Headquarters in coordination with, among others, our representatives to the Organized Crime Strike Force Units, focused primarily on Chinese organized crime. The strategy of

this Task Force is deterrence and penetration. The Asian Crime Task Force will prevent the entry of large numbers of aliens, criminals, and Triad and gang figures using sophisticated enforcement procedures. Many of these techniques were successfully developed through previous proactive investigations conducted by INS.

An example of the effectiveness of our proactive deterrence posture occurred last spring when we were faced with the prospect of nearly 1,200 Chinese from the (PRC) being brought close to the United States in very large groups and in a very short period of time by a Hong Kong based syndicate. The syndicate bought six blocks of 200 tickets each from a European airline to transport the Chinese from Hong Kong to a South American country. Once there, a 707 aircraft was chartered from a local airline, painted white to obliterate its markings, and flown with an initial group to a Central American country from where the aliens were to be smuggled into the United States. INS Special Agents, working closely with officials of the State Department, managed to have third country visas previously issued to the Chinese revoked and to persuade the Hong Kong authorities to refuse them entry so that all but the first group could not even begin their journey to this country.

Another example of the effectiveness of our deterrence strategy occurred in the past few weeks and was featured in the

Washington Post. INS Special Agents in Los Angeles discovered a plot by a small but violent gang in New York to smuggle an as yet unknown number of mainland Chinese into the United States using an ocean-going fishing trawler. Our agents arranged the transfer of 130 of the Chinese to a vessel controlled by INS 240 miles off shore. All were subsequently arrested in Los Angeles and New York along with several members of the gang. More importantly, we have received information through both diplomatic channels and through our own confidential sources that Chinese law enforcement officials have become aware of this case and have initiated their own inquiry into the incident and into the illegal issuance of exit visas by corrupt provincial authorities.

There are many more specific examples, but I would like to emphasize in closing that INS has been in the forefront of proactive law enforcement focusing on Asian organized crime and that we have made plans and allocated resources to deal with this problem not only in the immediate future but also in the longer term.

I appreciate the opportunity to be here today to discuss Chinese Organized Crime and immigration and would be happy to answer any questions you may have.

U.S. Department of Justice  
Immigration and Naturalization Service

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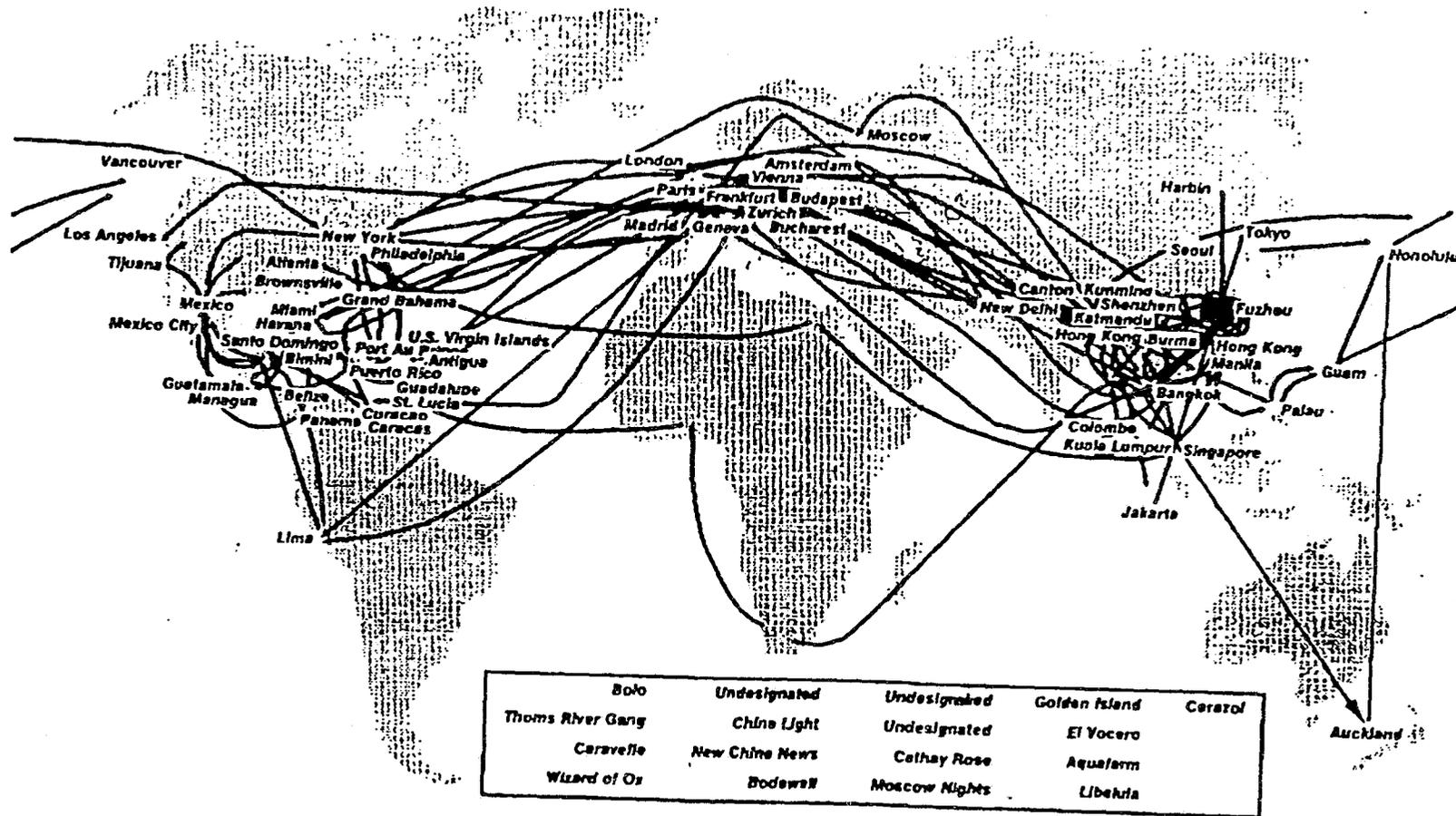
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# Asian Organized Crime

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# COMPOSITE DRAGON ROUTES, 1991

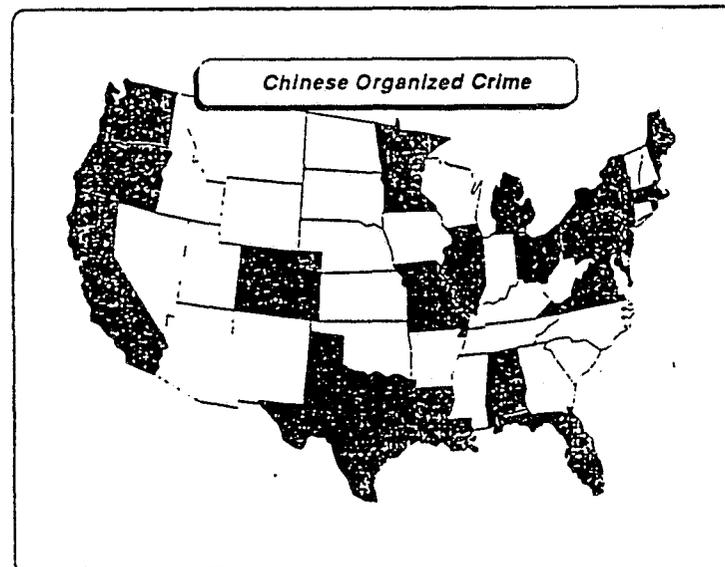


**CHINESE ORGANIZED CRIME**

**Nationality:** Chinese, Taiwanese, Hong Kong

**Criminal Involvement:** Heroin trafficking  
Extortion  
Organized crime related homicides  
Gambling  
Prostitution  
Immigration document fraud  
Alien smuggling

**Known Areas of Chinese Organized Crime Activity:** Most large metropolitan areas throughout the United States such as New York City, Boston, Houston, Los Angeles, San Francisco, Seattle, Portland (ME), Chicago, Denver, Philadelphia, Washington, DC, and Detroit.

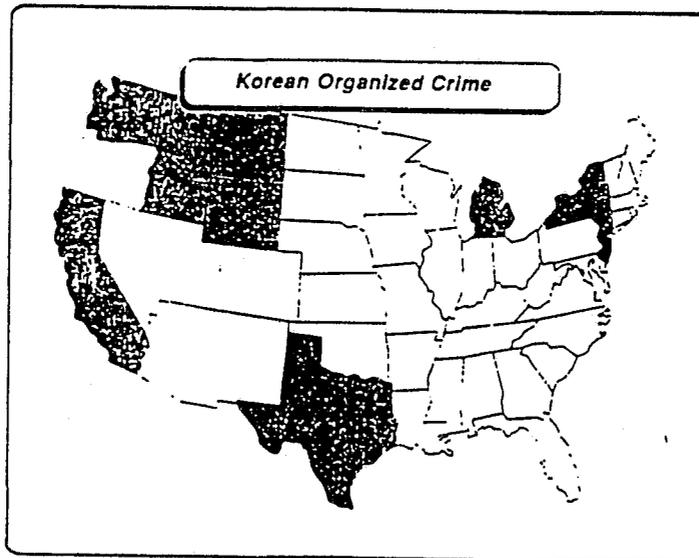


### KOREAN ORGANIZED CRIME

Nationality: Korean

Criminal Involvement: Prostitution  
Protection Rackets  
Narcotics Smuggling

Known Areas of Korean Organized Crime Activity: New York, New Jersey, Texas, Washington State, California, Michigan, Montana, Wyoming, Idaho, Hawaii

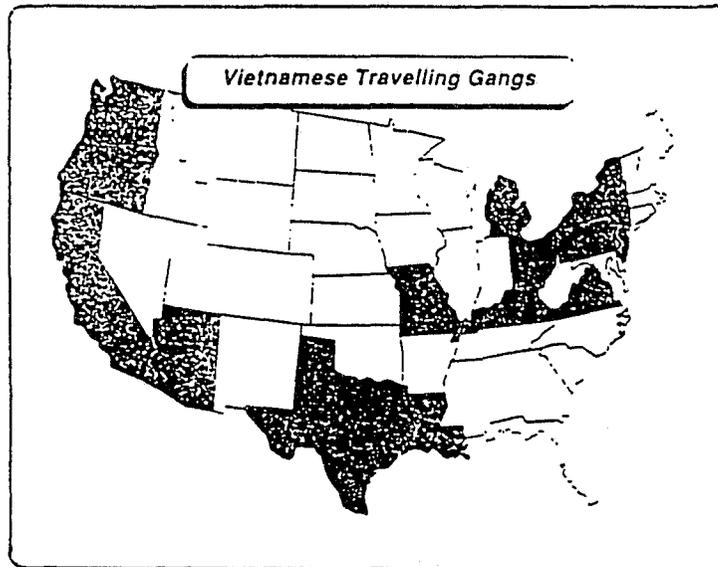


**VIETNAMESE TRAVELLING GANGS**

**Nationality:** Vietnamese, Cambodian, Laotian

**Criminal Involvement:** Auto theft  
Armed robbery (especially Convenience Stores)  
Armed residence invasions (aggravated burglaries)

**Known Areas of Vietnamese Travelling Gang Activity:** Most large metropolitan areas within the United States, especially those communities with an established Vietnamese population.

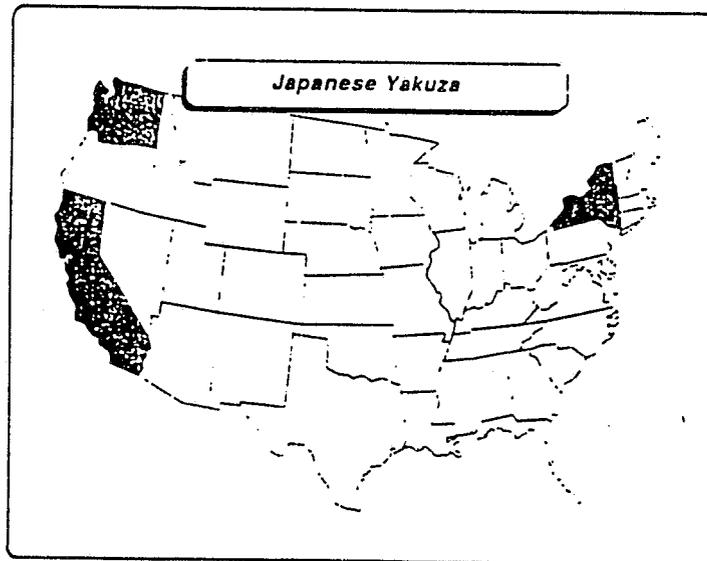


**YAKUZA**

**Nationality:** Japanese or ethnic Korean or Chinese permanently residing in Japan

**Criminal Involvement:**    Narcotics trafficking  
                                         Prostitution  
                                         Gambling  
                                         Bookmaking  
                                         Extortion  
                                         Pornography

**Known Areas of Yakuza Activity:** New York City, Honolulu, San Francisco, Los Angeles, Seattle



## STATEMENT OF JOSEPH POLLINI

Good morning, Senators. I am Joseph Pollini, a lieutenant with the New York City Police Department. I am assigned to the Detective Bureau, Major Case Squad, and one of my primary functions is to direct all kidnapping investigations that occur in New York City. On a yearly basis, we investigate approximately fifty (50) kidnappings, ninety (90%) percent of which are generally drug related.

Within the past year, I have been assigned to the investigation of three (3) kidnapping cases involving the abduction of nine illegal aliens from China.

In substance, we found that prior to the arrival of the aliens into the United States, members of their families would negotiate with a group of organized smugglers with factions both in the United States and China. A fee of between twenty (\$20,000) and thirty (\$30,000) thousand dollars would be established as payment for fictitious documents and transportation to this country.

Upon arrival into the United States, through various ports of entry, the aliens go to a predestined location within the Chinatown area of New York City. There they would be met by members purporting to be established members of the Chinese

Page 2

community. In actuality, they were members of the local Chinese gangs hired by the smugglers to collect the fees for entry into this country. The gang members were composed of generally illegal aliens from China, some of whom were recently smuggled into the country, and in payment for their entry, would act as enforcers for the smuggling operation.

Once the new aliens arrived in the Chinatown area, the gang members would reassure them that they would be provided with employment and a comfortable place to live. The aliens would then be transported to a crowded and sparsely decorated apartment within Chinatown with simple cots and a limited number of cooking utensils. Immediately, the new arrivals would be informed that they would be held at the location pending payment of the entire fee which was negotiated for their entry to this country. Telephonic contact would be made with their family members in this country who sponsored their trip and gang members would raise the ransom to between ten (\$10,000) and twenty (\$20,000) thousand dollars above the initial fee. This amount would be paid to the enforcement group for their services in collecting the original fee.

The victims would then be bound and handcuffed within the apartment for the entire duration of their stay until payment was made. They would be fed infrequently and would be repeatedly beaten and tortured with such items as claw hammers and lit cigarettes.

Page 3

As a result of the increased monetary demand made by the gang members, the families of the victims would become outraged and alarmed, specifically because they were incapable of making the increased payment. With no other recourse, the family members came to the police for assistance.

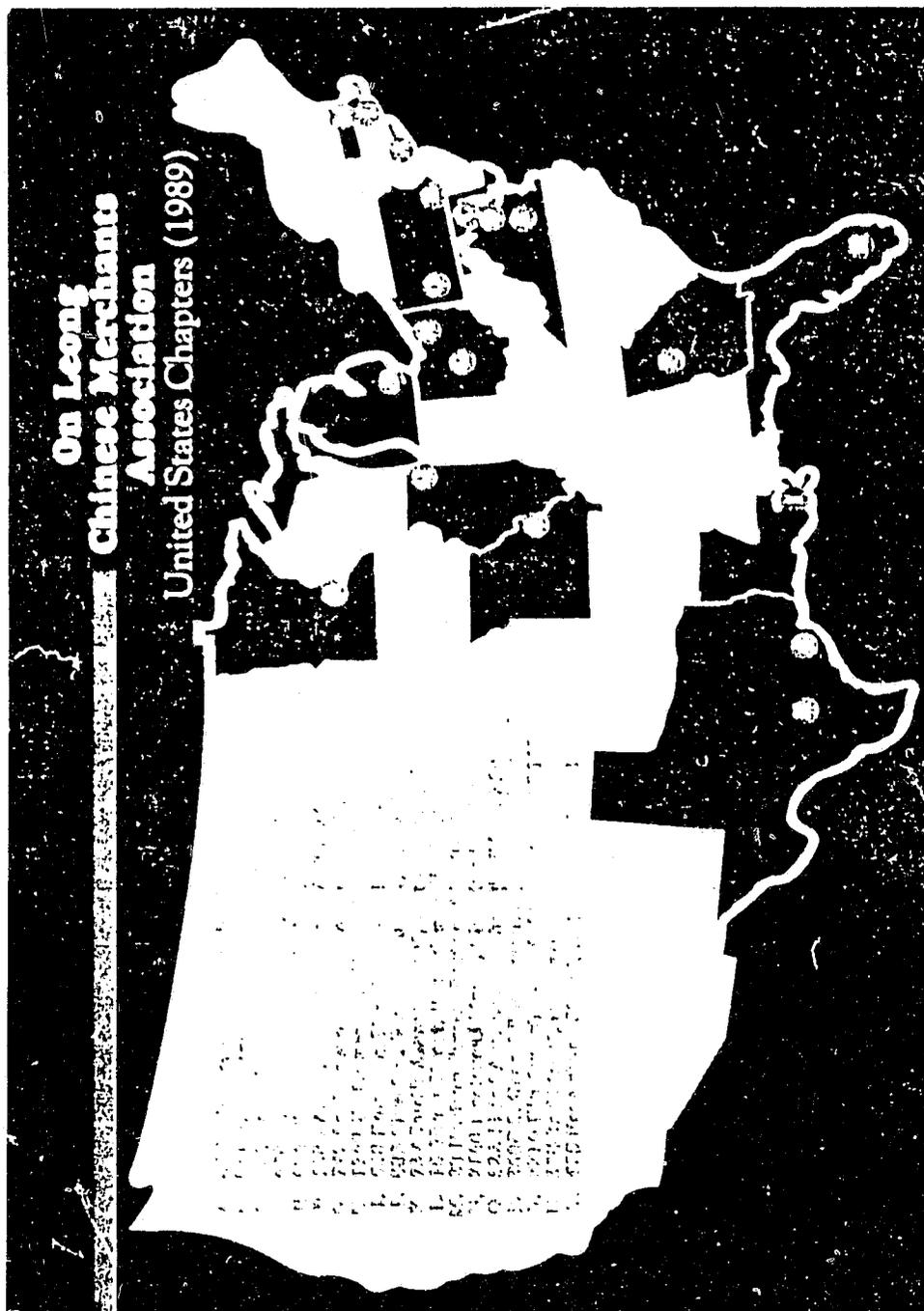
We felt that as a result of the notoriety generated by these cases, through the media, that the problem would have subsided. To the contrary, the New York Office of the Federal Bureau of Investigation just recently investigated a kidnapping case involving a smuggled alien from China with generally the same method of operation.

Although smuggling investigations are not a function of the local police, I have afforded whatever assistance necessary to the investigators of the Immigration and Naturalization Service in order to identify the principals involved in these criminal enterprises and deter this type of criminal behavior in the future.

I would like to thank the members of the Subcommittee for allowing me to come before you today and speak regarding this serious and timely problem. I wish to offer my continued assistance and any resources that my department has available to combat this problem. Thank you.

APPENDIX

EXHIBIT 1



# Primary Tong and Affiliated Gangs in N.Y. Chinatown

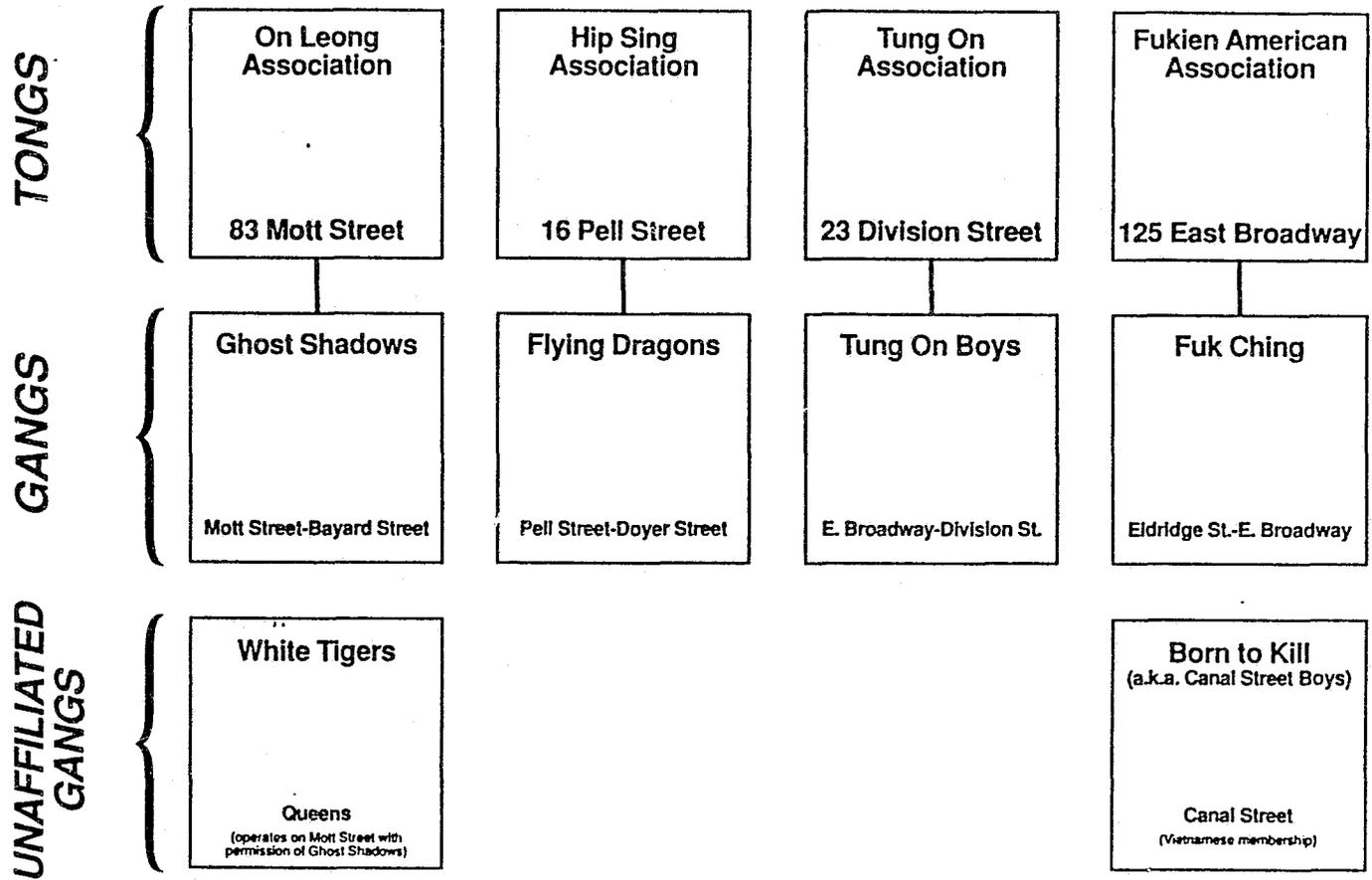
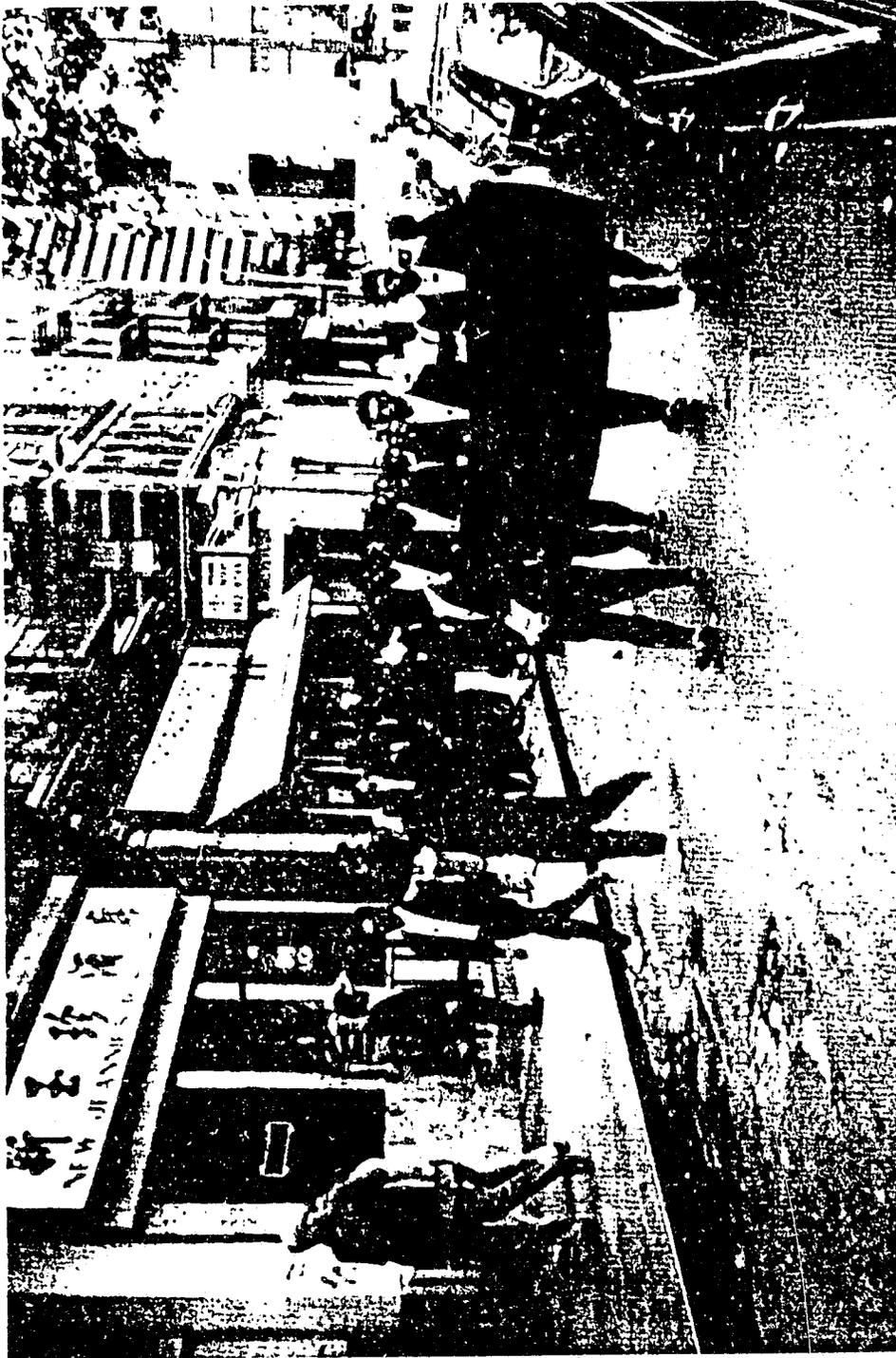
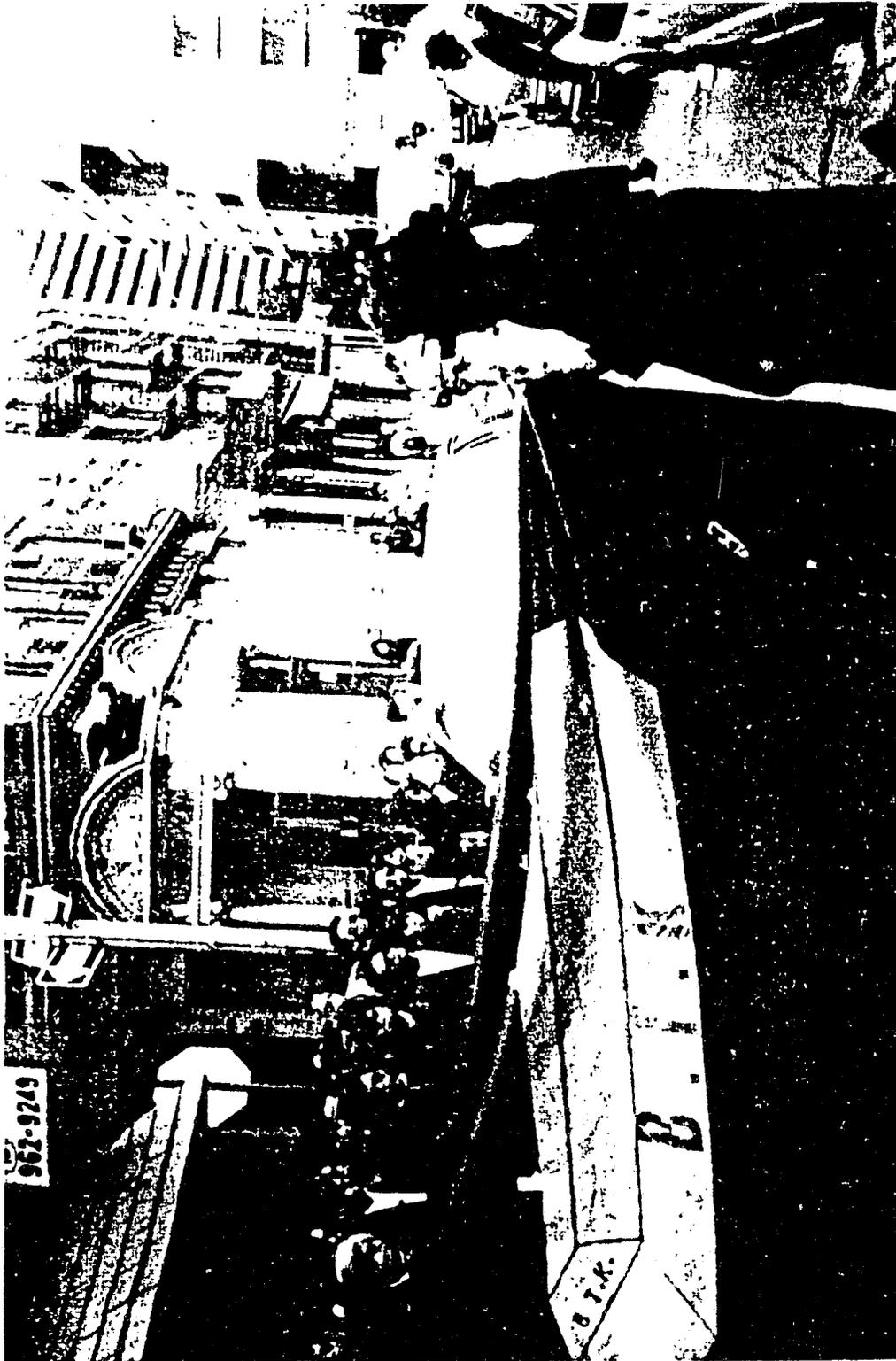


EXHIBIT 2

EXHIBIT 3







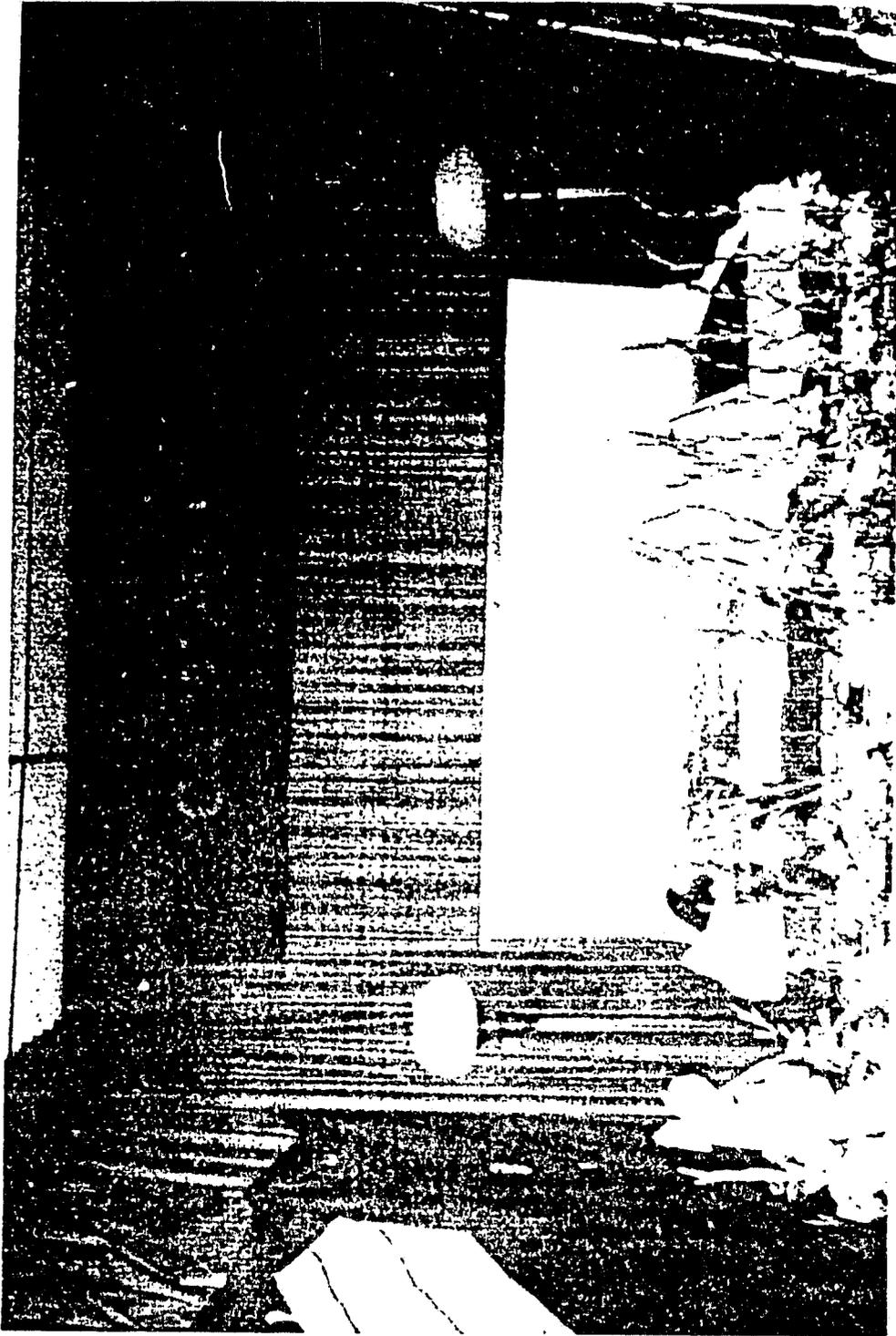
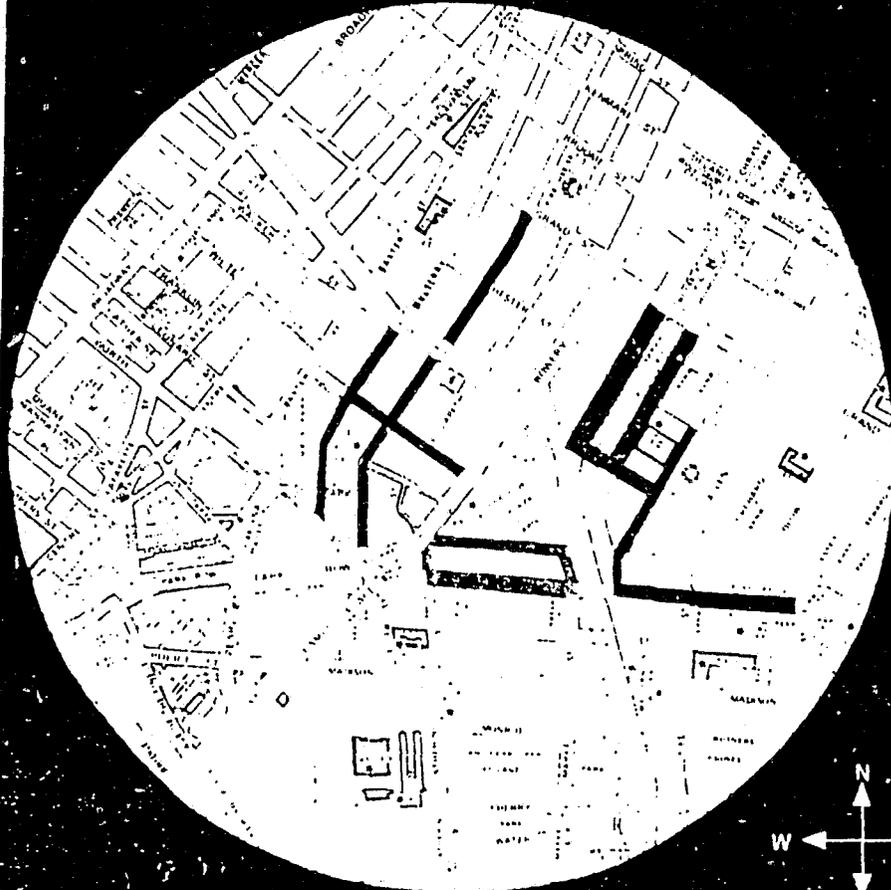


EXHIBIT 4

# Chinatown, N.Y.



## GANGS

 Ghost Shadows . . . . .

 Flying Dragons . . . . .

 Tung On . . . . .

 Fuk Ching . . . . .

White Tigers (based in Queens) . . . . . (unaffiliated)

 Born to Kill (Vietnamese) . . . . . (unaffiliated)  
(aka, Canal Street Boys)

## TONGS

 On Leong Assoc.,  
83 Mott St.

 Hip Sing Assoc.,  
16 Pell St.

 Tung On Assoc.,  
27 Division St.

 Fukien American Assoc.,  
125 East Broadway

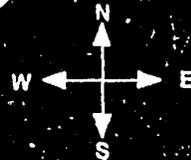


EXHIBIT 5



EXHIBIT 6

**Chinese  
Organized  
Crime**

**Definitions**

**Triad Societies**

Ancient secret criminal societies which trace their roots to 17th century China. There are an estimated 80,000 members in 60 societies.

**Chinese  
Tongs**

Chinese fraternal and business organizations with chapters in major U.S. cities. The membership of tongs is composed largely of non-criminals. However, criminal investigations have determined that some members have ties to organized crime.

EXHIBIT 7

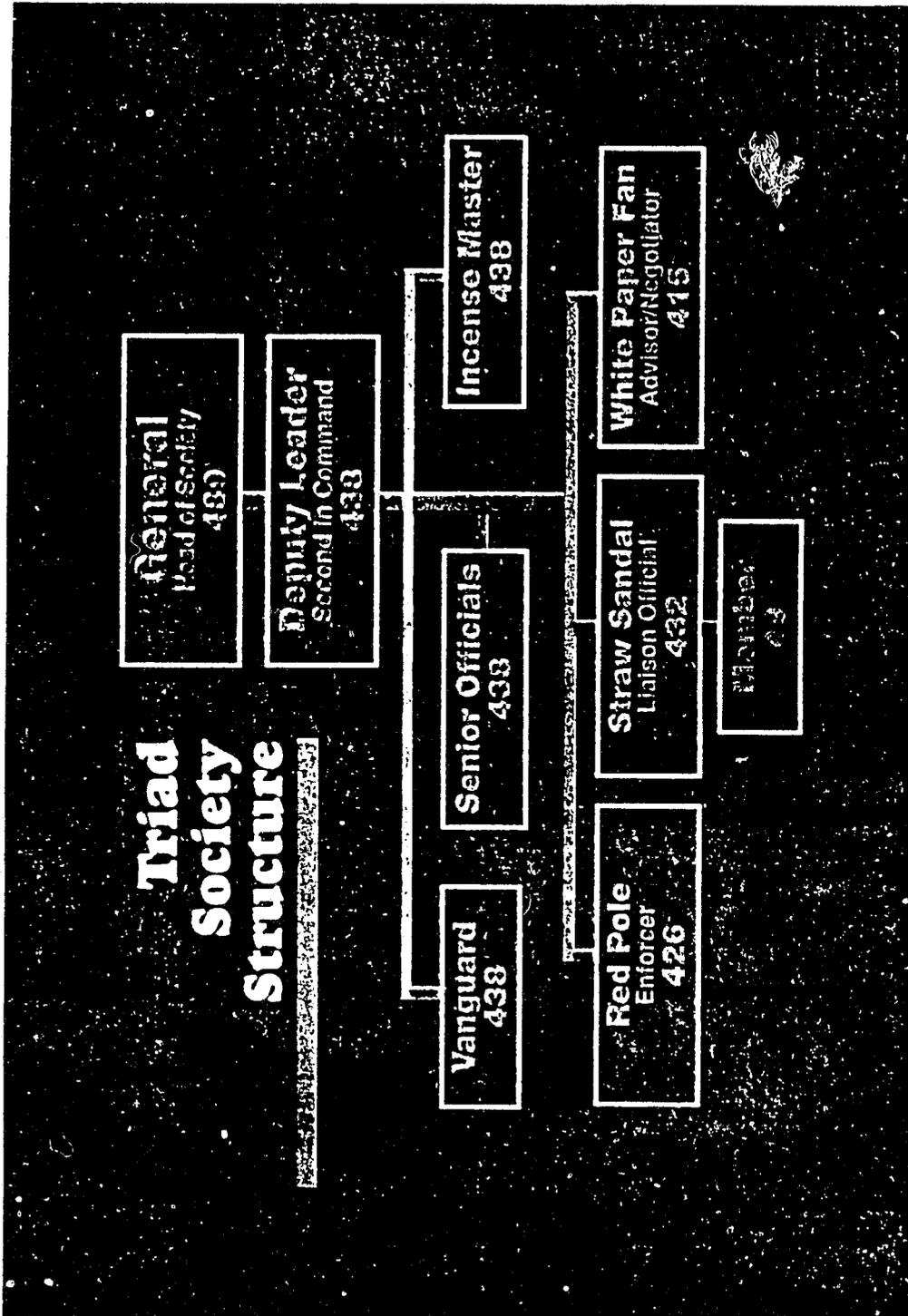
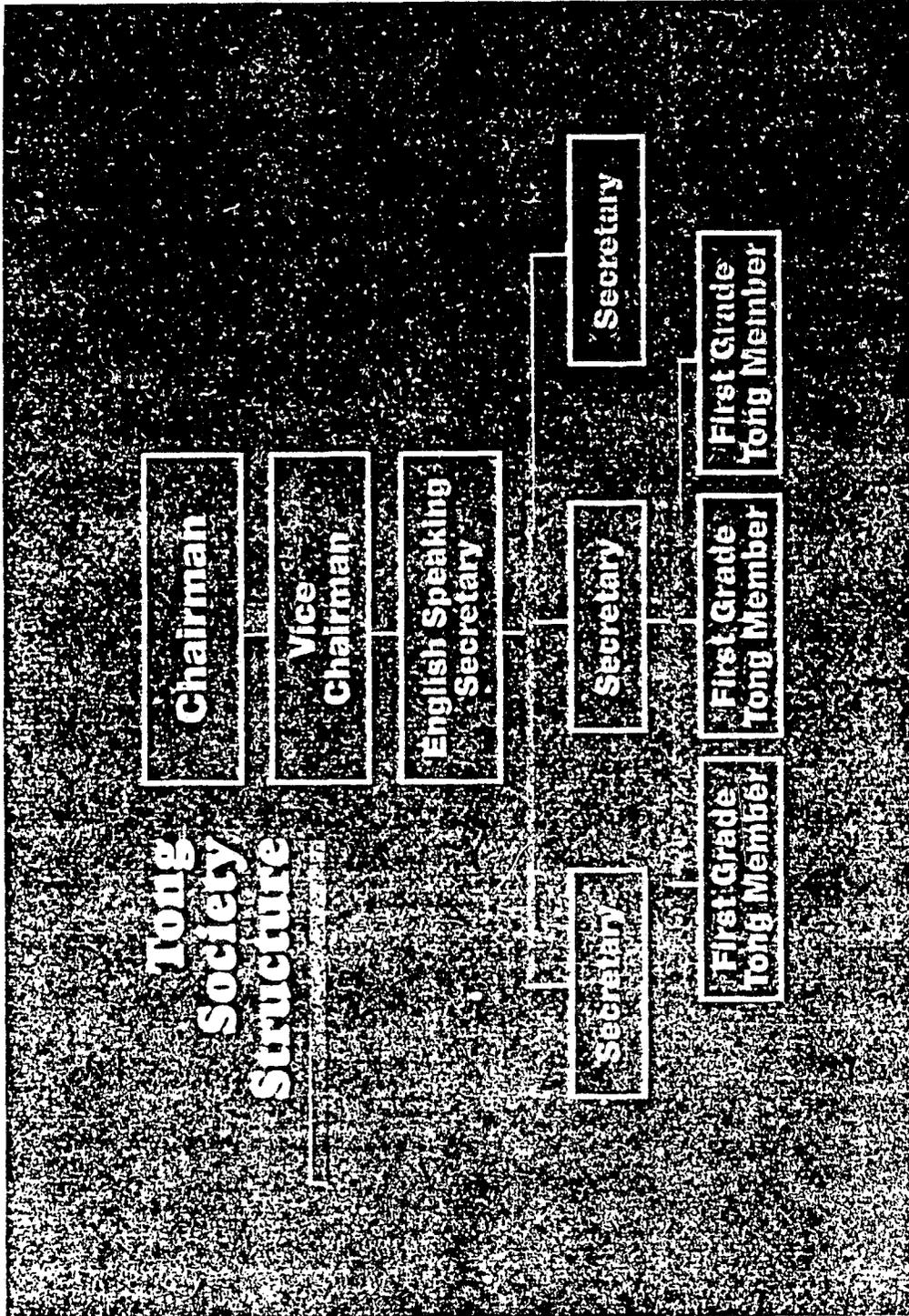


EXHIBIT 8



# Yan Group

## Criminal Activities and Affiliations in the United States (1990)

### International Affiliations

- ▼ Taiwan
- ▼ Hong Kong
- ▼ Philippines
- ▼ PRC
- ▼ Canada
- ▼ Great Britain
- ▼ Paraguay
- ▼ Amsterdam
- ▼ Netherlands
- ▼ Macau

San Francisco

Los Angeles

San Diego

Chicago

Boston

New York City

### Interaction with U.S. based Groups

- ▼ Wah Ching San Francisco
- ▼ Hip Sing Tong New York
- ▼ Flying Dragons Gang New York
- ▼ On Leong Tong New York
- ▼ Ghost Shadows Gang New York
- ▼ Chinese Freemasons New York

### Criminal Activities

- Murder
- Prostitution
- Loansharking
- Illegal Gambling
- Drug Trafficking
- Extortion

Houston

# Sun Yee On Society

Criminal Activities and Affiliations  
in the United States (1990)

## International Affiliations

- ▼ Hong Kong
- ▼ Canada
- ▼ Dominican Republic

San Francisco

Los Angeles

## Interaction with U.S. based Groups

- ▼ Born to Kill Gang New York
- ▼ Ghost Shadows Gang New York
- ▼ Tung On Tong New York
- ▼ Tung On Gang New York
- ▼ Flying Dragons Gang New York
- ▼ Wah Ching Gang San Francisco
- ▼ Tsun Tsing Association New York
- ▼ Chinese Freemasons New York
- ▼ On Leong Tong New York

## Criminal Activities

- Alien Smuggling
- Extortion
- Loansharking
- Illegal Gambling
- Blackmail
- Prostitution

Portland  
Boston  
New York City  
Philadelphia  
Miami

# United Bamboo Gang

Criminal Activities and Affiliations  
in the United States (1980)

## International Affiliations

- ▼ Taiwan
- ▼ Thailand
- ▼ Hong Kong
- ▼ Japan
- ▼ Phillipines
- ▼ Saudi Arabia

San Francisco

Boulder

Denver

Los Angeles

Phoenix

Honolulu

Chicago

New York City

Atlantic City

Houston

Criminal Activities

■ Murder

■ Illegal Gambling

■ Money Laundering

■ Loansharking

■ Weapons Violations

■ Public Corruption

■ Drug Trafficking

■ Investment Fraud

Miami

■ Extortion

■ Armed Robbery

■ Prostitution

## Interaction with U.S. based Groups

- ▼ Wah Ching San Francisco
- ▼ Fuk Ching New York
- ▼ Flying Dragons Gang New York
- ▼ Ghost Shadows Gang New York

EXHIBIT 11

# Ghost Shadows Gang Criminal Activities and Triad Affiliations (1990)

## International Affiliations

- ▼ Hong Kong
- ▼ Canada
- ▼ Philippines

San Francisco

Los Angeles

## Triad Interaction

- ▼ 14K Group Hong Kong
- ▼ Sun Yee On Hong Kong
- ▼ United Bamboo Gang

## Criminal Activities

- Murder
- Weapons Violations
- Loansharking
- Kidnapping
- Bribery
- Drug Trafficking
- Extortion
- Burglary
- Alien Smuggling
- Gambling
- Robbery



EXHIBIT 12

# Wah Ching Gang

Criminal Activities  
and Triad Affiliations (1990)

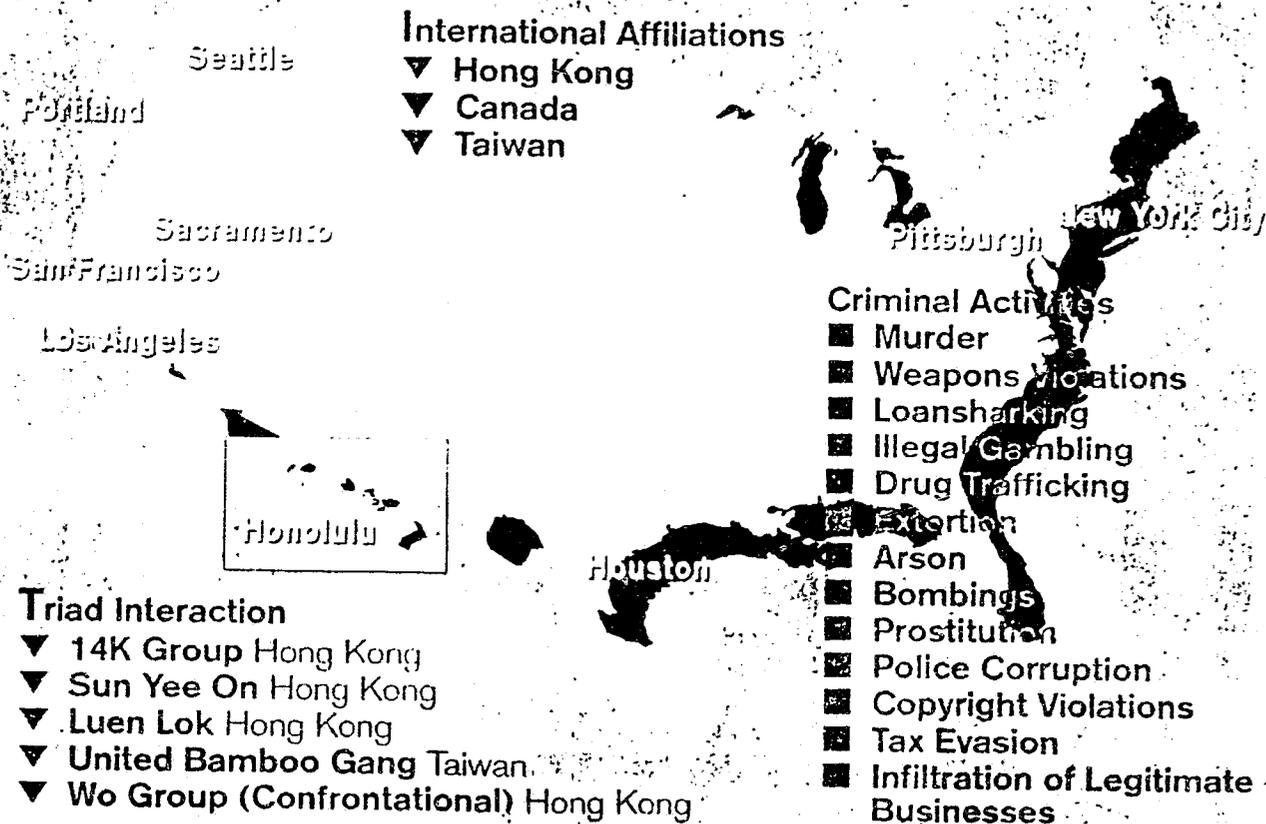


EXHIBIT 13

# Flying Dragons Gang

Criminal Activities  
and Triad Affiliations (1990)

## International Affiliations

- ▼ Hong Kong
- ▼ Canada

San Francisco

Los Angeles

Dallas

Philadelphia

Boston

New York City

Newark

Fairfax County,  
VA (VFD)

## Triad Interaction

- ▼ 14K Group Hong Kong
- ▼ Sun Yee On Hong Kong
- ▼ United Bamboo Gang

## Criminal Activities

- Murder
- Weapons Violations
- Loansharking
- Illegal Gambling
- Drug Trafficking
- Extortion
- Armed Robbery

EXHIBIT 14

## EXHIBIT 15

**Japanese Yakuza (Yakuz)**

Literally, 8-9-3, a term derived from the worst possible score in a card game "Hanafuda". Totalling "20", the player automatically "loses". Thus, he is a loser, "good for nothing". This term is preferred by Japanese gangsters.

**Organized Crime****Definitions****Oyabun**

Literally "father role". The overall boss of the Bendo "family" (kai).

**Kochoin**

Literally "shillee role". The member of a gang, obligated to his Oyabun as a child is to his father.

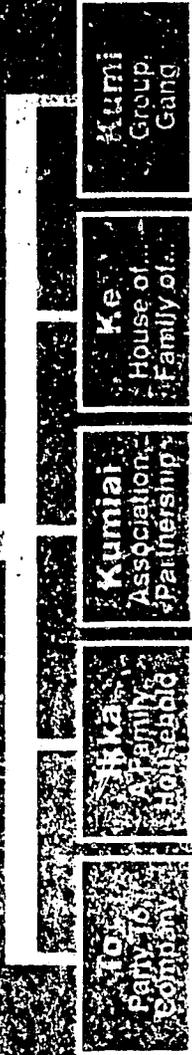
**Boryokudari**

"Violent ones", the term preferred by the Japanese National Police Agency (NPA) when referring to the Yakuza. The NPA has defined "Boryokudan" as an organization which collectively or habitually engages in, or has the possibility of engaging in, violent and unlawful acts.

EXHIBIT 16

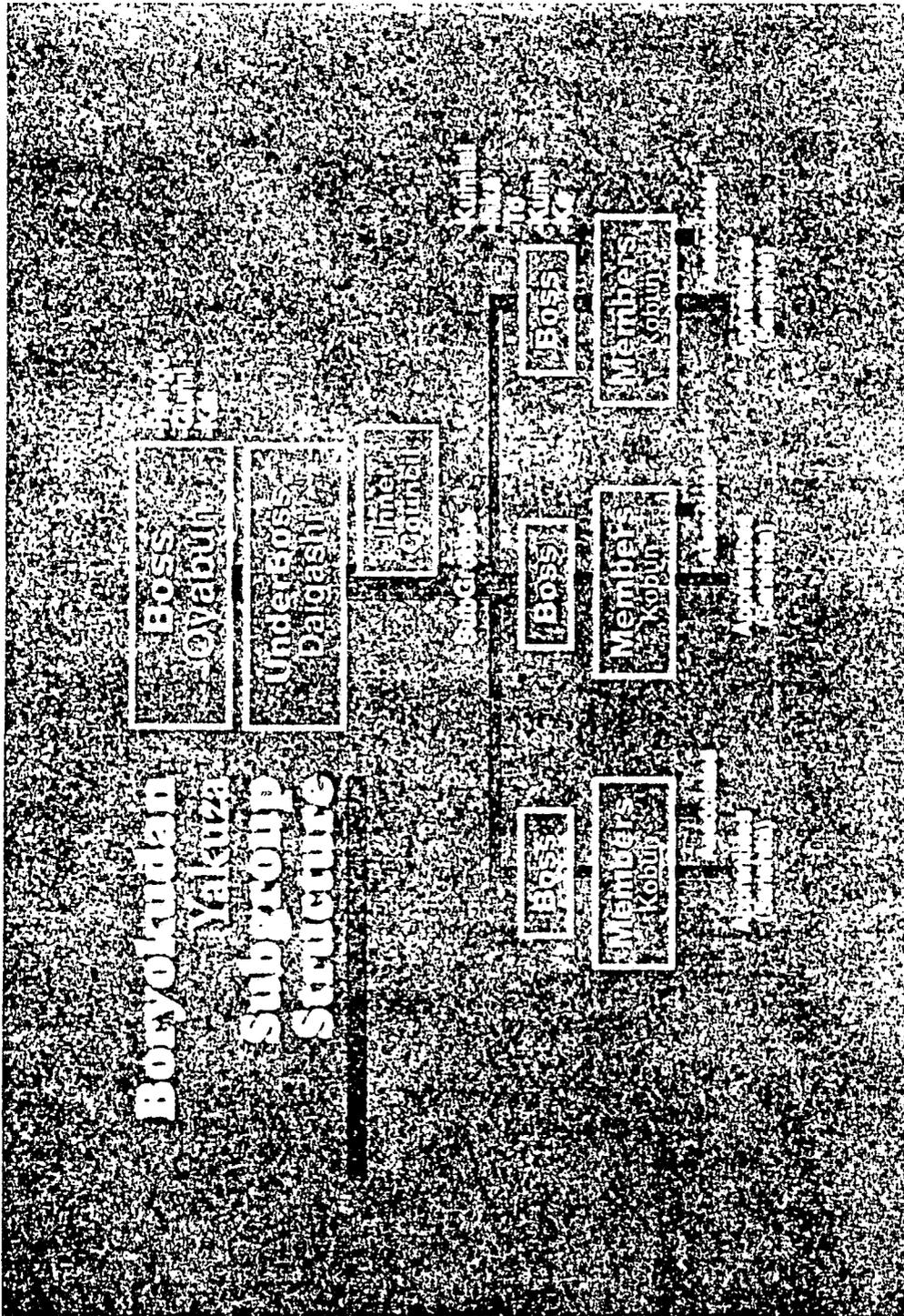
**Boryokudan  
Yakuza  
Group  
Structure**

- Rengo Union, Alliance, Coalition of Combination  
EX: Sumiyoshi - Rengo
- Gumi Group, Company or Gang  
EX: Yamaguchi - Gumi
- Kai Club, Society or Association  
EX: Inagawa - Kai



A Boryokudan Group may include in excess of 100 sub-groups

EXHIBIT 17



# Leadership Structure of Primary Tongues and Affiliated Gangs in New York City

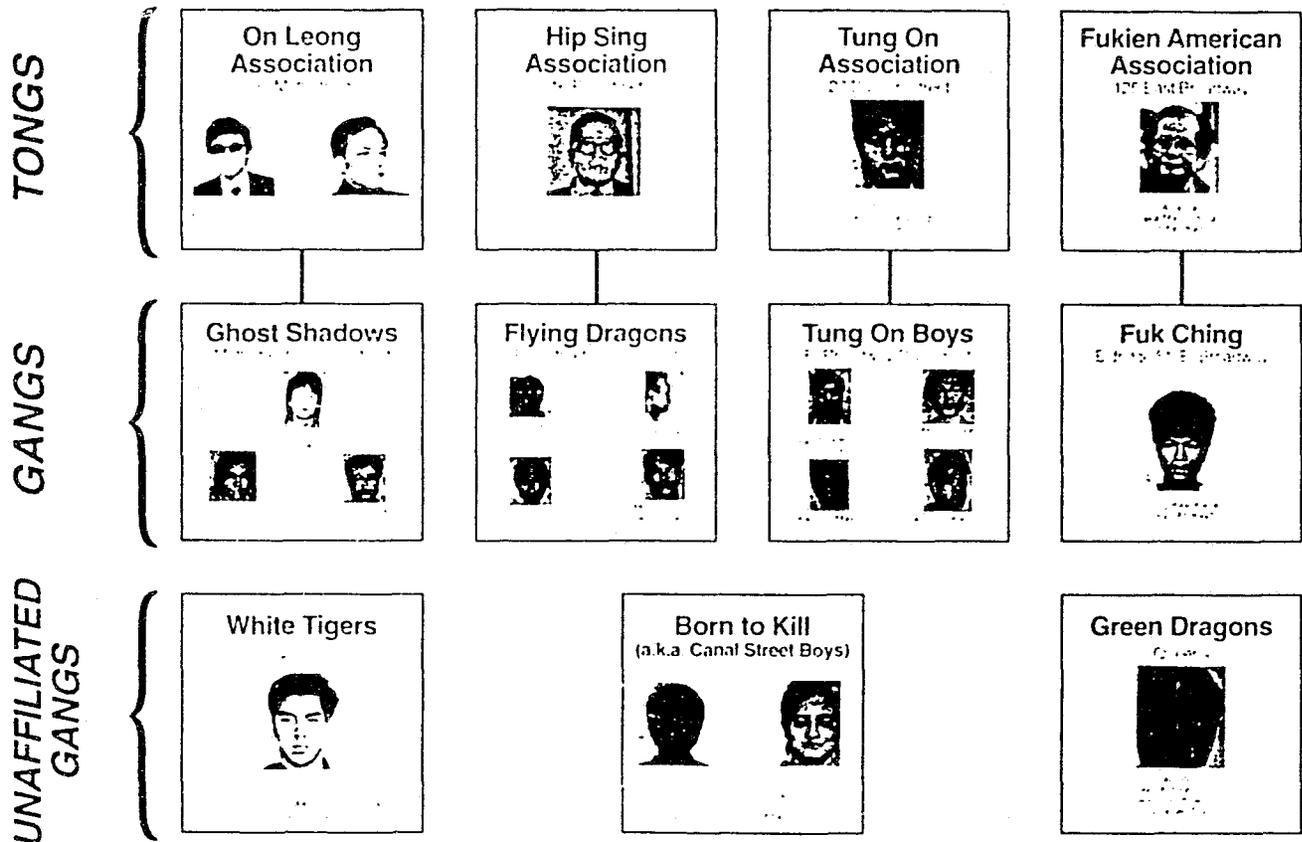


EXHIBIT 35

EXHIBIT 37

# Wo Hop To Triad

USA WEST COAST  
LEADERSHIP

USA WEST COAST  
LEADERSHIP

USA WEST COAST  
LEADERSHIP

USA WEST COAST  
LEADERSHIP



USA WEST COAST  
LEADERSHIP



USA WEST COAST  
LEADERSHIP



# Wah Ching Gang California

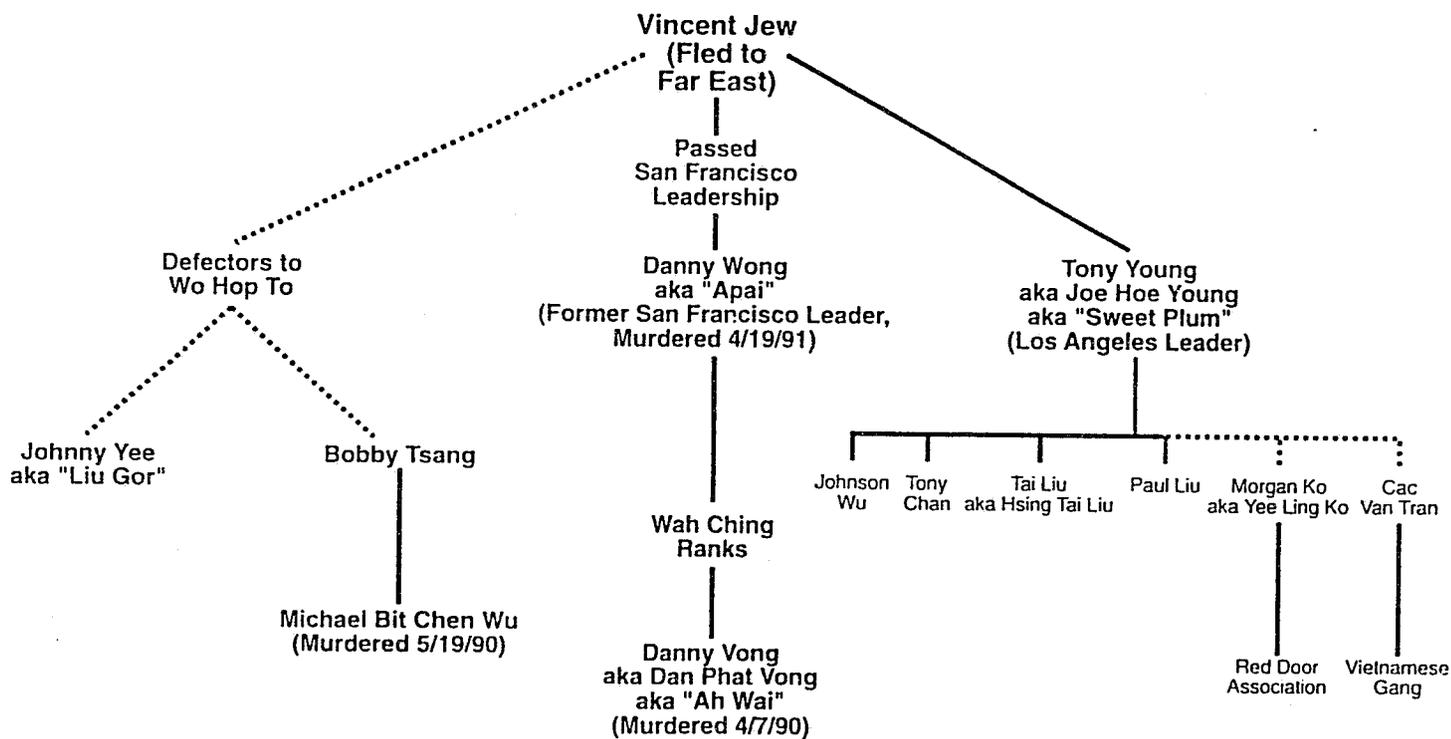
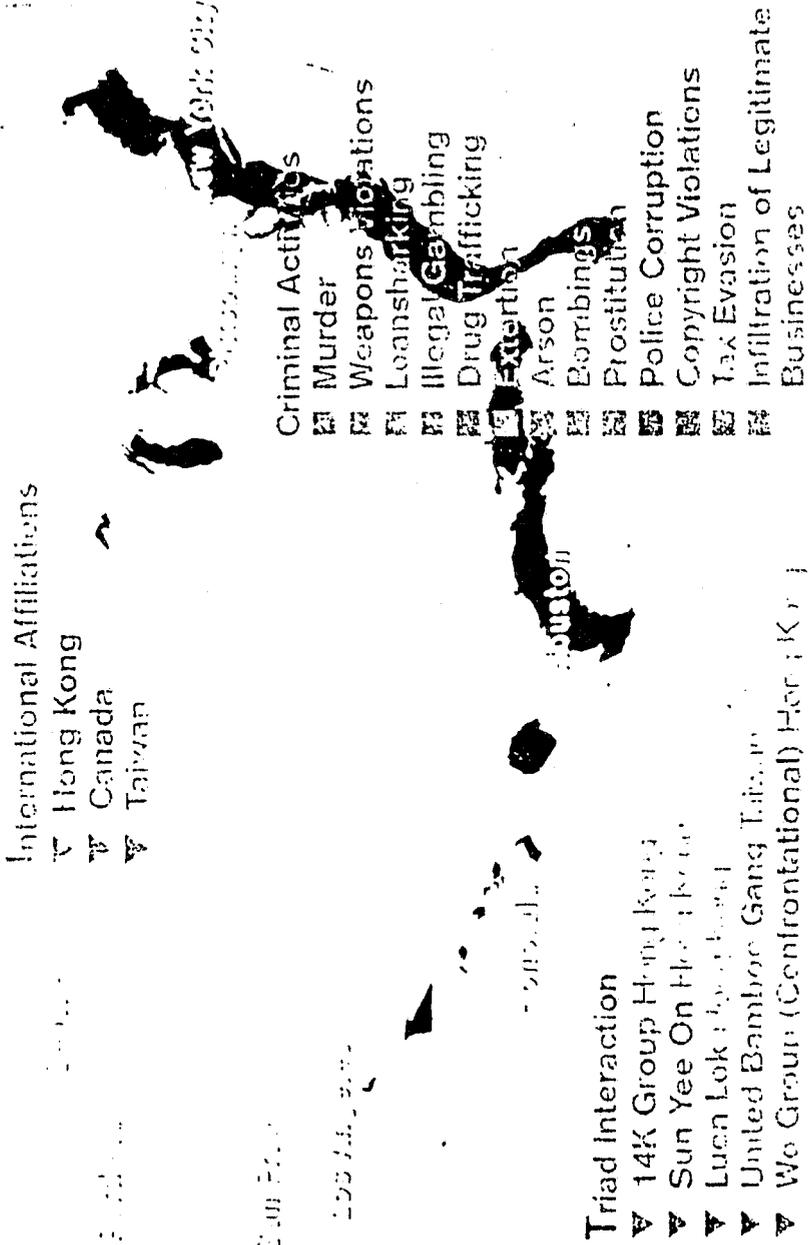


EXHIBIT 39

EXHIBIT 41

# Wah Ching Gang Criminal Activities and Triad Affiliations (1990)



## EXHIBIT 42



新藝娛樂公司  
NEW PARADISE INV. CO.

敬啓者：本公司謹訂於一九九一年九月中甸中秋佳節舉行葉子媚、尹光（於美生堂演出），及廣東佛山青年粵劇團（於金都戲院演出），作賀節演出，素聞台端對於推動灣區康娛活動甚為支持，本公司特邀請貴寶號作為贊助商，每位贊助者除可得名譽券外，另加送精美印刷T恤乙件，並將於各大報紙刊登頭版廣告及其它廣告媒介作隆重宣傳。

祈望閣下鼎力支持為盼。

此致

先生  
寶號  
台鑒

(一) 贊助貳圓者合共八百元送名譽券六張。

(二) 贊助葉子媚、尹光者五百元送名譽券四張。

(三) 贊助廣東佛山青年粵劇者三百元送名譽券二張。

AMY YIP AND LU MING QUANG CONCERT '91  
AND  
FUD SHAN'S CANTONESE OPERA '91

Dear Sirs,

In mid-September, our company will be promoting two shows in San Francisco. They are the "Amy Yip and Lu Ming Quang Concert '91" and the "Fud Shan's Cantonese Opera '91". The concert will be performed at the Masonic Temple and the Cantonese Opera will perform 12 shows at the Pagoda Theatre.

Our company hopes for your support as a sponsor in the upcoming events. As a sponsor, you will be guaranteed V.I.P. tickets and an authentic printed T-shirt of the concert. In addition, your name will appear in all the advertisements through the media.

Please check one of the following:

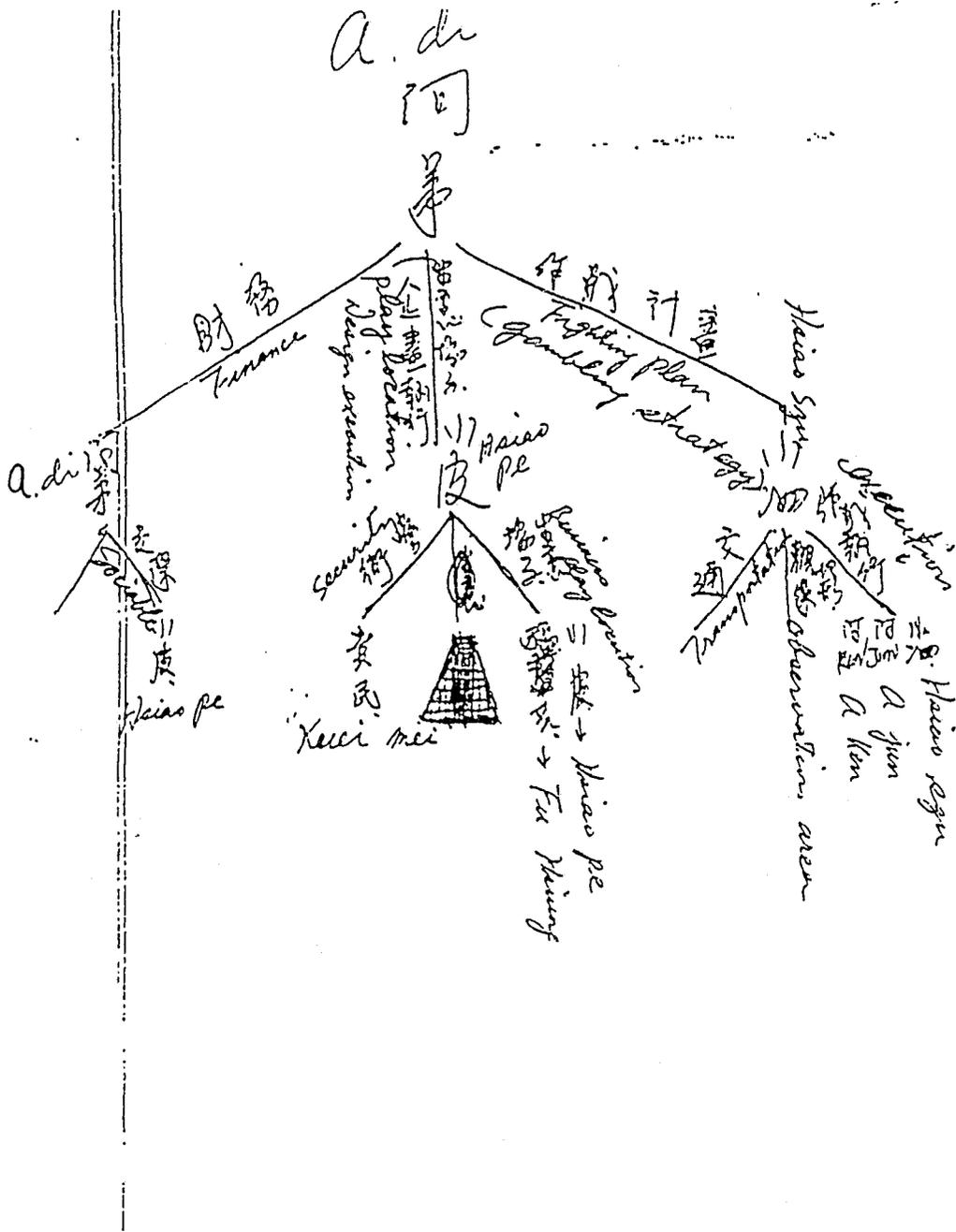
- Sponsor \$800.00 for both shows. (6 complimentary V.I.P. tickets to the shows).
- Sponsor \$500.00 for Amy Yip's Concert. (4 complimentary V.I.P. tickets).
- Sponsor \$300.00 for Fud Shan's Cantonese Opera. (2 complimentary V.I.P. tickets).

Signature \_\_\_\_\_

Date \_\_\_\_\_

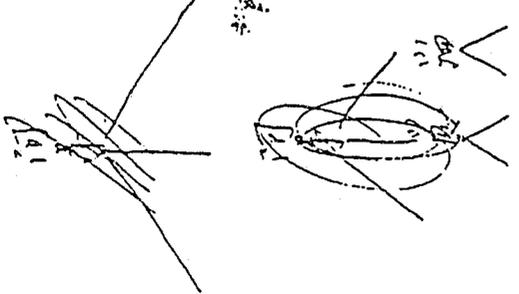
EXHIBIT 44





(17808034)

- 一、首有五人示一建建立己好之群象古大錄肉象危不
- 二、輕名重利立敵人或登人口舌此為強金中壯大白已
- 三、妻妾力任解解頭頭象、~~非非~~是可由這三人泥
- 四、心明彼保家外和之動態信人足為計惟信
- 五、為子君起首之飛本互是久事之其平同銷古學修
- 六、怒莫之未亦原救項新並不得草拜。
- 七、紀何事情不可自假三恐佩知一言一行以表整下
- 八、國守心須與只事之同補其同謀計、
- 九、各人對聯語之化各各可何獨不可無底、
- 十、紀何擬定之事台計三三不可靜靜至露外人與必知
- 十一、道之失事老薄、女友、以於聚學等之生全及不致阻後
- 十二、別代人之道官台與那道
- 十三、對外國紀二改判內重救五事、非信不第身以須聽
- 十四、從高便高者之人不可頂撞及證空不剛懶慢之事、
- 十五、一印從外西辨回之錢台須全數交回不可解贖由
- 十六、學事事本本物台配後回須他費散出百五之三子為
- 十七、國守之攻其良台向銷
- 十八、球探獲凱台、現不可據之近為更不須大薄加心嚇須
- 十九、縮確、~~非非~~漸進以象凱子認防、
- 二十、也過矣發事件現、不可乘其事不不厭、如被
- 二十一、皆守、~~非非~~須三角氣為、不可在處好言修之安全





THE LIBRARY OF CONGRESS  
WASHINGTON, DC 20540  
TRANSLATION OF LETTERS

Congressional Member Senate Permanent Subcommittee Language Chinese  
or Committee on Investigations

Material Submitted Two sheets containing Chinese inscriptions Date of Material Undated

Name and Address --  
of Sender -----  
-----  
-----

Suggested Salutation --

Translated by Robert Dunn Asian Division Collections Services  
Name Division Department

Date Sept. 17, 1991

Complete

Abstract Please call the Congressional Research Service (707-5700), if a complete translation is desired.

Abstract translation of two sheets:

The two sheets with Chinese inscriptions contain a somewhat flighty and eccentric type of material, the purport of which is not clear and cannot be readily understood.

I. One sheet contains a bilingual chart with such terms as:

Finance, gambling strategy, security, transportation, execution, etc., and such names as A di; Hsiao Pe, Hsiao Szu, and A Ken, etc. Apparently A di (probable author of the two sheets) is giving instructions and advice along various lines to Hsiao Pe, Hsiao Szu, etc.

II. The second sheet contains ten points of advice on rules of behavior in the conduct of life. A gist of a few sample points is given below:

1. Stress harmony first. Set up beneficial group relations between people. Do not easily show respect to enemies or take the altercations of others to stabilize and strengthen your own position.
2. Do your best to manipulate opportunists, so that they will search into the external situation for us. Use the voice of others to spread propaganda for us.
3. In all matters, do not take a strong stand. You must remember that each word and act represents the entire organization, so you must consult with others and make plans together.
5. The position of everyone is clearly delineated. For each has his own functions; and they should not be looked upon casually and carelessly.

Translator's Comments.



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TRANSLATION OF LETTERS

Congressional Member Senate Permanent Subcommittee on Investigations Language Chinese  
of Committee gations

Material Submitted Two sheets containing Chinese inscriptions Date of Material Undated

Name and Address \_\_\_\_\_  
of Sender \_\_\_\_\_

Suggested Salutation \_\_\_\_\_

Translated by Robert Dunn Asia Division Collections Services  
Name Division Department

Date Sept. 24, 1991

Complete

Abstract—Please call the Congressional Research Service (707-5700), if a complete translation is desired.

Complete translation of two sheets

On Sept. 17, 1991, an abstract translation was submitted. As a complete translation has now been requested, the following hopefully will be satisfactory:

(After more careful and further study, the purport of the two sheets seems a bit clearer. However, the Chinese inscriptions are written in the cursive style, and some characters are not easily recognizable, so that a completely exact and accurate translation is not possible.

- I. One sheet contains a bilingual chart which appears to delineate the organizational functional relations between various key members of an organizational group (possibly a "gang"). The various lines in the chart show these functions and relationships. Since the sheet is bilingual, it appears no translation is necessary.
- II. The second sheet contains ten points on various rules of behavior for members of the organization (or "gang"), so that it will hold together better, and achieve its goals and purposes.
  1. Stress harmony first. Set up beneficial group relations between people. Do not easily show respect to enemies; take the altercations of others to stabilize and strengthen your own position.
  2. Do your best to manipulate opportunists, so that they will search into the external situation for us. Use the voice of others to spread propaganda for us.
  3. The designated place (?) is the root of all initiatives, and also is the source of basic expenses and complete outlay for all members, so this must be treated in serious and not perfunctory fashion.
  4. In all matters, do not take a strong stand. You must remember that each word and act represents the entire organization, so you must consult with others and make plans to-  
re: 207

Translator's Comments:

5. The position of everyone is clearly delineated. For each has his own functions; and they should not be looked upon casually and carelessly.
6. All matters and plans under consideration should not be revealed to outsiders, nor to members, their wives, and female friends who are without need to know; so as to achieve overall security and in order not to incur harmful injuries and bullying from others.
7. Externally we should show unity and solidarity; internally we should show mutual honor and respect. Those in lower positions must listen to those in higher positions, and not

LW 278 11 1991

TRANSLATIONS OF LETTERS Senate Permanent Subcommittee on Investigations 9/24/91  
Chinese translation by Robert Dunn, Asian Division, Collections Services, cont.

oppose and contradict them, causing unhappy circumstances.

8. All moneys earned from outside must be turned in and not secretly kept; and after being divided up equally among those in charge, 30% should be extracted for outlay and expenses of the organization.

9. In dealing with "Kaizi" (?), we must not be overly violent, and not intimidate him by loud yelling, but approach him gradually step by step, so that he will not go on the defensive.

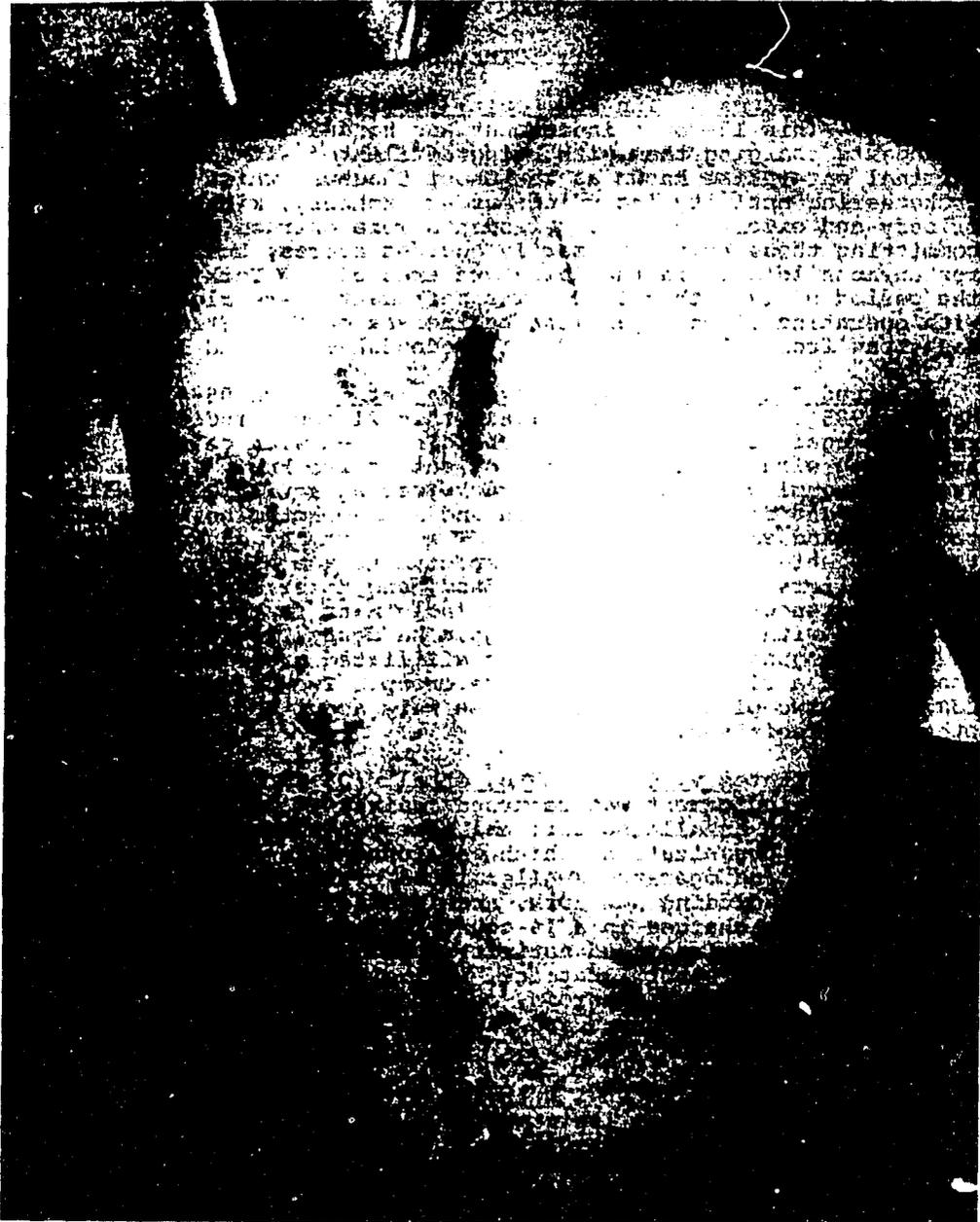
10. If some matter arises suddenly, members should not be abandoned and disregarded. If victimized and seized, we must render them shouldering support, and avoid endangering and jeopardizing the security of the entire organization.

EXHIBIT 45









## EXHIBIT 46

## INDICTMENTS

United States v. Yin Poy Louie, et al. (84 CR 1025 RWS, S.D. NY 1984). This 12-count indictment was handed down against 25 defendants charging them with being affiliated with an alleged criminal enterprise known as the Ghost Shadows, which engaged in racketeering activity including murder, robbery, kidnapping, bribery and extortion. The defendants were charged with committing those crimes primarily against stores, businesses and restaurants located in the Chinatown area of New York City during the period of 1971 thru 1982. The defendants were also charged with operating illegal gambling businesses on Mott Street in Manhattan from 1975 thru 1982. 19 defendants pleaded guilty.

United States v. Masashi Takenaka, et al. (CR 85-01827, Hawaii 1985). On October 23, 1985, this 21-count indictment was returned against 11 defendants, charging them with being associated with an alleged criminal enterprise known as the Yamaguchi-gumi which engaged in racketeering activity including importing and distributing heroin and methamphetamine, conspiracy to murder and smuggling firearms. The indictment charges that the Yamaguchi-gumi obtained methamphetamine and heroin primarily from suppliers in Hong Kong, Thailand, and Korea and smuggled those substances into Hawaii. The indictment further charges the defendants with conspiring to smuggle handguns, rocket launchers and machine guns from Hawaii to an affiliated group in Japan for use against a rival organized crime group. Two defendants were convicted, two pleaded guilty, three were acquitted, and the others are fugitives.

United States v. Chang An-Lo, et al. (85 CR 874 RLC, S.D. NY 1985). This indictment was returned against 14 defendants associated with an alleged criminal enterprise known as the United Bamboo organization, which was founded in 1958 in Taiwan and organized and operated smaller local groups known as Tongs in U.S. cities, including New York, and in other countries. The defendants were charged in a 14-count indictment with racketeering conspiracy and activity during 1984 and 1985 in New York, Houston and other locations, including murder, importing, selling and distributing heroin, cocaine and marijuana, unlawful gambling, firearms offenses and passport fraud. All defendants were convicted.

United States v. I Huei Chin, et al. (86 CR 393 RWS, S.D. NY 1986). This seven-count indictment was returned against four defendants associated with an alleged criminal enterprise which, during the period of 1983-1986, is charged with transporting women in interstate and foreign commerce for the purpose of prostitution. The defendants were also charged with racketeering conspiracy and activity involving unlawfully travelling and using facilities including the mail and telephones in interstate and foreign commerce and importing and harboring illegal aliens for the purpose of prostitution. Two defendants were convicted.

United States v. Ling Mui Tsue and Man Sang Chiu (CR 88-0424-HHP, N.D. CA 1988). On July 5, 1988, this four-count indictment was returned against these two defendants charging them with conspiracy to import heroin, and importation of heroin from Hong Kong into California in 1983. One defendant is deceased and the other is awaiting trial.

United States v. Allan Kin Jew, et al. (CR 88-0720-EFL, N.D. CA 1988). On November 8, 1988, this indictment was returned charging these three defendants with racketeering activity including extortion. All were acquitted.

United States v. Joe Wing, et al. (89 CR 160, N.D. IL 1989). On March 23, 1989, this 11-count indictment was handed down, charging three defendants with 11 counts including conspiracy to distribute cocaine and using communication facilities (i.e., telephones) in committing a felony, for transporting cocaine from California to Chicago and distributing it there, in Detroit and in other locations. On March 5, 1990, Joe Wing pleaded guilty to conspiracy to distribute and distribution of cocaine and was sentenced to 60 months incarceration. The remaining defendants are awaiting trial.

United States v. Chen I. Chung, et al. (CR 90-1019-S-2-RR, E.D. NY 1990). This 36-count indictment charges 13 defendants with being associated with an alleged criminal enterprise known as the Green Dragons which engaged in racketeering activity between 1986 and 1990 in the New York City area, including murder, kidnapping, assault, robbery, extortion, establishing illegal gambling businesses and bribery. Defendant Kin Fei Wong is alleged to be the founder and leader of the Green Dragons. Defendant Aleck Yim pleaded guilty and the others are awaiting trial.

United States v. Steve W. Chu, et al. (CR 90-473(E)-WJR, Central D. CA 1990). On June 26, 1990, the initial indictment was returned in this case, with superseding indictments following on September 11, 1990 and November 6, 1990. These four defendants are charged with six counts including conspiracy to make false statements to the United States; making false statements to the United States; fraud and misuse of entry visas; and perjury. Defendants obtained immigration benefits by filing fraudulent applications for alien employment certification under a Labor Department program designed to assist employers in the United States fill jobs for which there are no qualified or available U.S. citizens or legal permanent residents by hiring qualified aliens for such positions.

United States v. John Tseng Ko, et al. (CR 90-0378-RHS, N.D. CA 1990). On July 11, 1990, this indictment charged four defendants with two counts each: conspiracy to defraud the United States by smuggling aliens into the country and obtaining alien registration receipt cards ("green cards") by fraudulent means.

Defendants attempted to sell fraudulent green cards in Hong Kong to aliens for \$12,000 each in 1989 and 1990.

United States v. Kwok-Huen Leung and Yan-Yung Ma (CR 90-0379-FMS, N.D. CA 1990). On July 11, 1990, this indictment was returned charging these defendants with two counts each: conspiracy to defraud the United States by smuggling aliens into the country and obtaining alien registration receipt cards by fraudulent means. Defendants attempted to sell fraudulent green cards in northern California and in Hong Kong to aliens for \$12,000 each in 1989 and 1990.

United States v. Robert Chin, et al. (CR 90-10186-MC, Massachusetts 1990). On July 25, 1990, this 23-count indictment was handed down against seven defendants, charging them with being associated with an alleged criminal enterprise based in Boston's Chinatown, engaged in racketeering activity from 1987 to 1989 in Massachusetts, New York and Hong Kong including money laundering and acts involving monetary transactions in property derived from drug trafficking. Four defendants (Robert Chin, Harry Mook, Peter Yee and Raymond Yee) pleaded guilty on July 31, 1991. Chin and Raymond Yee pleaded guilty to conspiring with Peter Yee in a series of financial transactions in April and May 1989 directed at laundering money derived from drug trafficking and attempting to transport more than \$1 million of laundered money to Hong Kong. The currency was seized by U.S. Customs agents and was recently ordered forfeited. Harry Mook and Peter Yee pleaded guilty to two counts of racketeering for operating a money laundering enterprise which laundered and attempted to transport more than \$1.6 million derived from unlawful activities to Hong Kong in 1988 and 1989. Chin was sentenced to 27 months incarceration; Mook to 46 months; Peter Yee to 48 months and Raymond Yee to 30 months.

United States v. James Cheung (CR 90-0453-MHP, N.D. CA 1990). On August 30, 1990, James Cheung was charged with failure to declare currency and making false statements when, on July 20, 1990, he told a U.S. Customs official that he was transporting less than \$10,000 in monetary instruments out of the United States, when in fact he was transporting approximately \$28,906. Cheung pleaded guilty.

United States v. Man Wai Wong (CR 90-0452-VRW, N.D. CA 1990). On August 30, 1990, Man Wai Wong was charged with failure to declare currency and making false statements when, on July 20, 1990, he told a U.S. Customs official that he was transporting less than \$10,000 in monetary instruments out of the United States, when in fact he was transporting approximately \$102,880. Wong pleaded guilty.

United States v. National On Leong Chinese Merchants Association, et al. (90 CR 0760, N.D. ILL 1990). On August 30, 1990, this 34-count indictment was handed down charging 33 defendants with being associated with an alleged criminal

enterprise engaged in racketeering activity since 1974 including illegal gambling operations throughout the United States and the collection of unlawful debts. The National On Leong is headquartered in New York's Chinatown and has 13 local chapters, including in Chicago and Houston. The organization operated illegal casino-style gambling games and, in New York, utilized the Ghost Shadows street gang for protection. 17 defendants pleaded guilty; 16 prior to trial, one during the trial. The jury was hung on the racketeering counts for 14 defendants. Six of those 14 defendants were also charged with tax counts. Five of the six defendants were convicted on the tax counts and the remaining defendant was acquitted. A retrial on the racketeering counts is expected.

United States v. Suk Cha Choe (CR 90-00269-03 ACK Hawaii 1990). On October 29, 1990, this defendant was charged with unlawfully structuring currency transactions with domestic financial institutions in Hawaii for the purpose of evading the reporting requirements involving the filing of currency transaction reports (CTR). Choe pleaded guilty.

United States v. Kimberly Ann Boyd (CR 90-0617-RHS-TSC, N.D. CA 1990). On November 20, 1990, Kimberly Ann Boyd was charged with possession with intent to distribute heroin and importation of heroin from Thailand into the United States on November 7, 1990. Boyd is awaiting trial.

United States v. Suen Man Tang, et al., (CR 90-0616-VRW, N.D. CA 1990). On November 20, 1990, these four defendants were charged with distribution of heroin, conspiracy to possess and distribute heroin, and aiding and abetting for distributing heroin in northern California from June thru November, 1990. Defendant Kelvin Lee was severed from the case and the other defendants were convicted.

United States v. Cheung Lat Shing, et al. (90-05029, N.D. FL 1990). On December 12, 1990, this two-count indictment was returned charging the six defendants with being associated with an alleged criminal enterprise which, beginning in 1984, engaged in a pattern of racketeering activity including importing and distributing heroin, distributing cocaine, conducting an illegal gambling business, promoting prostitution, and laundering and investing the proceeds of those crimes to conceal the true source and ownership of those proceeds. New York City, eastern Pennsylvania, and Panama City and Fort Lauderdale, Florida were among the areas where these activities were conducted. Four defendants pleaded guilty, one is a fugitive and one is awaiting extradition from China.

United States v. Steve W. Chu and Chia Ping Lui Chu (CR 91-277-WJR, Central D. CA 1991). On March 26, 1991, this 31-count indictment was returned against these two defendants who are also the subject of United States v. Steve W. Chu, et al. (90-473(B)-WJR, discussed previously). This indictment charged

the defendants with mail fraud; making false statements to the United States; fraud and misuse of entry visas; subornation of perjury; and aiding and abetting. Defendants allegedly filed fraudulent applications with the Department of Labor and the Immigration and Naturalization Service under the Alien Labor Certification program. This program is designed to assist employers in the United States fill jobs for which there are no qualified or available U.S. citizens or legal permanent residents by hiring qualified aliens for such positions. This case will be tried following the disposition of the previous case involving these defendants.

United States v. Dinh Co Hoang, et al. (CR 91-20050-JW, N.D. CA 1991). On April 5, 1991, this 26-count indictment was returned against five defendants charging them with conspiracy, making false statements on tax returns, tax evasion, and failure to file tax returns. Defendants are among the founders and leaders of a non-profit, tax exempt organization known as the National United Front for the Liberation of Viet Nam ("The Front"), which solicited contributions purportedly to finance activities intended to depose the current government of Viet Nam. However, from 1982 thru 1987, the defendants allegedly diverted donations made to the Front for their own personal use.

United States v. Nghiep Van Truong (91-CR-000245, N.D. GA 1991). This two-count indictment was returned on July 9, 1991, charging the defendant with making a false statement under oath to conceal material facts on his Application for Permanent Residence, failing to disclose prior arrests for murder and kidnapping. He is awaiting trial.

United States v. Lv Hong (CR 91-927, E.D. NY 1991). On August 28, 1991, Lv Hong was charged with robbery for allegedly robbing the Sun Moon Trading Co. in New York in August, 1991.

United States v. David Thai, et al. (CR 91-838-S-1 CBA, E.D. NY 1991). On September 25, 1991, this 20-count indictment was handed down charging ten defendants with being affiliated with an alleged criminal enterprise known as the Born to Kill which engaged in racketeering activity including murder, attempted murder, assault, robbery, extortion and the use and possession of firearms. The lead defendant is alleged to be the founder and leader of the Born to Kill. This criminal activity was conducted in the New York City area; Rochester, NY; Bridgeport, CT; and Doraville, GA. They are awaiting trial.

## EXHIBIT 47

## AFFIDAVIT OF "MR. LEE"

I am a "Snakehead." A Snakehead is a person who smuggles illegal Chinese aliens into the United States.

I have smuggled approximately 150 illegal Chinese aliens into the United States. I was asked to join an alien smuggling organization because I had contacts in the United States and because I could speak English. My job was to bring the illegal immigrants into the U.S. through various routes. After guiding about six groups of aliens into the U.S., I am no longer involved in the smuggling of illegal immigrants. I am submitting this affidavit under an assumed name. If my identity were to be known, my life would be in danger from my former associates, some of whom are Triad members in Hong Kong.

The job of a snakehead is to bring the illegal immigrants into this country. There are many different routes to enter the U.S. that I am familiar with. As a snakehead, I acted as a sort of tour guide for these immigrant groups. The most popular method for smugglers is through Canada. It is not very difficult to get an official Canadian transit visa. Moreover, a Singapore or Hong Kong passport permits the holder to travel to Canada without any visa. Once in Canada, it is not very difficult to enter the United States by car or otherwise.

Another popular method is to go through Mexico. Again, it is fairly easy to cross the border into the United States in places such

Page 2

as California or Texas. One can pay money to the Mexican Embassy in Beijing to get a visa to Mexico. It is also easy to gain legal entrance into some smaller Latin American countries including Bolivia and Belize.

Document forgers in Thailand offer excellent reproductions of all necessary travel documents as well as authentic documents altered by photo-substitution. However, it is often necessary for Chinese aliens to spend weeks or months in a cheap hotel in Bangkok before they are moved on to their next destination. Once illegal aliens arrive in the U.S. by any of the above routes, they need only destroy their travel documents and ask for political asylum. This is the easiest way to remain in the United States.

The passport of choice is now Portuguese. This can be obtained in Macau or easily faked in Bangkok. The Portuguese passport will allow the aliens to travel to Europe (usually Italy). From there, I have brought Chinese immigrants to the Bahamas (an English Commonwealth country). Once there, it is not too difficult to travel to the Florida coast by boat or ship from the Bahamas. In all these instances, the destination of almost every alien is New York City. From Miami, I would direct the illegal Chinese to fly commercially to New York in groups of five or six. Most have relatives already there and can more easily get a job.

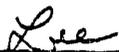
The cost to a Chinese who wants to emigrate to the U.S. is currently about \$30,000. Some money is paid up front, but the rest is paid in the U.S. Relatives or friends often guarantee payment to

Page 3

the smuggling organization. The organization I worked for is based in Hong Kong and is run by a 14K Triad member. If the money is not paid as contracted, then the smuggling organization will hire gang members to kidnap the alien and hold him for ransom. This is not uncommon. The victims are often tortured until the money is paid.

Because it takes so long for a new immigrant to earn such a large amount of money as a waiter or doing similar work, many younger Chinese are joining gangs or bringing heroin into the U.S. to pay off their debt more quickly. Many Fukinese want to make fast money and heroin is the best way to get it.

Although I made a lot of money smuggling illegal Chinese into the U.S., I no longer am involved in this business. It can be very dangerous for all involved. In fact, I got arrested, and I am now cooperating with the INS.

  
\_\_\_\_\_  
Mr. Lee

## EXHIBIT 48

JOHN GLINN OHIO CHAIRMAN  
 SAM BURN GEORGIA  
 CARL LEVIN MICHIGAN  
 JIM EASTER TENNESSEE  
 DAVID PRYOR ARKANSAS  
 HERBERT ADEL WISCONSIN  
 JESSE H. HELPERMAN CONNECTICUT  
 DANIEL S. AKERMAN MARYLAND  
 WILLIAM V. ROTH JR. ILLINOIS  
 TED STEVENS ALASKA  
 WILLIAM S. COHEN MAINE  
 FRANKEN R. RUDOLPH NEW HAMPSHIRE  
 LOMA STEVENS CALIFORNIA  
 LEONARD WEISS STAFF DIRECTOR  
 FRANKLIN C. POLE, MINORITY STAFF DIRECTOR AND CHIEF COUNSEL

## United States Senate

COMMITTEE ON  
 GOVERNMENTAL AFFAIRS  
 WASHINGTON, DC 20510-6250

December 2, 1991

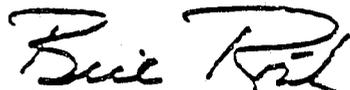
The Honorable Robert S. Mueller III  
 Assistant Attorney General  
 Criminal Division  
 U.S. Department of Justice  
 10th & Pennsylvania Avenue, N.W.  
 Washington, D.C. 20500

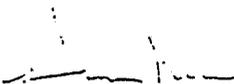
Dear Mr. Mueller:

Thank you again for your testimony before the Permanent Subcommittee on Investigations on November 6, 1991. Your comments concerning Asian organized crime, as well as the comments of U.S. Attorneys Lourdes Baird and Andrew Maloney, and that of Assistant U.S. Attorney Cathy Palmer, proved very valuable to the Subcommittee. As you know, due to a shortage of time at the November 6th hearing, we were not able to pursue certain relevant areas of inquiry. Therefore, we are submitting additional written questions.

We would appreciate receiving your responses by December 6, 1991, so that they may be included in the printed hearing record. Any questions that your staff may have should be directed to Daniel F. Rintel, Chief Counsel to the Minority, or J. Csleb Boggs III, Minority Staff Counsel, at (202) 224-9117. Thank you for your assistance.

Sincerely,

  
 William V. Roth, Jr.  
 Ranking Minority Member  
 Permanent Subcommittee  
 on Investigations

  
 Sam Burn  
 Chairman  
 Permanent Subcommittee  
 on Investigations

S:WV:JCB:cr

Questions for Department of Justice

1. How many DOJ prosecutors are currently assigned full-time to Asian Organized Crime matters?

Part-time?

2. Does DOJ plan to allocate more resources to Asian organized crime? If so, in what time frame?
3. The Department of Justice has suggested that law enforcement agencies work more closely with the Royal Hong Kong Police to borrow critical resources and share information of mutual value. What has been done to assist in this international cooperation?

What steps have been taken to allow hiring Hong Kong Police officers for the FBI, DOJ or other federal agencies? What specific obstacles, bureaucratic or legislative, inhibit the implementation of such a program?

4. What is the current level of cooperation between DOJ and other nations which have an Asian organized crime interest, particularly Hong Kong? Taiwan? China?

-2-

5. DOJ has suggested that local police work with Federal agencies in a task force group to fight Asian organized crime. In a recent Boston Asian organized crime case, however, an Asian organized crime leader was indicted for bribery of a police officer as part of a RICO case. How does the corruption issue affect the task force concept? Please comment on this problem and offer solutions that would allow for uncompromised task force cases.
6. Why are Asian organized crime task forces working in some cities but not in others? What are the advantages of the task force concept from a prosecutorial stand point? The disadvantages? What cities or judicial districts currently have such task forces?
7. Detective Howell of the Los Angeles County Sheriff's Office endorsed a multi-agency approach to this problem. What is the outlook for efforts to create a task force in Los Angeles dedicated to Asian organized crime?
8. We have heard reports that many Asian organized crime figures flee to Taiwan when facing criminal charges because we have no extradition treaty with Taiwan. Is this true? If so, what can be done to correct the problem?
9. What efforts are underway between DOJ and criminal prosecutors in other countries to facilitate prosecution of

-3-

international money launderers, who frequently find safe refuge in China, Burma, Thailand and like countries?

10. What problems are involved with international evidence collection? Are any changes in legislation necessary?
11. Is it currently possible (or will it be) for the U.S. and other countries to share forfeited assets of Asian organized crime criminals?
12. Canada has a law that subjects to forfeiture the proceeds of any criminal activity. Would such a law make sense in the U.S.?
13. Is the Justice Department aware of any links between La Cosa Nostra and Asian organized crime? What are they, if any?
14. Can you tell us what is being done by the Justice Department regarding illegal Chinese alien smuggling organizations in New York?
15. We have heard frequent complaints about illegal Fukien immigrants being kidnapped and held in peonage and Korean women being forced to work as prostitutes against their will. Has any thought been given to the possibility of applying federal involuntary servitude and slavery statutes in these situations?
16. Would you have any proposals which Congress might affect legislatively that could assist the Department of Justice in its fight against Asian organized crime?



U.S. Department of Justice  
Office of Legislative Affairs

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Office of the Assistant Attorney General

Washington, D.C. 20530

January 26, 1992

The Honorable William V. Roth, Jr.  
Ranking Minority Member  
Permanent Subcommittee  
on Investigations  
Committee on Governmental Affairs  
United States Senate  
Washington, D.C. 20510-6250

Dear Senator Roth:

The following information is provided in response to your recent letter requesting additional information pertaining to Asian organized crime.

We look forward to continuing to work with you and the other Members of the Subcommittee in the coming years as the Department seeks new ways to address this serious problem.

Sincerely,

A handwritten signature in cursive script, appearing to read "W. Lee Rawls".

W. Lee Rawls  
Assistant Attorney General

DEPARTMENT OF JUSTICE RESPONSE TO QUESTIONS SUBMITTED BY THE PERMANENT  
SUBCOMMITTEE ON INVESTIGATIONS REGARDING ASIAN ORGANIZED CRIME

1. How many DOJ prosecutors are currently assigned full-time to Asian Organized Crime matters?

The Department of Justice does not assign prosecutors to handle particular problems on the basis of ethnicity. Instead, we dedicate attorneys to deal with organized crime. We currently have approximately 155 Assistant United States Attorneys handling organized crime cases, in addition to the attorneys with the Organized Crime and Drug Enforcement Task Force (OCDETF), and thirteen organized crime attorneys stationed in Washington, D.C.

2. Does DOJ plan to allocate more resources to Asian organized crime? If so, in what time frame?

We plan to allocate more resources as necessary to address the Asian organized crime problem. At this time, we are in the process of hiring additional attorneys in order to handle Asian organized crime cases in West Coast cities.

In addition, because of the need to penetrate the linguistic and cultural barriers surrounding Asian criminal groups, the Criminal Division of the Department of Justice has begun an active recruitment program for Asian-American prosecutors. We have had significant success with these efforts in the last year: of 21 honors program recruits in the Criminal Division this year, 5, or 24%, are Asian-American. In addition, the FBI currently has 146 Asians among its agents, although only about 25% of them speak any Asian language. The FBI has a goal of 10% Asian language speakers for all new hires.

3. The Department of Justice has suggested that law enforcement agencies work more closely with the Royal Hong Kong Police to borrow critical resources and share information of mutual value. What has been done to assist in this international cooperation?

What steps have been taken to allow hiring Hong Kong Police officers for the FBI, DOJ or other federal agencies? What specific obstacles, bureaucratic or legislative, inhibit the implementation of such a program?

The Department of Justice already shares information of mutual value with the Hong Kong police. In addition, attorneys in the Criminal Division's Office of International Affairs have developed strong relationships with their counterparts in Hong Kong. We are also exploring the possibility of hiring retired Hong Kong police officers who have expertise with respect to Chinese organized crime.

4. What is the current level of cooperation between DOJ and other nations which have an Asian organized crime interest, particularly Hong Kong? Taiwan? China?

We currently have an excellent cooperative relationship with the Hong Kong law enforcement agencies. Our cooperation with the Taiwanese authorities has greatly improved in recent months. Our relationship with China has been less problematic.

We are receiving good cooperation on law enforcement matters from all of the countries that attended the Asian Organized Crime Conference in San Francisco in September, 1991. Of course, the extent of that cooperation varies from country to country. Examples of factors which affect the type of cooperation we receive are: (1) the numbers and kinds of law enforcement treaties and agreements we have with a particular country, (2) the domestic laws in place in a particular country that allow that country to provide assistance even in the absence of treaties and agreements, and (3) the number of past cases involving a particular country that have resulted in the development of personal contacts with law enforcement officials and a maturation of our law enforcement relationship.

Based on the presentations of the Pacific Rim countries present at the Conference in San Francisco, there is clearly a broad consensus for increased cooperation in combatting Asian Organized Crime.

5. DOJ has suggested that local police work with Federal agencies in a task force group to fight Asian organized crime. In a recent Boston Asian organized crime case, however, an Asian organized crime leader was indicted for bribery of a police officer as part of a RICO case. How does the corruption issue affect the task force concept? Please comment on this problem and offer solutions that would allow for uncompromised task force cases.

Where appropriate, the Department of Justice works with local agencies and has done so successfully, particularly in New York, where some of the most significant cases have been brought through cooperative efforts. Of course, we cannot comment specifically on the Boston case alleging police corruption, as that case is ongoing. However, before we join a task force which includes local police officers, we must ensure that there will be no security breaches. This consideration is of primary importance to us in the development of any task force arrangement.

6. Why are Asian organized crime task forces working in some cities but not in others? What are the advantages of the task force concept from a prosecutorial stand point? The disadvantages? What cities or judicial districts currently have such task forces?

The major advantages to using a task force are that the agencies gain the benefits derived from the combined intelligence

of each of the cooperating agencies, and that the task force allows for alternative prosecutions in state or federal courts. In addition, the task force approach tends to eliminate jurisdictional disputes between federal and local prosecutors and investigators. There can be some disadvantages, however. To be effective, a task force must have a distinct, well-considered objective. As mentioned previously, there must also be assurances against security breaches. In addition, financial issues arise which must be resolved at the outset of the task force.

There are currently Asian Organized Crime task forces operating in New York City, Chicago, Portland, Dallas, New Orleans, Miami, Washington, D.C., Houston, and San Juan. Additional task forces are being formed in Los Angeles and Seattle. In a number of other cities with Asian organized crime problems, such as San Francisco and Boston, Federal and local law enforcement authorities already have an Organized Crime Strike Force Unit that serves as the unifying entity.

7. Detective Howell of the Los Angeles County Sheriff's Office endorsed a multi-agency approach to this problem. What is the outlook for efforts to create a task force in Los Angeles dedicated to Asian organized crime?

Efforts are currently underway to establish a multi-agency task force in Los Angeles dedicated to Asian organized crime. Barring unforeseen obstacles, the outlook for the formation of the task force appears quite good.

8. We have heard reports that many Asian organized crime figures flee to Taiwan when facing criminal charges because we have no extradition treaty with Taiwan. Is this true? If so, what can be done to correct the problem?

We have insufficient evidence at this time to suggest that Asian organized crime figures are deliberately seeking refuge in Taiwan because of the absence of an extradition treaty. While we are aware that some fugitives have traveled to Taiwan, we do not have enough information on which to base an opinion that this is a pattern resulting from the lack of a treaty. Our Office of International Affairs is alert to the possibility that this problem exists and seeks to obtain as much intelligence as possible.

9. What efforts are underway between DOJ and criminal prosecutors in other countries to facilitate prosecution of international money launderers, who frequently find safe refuge in China, Burma, Thailand and like countries?

Mutual legal assistance treaties, and modern extradition treaties, are important weapons in the fight against Asian Organized Crime. We have such treaties with many Pacific Rim countries, and we are making efforts to negotiate more. However, even before such treaties enter into force, significant

international law enforcement cooperation is often available. For example, the United States obtains evidence from several Pacific Rim countries through letters rogatory or other mutual assistance requests, which can be executed pursuant to foreign domestic law even in the absence of a mutual legal assistance treaty. In addition, some Asian countries will in some circumstances deport United States citizen fugitives back to the United States even in the absence of an extradition treaty.

10. What problems are involved with international evidence collection? Are any changes in legislation necessary?

The most significant problems involving international evidence collection are the obtaining and authentication of documents, the production of witness testimony taken in a foreign country, and problems resulting from conflicting international investigations. Legislation might be helpful to clarify the admissibility of evidence obtained in joint overseas operations, and this is an issue which we will consider.

Our Office of International Affairs is responsible for matters involving international evidence collection, and is continuously alert to areas in which further legislation could be helpful.

11. Is it currently possible (or will it be) for the U.S. and other countries to share forfeited assets of Asian organized crime criminals?

It is currently possible, under certain circumstances, to share the forfeited assets of Asian organized crime when a foreign country has provided some type of assistance in accomplishing the forfeiture. For example, for forfeitures accomplished as a result of drug offenses, 21 U.S.C. § 881(e)(1)(E) allows the transfer of forfeited property to any foreign country which participated in the seizure if certain conditions are met. In addition, when the forfeitures are accomplished under 18 U.S.C. §§ 981 and 982, which are applicable to money laundering offenses, 18 U.S.C. § 981(i)(1) also allows the sharing of forfeited assets.

12. Canada has a law that subjects to forfeiture the proceeds of any criminal activity. Would such a law make sense in the U.S.?

We are currently considering whether a broad approach subjecting the proceeds of any criminal activity to forfeiture would be appropriate. This proposal, while appealing on its face, requires careful study because of the many complicated legal issues in the forfeiture area.

13. Is the Justice Department aware of any links between La Cosa Nostra and Asian organized crime? What are they, if any?

There appear to be few, if any, links between La Cosa Nostra and Asian organized crime. The only evidence suggesting such links

has been anecdotal and very infrequent. However, we are very alert to the possibility of such links, and will pursue any evidence of such links vigorously.

14. Can you tell us what is being done by the Justice Department regarding illegal Chinese alien smuggling organizations in New York?

The Government's approach under the Organized Crime National Strategy is not to focus on a particular activity, but to use the enterprise approach to make a sustained coordinated investigation. The Government will use the enterprise theory of investigation in combination with the RICO statute, which provides for seizure and forfeiture of the assets of the organization. We are certainly aware of these activities and are actively working with the INS to investigate the criminal organizations responsible.

15. We have heard frequent complaints about illegal Fukien immigrants being kidnapped and held in peonage and Korean women being forced to work as prostitutes against their will. Has any thought been given to the possibility of applying federal involuntary servitude and slavery statutes in these situations?

It is our policy to consider every existing federal statute as appropriate to attack a criminal organization. However, as mentioned previously, the RICO statute generally provides the most effective weapon against organized criminal activity.

16. Would you have any proposals which Congress might effect legislatively that could assist the Department of Justice in its fight against Asian organized crime?

We have used and will continue to use the RICO statute to attack organized crime. With the RICO statute, as well as the numerous other statutory tools the Congress has provided in the past decade, we believe we currently have the tools necessary to address the Asian organized crime problem.

In addition, we advocate the passage of the President's crime bill, which contains several provisions which would aid in the fight against organized crime. We may also propose new money laundering legislation in the future, and will continue to work toward new Mutual Legal Assistance Treaties and extradition treaties with other nations. Legislation might also be helpful which would clarify the law relating to the applicability of the exclusionary rule to joint investigations undertaken overseas.

\* \* \* \* \*

During the hearing, Senator Nunn asked Assistant Attorney General Mueller about the overall level of heroin importation into the United States over the past few years, and the reasons for any increase.

Based on our contacts with the FBI and the DEA, we are of the opinion that there has been an increase in heroin importation over the past few years. These agencies have cautioned, however, that no precise data is available since the estimates are based on the number of seizures which have been made, and may therefore also reflect improved law enforcement efforts. There is a consensus that several recent bumper crops of opium in Southeast Asia have contributed to the level of importation but, otherwise, there is no apparent consensus or other possible causes of the increase.

The lack of an eradication program and the diminished efforts at narcotics law enforcement in Burma, in addition to favorable weather conditions, has contributed to large increases in opium in the Golden Triangle. In addition, the accessibility of varied trafficking routes, economic factors, and competition among trafficking groups have all attributed to the increase of heroin in the United States.

According to the DEA Domestic Monitor Program, Southeast Asian heroin has held a steady 56 percent share of the United States market for the past two years. DEA also concludes that Chinese importers have "dominated other groups" and have "the widest distribution networks."

It is, however, important to understand the limitations of this 56 percent share. That figure is based on laboratory analysis -- not the concurrent seizure of drugs and people. The bumper crops in Burma and Laos have attracted the Sicilian Mafia, Nigerians, and others. The Royal Canadian Mounted Police, for example, has documented large-scale heroin purchases by the Sicilian Mafia in the Golden Triangle since 1978. In short, Chinese traffickers are the primary source of heroin in the United States, but the market is elastic and other groups are very active in the trade.

## EXHIBIT 49

JOHN GLENN OHIO, CHAIRMAN

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## United States Senate

COMMITTEE ON  
GOVERNMENTAL AFFAIRS  
WASHINGTON, DC 20510-6250

November 29, 1991

The Honorable Gene McNary  
Commissioner  
Immigration and Naturalization Service  
Chester Arthur Building  
Room 7100  
425 I Street  
Washington, DC 20536

Dear Commissioner McNary:

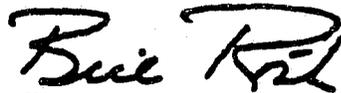
As you know, the Permanent Subcommittee on Investigations heard testimony from Executive Commissioner Michael T. Lempres on November 6, 1991 in a hearing on Asian organized crime. Executive Commissioner Lempres was accompanied by William Slattery, District Director, New York City and Robert M. Moschorak, District Director, Los Angeles. We appreciate very much the testimony of these witnesses. However, due to a shortage of time at the November 6 hearing, we were not able to pursue certain relevant areas of inquiry. Therefore, we are submitting additional written questions.

We would appreciate receiving your responses by December 6, 1991, so that they may be included in the printed hearing record. Any questions which your staff may have should be directed to Daniel F. Rinzel, Chief Counsel to the Minority, or Scott E. Orchard, Minority Staff Assistant, at 224-9157. Thank you for your assistance.



Sam Nunn  
Chairman  
Permanent Subcommittee  
on Investigations

Sincerely,



William V. Roth, Jr.  
Ranking Minority Member  
Permanent Subcommittee  
on Investigations

QUESTIONS  
IMMIGRATION & NATURALIZATION SERVICE

1. Do we need any changes in law to ease the process of returning legal resident aliens who are involved in Asian organized crime to their native lands? Please list all cases in the past five years in which Asian organized crime members have been prosecuted on immigration charges or deported.
2. INS has a unit dedicated to stopping alien smuggling. Is INS dedicating similar resources to deporting criminal legal aliens?
3. What changes in law or administrative practice would help ensure that triad members from Hong Kong are not able to enter the United States? Are the current immigration visa application questions regarding group affiliations sufficient to exclude triad members? Could a joint U.S.-Hong Kong effort create a database of known triad members, which could be used to exclude such individuals?
4. Are current State Department visa requirements stringent enough on an across-the-board basis?
5. Please describe the current procedure used by INS to conduct pre-inspection in foreign countries. How can pre-inspection be improved? Are any international agreements needed in this area?
6. How effective are the current pre-inspection activities of airlines and other commercial carriers? Please describe any sanctions which have been imposed in the past two years for failure to engage in effective pre-inspection.
7. Should immigration judges be placed at major U.S. ports of entry? If this could be done on a 24-hour basis, would it have a deterrent effect?
8. How many alien smugglers of Asians been convicted or pled guilty in the past two years? What sentences were imposed? Are current penalties sufficient to deter alien smugglers?
9. In testimony before the Subcommittee on November 6, 1991, Executive Commissioner Lempres noted that "25 percent of recent Chinese alien smuggling cases have direct links to organized crime groups." Which specific Chinese triads, tongs or street gangs have been linked to alien smuggling or immigration fraud? Is smuggling an organized gang or tong activity, or are the acts perpetrated by various independent entrepreneurs?

10. Which ports of entry receive the highest numbers of undocumented Asian aliens? Please provide monthly statistics for the three leading ports of entry for the past two years.
11. How many of the undocumented Chinese aliens who have entered the U.S. in the past two years claimed political asylum? How many of these individuals arrived at JFK Airport in New York? How many of them arrived at Los Angeles International Airport?
12. How long does it take to process the average asylum request? What steps are involved in the process?
13. Some INS officials have asserted that the current asylum process grants applicants excessive due process. Specifically, many have criticized the appeals process, which allows for a de novo review. What changes are needed in the process?
14. We have heard complaints that most asylum claims are bogus or based on economic disadvantages, rather than political persecution. Is this true? What percentage of asylum claims are rejected?
15. The lack of adequate detention space has been repeatedly cited by INS field offices as a major concern. What is INS doing to address this problem? What additional resources are needed?
16. Is summary exclusion power needed to better combat the many problems in this area? What is INS' view?
17. Given the lack of U.S. diplomatic relations with Vietnam, what can INS do about deporting Vietnamese criminal aliens?
18. What does the INS do with Taiwanese criminal aliens?
19. We have heard reports that the President's Tianenmen Square Proclamation has been abused by some non-PRC ethnic Chinese. Please explain the proclamation and its effects.
20. INS has an official policy apportioning investigative resources between employer sanctions, fraud, criminal aliens and miscellaneous called the 30/30/30/10 policy. Please explain this policy in more detail.
21. We have heard complaints that INS agents are sometimes told to stop pursuing productive criminal investigations under the 30/30/30/10 policy because they have used up their allotted man hours under this program. Is that true? How often have exceptions been granted to allow for further pursuit of criminal aliens?

22. The Subcommittee heard testimony about illegal Fukian immigrants being kidnapped and held in peonage and Korean women being forced to work as prostitutes against their will. Has any thought been given to applying the current federal involuntary servitude and slavery statutes in these situations?
23. Executive Commissioner Michael T. Lempres testified on November 6, 1991 that the INS officer in charge in Hong Kong has reported that "the new visa category based on an investment of one million dollars has attracted Triad attention and indicated his belief that many Triad chieftains will attempt to enter by this means." Australia has recently discontinued a similar plan because it was believed to attract Asian organized crime figures. What impact does INS believe this law will have? Should the law be changed?
24. Senator Roth requested an investigation and report of the circumstances surrounding the participation by the INS District Director in San Francisco in the issuance of a visa for Amy Yip, who was brought to the U.S. under the auspices of Peter Chong, the leader of the Wo Hop To triad in San Francisco. What are the results of this investigation?
25. What is the current level of INS participation in Organized Crime and Racketeering Strike Force and Organized Crime and Drug Enforcement Task Force (OCDETF) efforts? Please describe INS' current allocation of resources nationwide by district.
26. In San Francisco, the INS District Office is budgeted for four agents to be assigned to the Organized Crime and Drug Enforcement Task Force (OCDETF). However, the office has not filled these positions. The one INS position slated for the Organized Crime Strike Force of the U.S. Attorney's Office has been unfilled for several years. Why is this the case?

The following questions are submitted by Senator John Seymour:

Topic: The Immigration and Naturalization Service's (INS) analysis of alien smuggling by Asian organized criminal groups.

Question: The INS has documented various forms of alien smuggling, including air and sea operations. Does the INS find these examples to be the predominant forms of Asian alien smuggling -- through international ports of entry, such as airports and harbors -- or is it equally problematic through the Canadian or Mexican borders?

In your efforts to combat alien smuggling, have you found repeated instances where the Triads and gangs have enlisted the help of legitimate business interests to further their smuggling activities? What would you suggest to be the best means to discourage or prevent such cooperation?

Topic: Assessing the Immigration and Naturalization Service's future needs to combat alien smuggling.

Question: What are your predominant resource problems that are impeding your office's ability to more effectively combat alien smuggling into this country?

Earlier this year, I attached an amendment to the Violent Crime Control Act that imposes civil fines of up to \$100,000 against any individual who uses aliens to commit a felony. Would you find such a provision particularly helpful to you against these seemingly cash-rich crime syndicates, and what other additional legislative efforts would you recommend in this area?



U.S. Department of Justice

Office of Legislative Affairs

Office of the Assistant Attorney General

Washington, D.C. 20530

January 29, 1992

The Honorable William V. Roth, Jr.  
Ranking Minority Member  
Permanent Subcommittee on Investigations  
Committee on Governmental Affairs  
United States Senate  
Washington, D.C. 20510-6250

Dear Senator Roth:

Enclosed is the corrected transcript of the testimony of Michael T. Lempres, Executive Commissioner, Immigration and Naturalization Service, presented on November 6, 1991 concerning Asian Organized Crime.

Also included is the response to questions raised as result of this hearing.

Sincerely,

A handwritten signature in cursive script, appearing to read "W. Lee Rawls".

W. Lee Rawls  
Assistant Attorney General

Enclosures

1. Do we need any changes in law to ease the process of returning legal resident aliens who are involved in Asian organized crime to their native lands? Please list all cases in the past five years in which Asian organized crime members have been prosecuted on immigration charges or deported.

Under current immigration law, Asian organized crime members, whether lawful permanent residents or not, are deportable if they have engaged in alien smuggling or if they have been convicted of crimes involving moral turpitude, aggravated felonies, controlled substance violations, or certain firearm offenses. Aliens are also deportable if they are the subject of a final order for violation of section 274C of the Immigration and Nationality Act (Act) (document fraud.) However, legal resident aliens are offered certain protections under the Act which recognize they may possess certain equities favoring their continued residence in the U.S.

To expedite the deportation of Asian organized crime members, Congress could amend the Act to make membership in any criminal organization, such as a triad, a ground for exclusion and deportation.

In addition, authorization to intercept wire, oral and electronic communication pursuant to Title III of the Omnibus Crime Control and Safe Street Act of 1968, as amended, would greatly increase the effectiveness of INS investigations and prosecutions of immigration-related crimes. As you know, Asian organized crime gangs are extensively involved in alien smuggling, for example, to replenish their ranks and provide cheap labor to further their criminal enterprises.

INS does not keep separate records that would identify those aliens prosecuted by the U.S. Attorney's Office on immigration charges. Nor is there a separate INS listing of Asian organized crime members who have been deported. INS can identify aliens deported by country of origin and by charge. There is no existing method to determine if a particular alien is a member of an organized crime group. Therefore we do not have such information.

2. INS has a unit dedicated to stopping alien smuggling. Is INS dedicating similar resources to deporting criminal aliens?

Yes. The removal of aliens involved in criminal activity is one of the highest priorities within the Service's mission. In recent years, the Service has dedicated more than one-third of its 1100 field investigators to criminal alien activities. INS deported over 13,000 criminal aliens in FY 91. This was an increase of 57 percent from FY 90.

To deal with the increasing number of criminal aliens in the United States, INS has developed a Criminal Alien Strategy. Pursuant to the Strategy, INS will work with Federal, state, and local law enforcement agencies to identify criminal aliens as soon as they are incarcerated in penal institutions and correctional facilities. In seeking to identify, apprehend, detain under INS authority, and expeditiously remove from the United States aliens who have been convicted of crimes, the Service has introduced several innovative programs.

Institutional Hearing Program (IHP): This is a cooperative effort with the Executive Office for Immigration Review (EOIR) and correctional agencies which enables the Service and EOIR to begin deportation proceedings concerning aggravated felons and other criminal aliens while they are still serving their sentences.

Organized Crime Drug Enforcement Task Force (OCDETF): INS works cooperatively with other law enforcement agencies that direct their activities toward major drug trafficking organizations and related crimes of violence.

Organized Crime and Racketeering Strike Force (OCRS): INS Special Agents also participate in U.S. Attorney-directed investigations of complex organized crime activities involving traditional and emerging ethnic crime groups, many of whose members are aliens.

Five State Criminal Alien Model: This Model focuses limited INS resources on the states having the highest concentration of criminal aliens. Through discussions and agreements among INS, EOIR, State Governors, and State Attorneys General, this Model proposes cooperative efforts regarding 33,400 foreign born inmates in state correctional facilities in California, New York, Texas, Florida and Illinois.

Criminal Alien Training for Local Police: Many communities have reported to INS an increasing involvement of aliens in drug importation, weapons smuggling, and violence against persons and property in the past decade. To better inform police agencies of the enforcement role, responsibilities and authority of INS officers, a training seminar for local law enforcement officers was organized under as a joint project of INS and the International Association of chiefs of Police.

Enforcement Case Tracking System (ENCATS): This major automation initiative will eventually allow INS field offices nationwide to access a common data base and communication system to facilitate the tracking of criminal aliens.

National Enforcement Operations Support Center (NEOSC): If funds are appropriated, plans call for the NEOSC to be operational on a 24-hour basis. Information for law enforcement purposes will be provided in response to police queries concerning persons in custody believed to be aliens who have committed serious crimes.

3. What changes in law or administrative practice would help ensure that triad members from Hong Kong are not able to enter the United States? Are the current immigration visa application questions regarding group affiliations sufficient to exclude triad members? Could a joint U.S.-Hong Kong effort create a database of known triad members, which could be used to exclude such individuals?

As stated above, Congress could make membership in an organized criminal group an excludable ground. In addition, pre-inspection or pre-screening by INS in Hong Kong and other Asian countries would greatly reduce the number of aliens attempting to enter this country illegally.

The current immigration visa application questions are not adequate to exclude triad members. A complete revision of the Non-Immigrant Visa application is needed. An important tool INS uses in deportation proceedings is to show that the alien lied on his visa application when he entered the United States. However, the visa application is destroyed by the State Department after one year.

A newly established database of known and suspected triad members jointly controlled by INS and Hong Kong Immigration would greatly assist INS in preventing illegal entry of these aliens into the U.S.

4. Are current State Department visa requirements stringent enough on an across-the-board basis?

Visas are required of all immigrants and nonimmigrants who plan to enter the United States to live or to visit in a temporary nonimmigrant category. Exceptions to the visa requirements are the result of special legislation, such as the Visa Waiver Pilot Program (8 U.S.C. 1187), which permits citizens of certain designated countries to apply for admission as visitors for up to 90-day visits without first applying for nonimmigrant visas at American consulates. Whether the requirements for visa issuance are stringently applied by consular officers of the Department of State is a question which the Immigration and Naturalization Service is not in a position to answer.

5. Please describe the current procedure used by INS to conduct pre-inspection in foreign countries. How can pre-inspection be improved? Are any international agreements needed in this area?

A passenger is pre-inspected for the United States at a site overseas after he has passed through airport security and has been checked in by the air carrier.

At pre-clearance sites in Canada, Bermuda, and the Bahamas, INS and the Customs Service conduct full federal inspection of flights to the United States from certain designated pre-clearance ports (Calgary, Edmonton, Montreal, Toronto, Vancouver, Victoria, Winnipeg, Hamilton, Freeport, Nassau, and Paradise Island). At Aruba and Shannon, only INS is present to inspect for only immigration purposes direct flights to the United States.

Pre-inspection can be improved by expansion to additional sites to stop ineligible aliens prior to their physical arrival in the United States.

INS conducted a four-month test of pre-inspection at London from September, 1990 to January, 1991. The test was well-received by the traveling public, the travel industry and by British and United States government agencies. The committee report to the Appropriations Act of 1991 directs the Secretary of State and the Attorney General to implement a permanent pre-inspection program in the United Kingdom by September of 1992.

An agreement with a host government is necessary before pre-inspection can be implemented. The authority to conduct such negotiations is delegated to the United States ambassador by the Secretary of State. In addition, the ambassador must authorize the expansion of any overseas United States staffing levels.

INS has sent to the United States ambassador (through the Department of State) in the United Kingdom a request for approval of staffing of the prospective pre-inspection sites at London and permission to be included on the negotiating team with the British government on the agreement for pre-inspection.

6. How effective are the current pre-inspection activities of airlines and other commercial carriers? Please describe any sanctions which have been imposed in the past two year for failure to engage in effective pre-inspection.

The checking of documents at time of check-in that airlines and other commercial carriers conduct is done well at certain sites and is non-existent at other sites. The document checks conducted by carriers vary not only by site and carrier but by personnel as well. The INS has conducted many training sessions, both informally and with the International Air Transport Association (IATA) at high-fraud sites. Carriers face fines of \$3000 (8 U.S.C. 1323) per failure involving the boarding of aliens without visas or passports. Since 1989, over \$16 million in fines have been collected.

7. Should immigration judges be placed at major U.S. ports of entry? If this could be done on a 24 hour basis, would it have a deterrent effect?

Placing immigration judges at major ports of entry on a 24 hour basis would not have enough of a deterrent effect to be practicable. Under section 292 of the Act, aliens in exclusion proceedings have the privilege to be represented by counsel. Proceedings would have to be continued to allow aliens time to obtain counsel if they chose to be represented. It is unlikely that lawyers would agree to be "on call" on a 24 hour basis to represent incoming aliens.

More immigration judges and trial attorneys, the use of video and/or telephonic hearings at ports of entry and correctional institutions, and an expedited appeal procedure would greatly enhance the ability of INS to exclude and deport illegal aliens. To develop such a procedure, legislation will be required.

8. How many alien smugglers of Asians have been convicted or pled guilty in the past two years? What sentences were imposed? Are current penalties sufficient to deter alien smugglers?

INS does not have the means of tracking convictions of particular ethnic groups nor the sentences imposed for smuggling violations by ethnic group of those smuggled. Also, Asian alien smuggling violations are almost always accompanied by other violations of law such as fraud, illegal employment, or false documentation. INS has also found that alien smuggling can be associated with almost any other kind of criminal activity including narcotics smuggling, technology transfer, kidnapping and extortion, money laundering, prostitution and so forth, all of which fall outside of INS' jurisdiction.

The current maximum penalty in law for alien smuggling is five years. However, convicted alien smugglers generally receive a sentence ranging from probation to six months incarceration under current Federal Sentencing Guidelines. Given the vast sums of money that are made from alien smuggling, it is unlikely that the possibility of six months incarceration poses a deterrent of any significance.

9. In testimony before the Subcommittee on November 6, 1991, Executive Commissioner Lempres noted that "25 percent of recent Chinese aliens smuggling cases have direct links to organized crime groups." Which specific Chinese triads, tongs or street gangs have been linked to alien smuggling or immigration fraud? Is smuggling an organized gang or tong activity, or are the acts perpetrated by various independent entrepreneurs?

Our previous testimony reported that "Immigration and Naturalization Service (INS) anti-smuggling initiatives targeted at Chinese aliens have documented that Chinese organized crime groups are involved in over 25% of such cases."

Among the Chinese Organized Crime groups identified in our investigations are the 14K, the Sun Yee On, the Fuk Ching, the Three Mountain Association, the Green Dragons, the Big Circle Gang, the Born to Kill Gang, the Chinese Freemasons, the Hip Sing Tong, the Wo Hop To, the On Leong Tong, the Wah Ching, the Tung On and the Viet Ching.

We have found that in some cases the triads, tongs and gangs are engaged in alien smuggling as a means of generating large amounts of funds at relatively little risk (compared, for example, to drug smuggling) and that they sometimes smuggle their own members and associates into the United States and Canada (especially if these individuals have criminal backgrounds). We also find that individual Chinese Organized Crime figures form profit making smuggling syndicates with other independent entrepreneurs and that alien smuggling is carried on by individuals not known to have any connection with organized crime.

10. Which ports of entry receive the highest numbers of undocumented Asian aliens? Please provide monthly statistics for the three leading ports of entry for the past two years.

Los Angeles, New York (at John F. Kennedy International Airport), and Seattle had the highest number of undocumented Asian aliens. In the last two years, Los Angeles had 9,365; New York had 6,174; and Seattle reported 117 during a 6-month period in 1990. The available statistics are attached.

Undocumented or Fraudulently Documented Asian Aliens  
at John F. Kennedy International Airport at New York

1990	PRC	India	Pakistan	Sri Lanka	Bangladesh	Afghanistan	Total
Jan	2	8	34	8	11	71	134
Feb	6	12	45	3	6	40	112
Mar	4	22	67	5	5	25	128
Apr	5	10	38	2	4	64	123
May	4	81	75	2	8	47	217
Jun	9	16	48	0	10	22	105
Jul	12	12	19	4	10	42	99
Aug	18	9	28	0	13	59	127
Sep	35	7	16	0	12	68	138
Oct	96	163	30	1	25	48	363
Nov	316	163	25	2	13	26	545
Dec	101	22	15	2	35	23	198
Tot	608	525	440	29	152	535	2289

1991	PRC	India	Pakistan	Sri Lanka	Bangladesh	Afghanistan	Total
Jan	56	2	22	3	20	67	170
Feb	41	18	27	0	13	34	133
Mar	40	16	7	1	29	57	150
Apr	80	34	13	7	40	34	208
May	87	57	44	0	57	49	294
Jun	60	123	43	4	102	26	358
Jul	98	146	59	2	40	24	369
Aug	143	138	15	1	32	7	336
Sep	105	223	121	5	33	23	510
Oct	214	192	124	4	9	5	548
Nov	251	179	214	2	22	12	680
Dec							
Tot	1175	1128	689	29	397	338	3756

1989	PRC	India	Pakistan	Sri Lanka	Bangladesh	Afghanistan	Total
Dec	1	17	60	4	25	22	129

TOTAL FOR 2-year PERIOD 6166

NUMBER OF UNDOCUMENTED OR FRAUDULENT DOCUMENT ASIAN ALIENS  
ENCOUNTERED IN WESTERN REGION IN LAST TWO YEARS:

## SAN FRANCISCO

PROC	75
PAKISTAN	16
INDIA	129
SRI LANKA	29
AFGHANISTAN	32
OTHERS	2

## HONOLULU

PROC	144
PAKISTAN	35
SRI LANKA	47
INDIA	13
BANGLADESH	4
TAIWAN	1

## LOS ANGELES

BANGLADESH	320
BURMA	14
PROC	1,694
FIJI	2
HONG KONG	52
INDIA	2,994
INDONESIA	4
JAPAN	53
KAMPUCHEA	2
KOREA	63
MALAYSIA	135
MAURITIUS	3
NEPAL	3
PAKISTAN	2,494
PHILIPPINES	117
SINGAPORE	223
SOMALIA	5
SRI LANKA	865
TAIWAN	258
THAILAND	64

11. How many of the undocumented Chinese aliens who have entered the United States in the past two years claimed political asylum? How many of these individuals arrived at JFK Airport in New York? How many of them arrived at Los Angeles International Airport?

The data collected by the Immigration and Naturalization Service through March 1991 are based solely on the nationality of the applicants. No data have been collected through that date to indicate the immigration status of asylum applicants nor are Servicewide data available on the port of entry of the applicants. Since 1988, the number of asylum applications filed by Chinese nationals has risen dramatically (see table below).

Fiscal Year	Applications Filed
1988	205
1989	561
1990	1287
1991 (through March)	371

In the future, asylum data will be available on several demographic and immigration-related variables from the newly developed Refugees, Asylum and Parole System.

12. How long does it take to process the average asylum request? What steps are involved in the process?

There is a large backlog of asylum cases (114,000 from the old system) pending before the INS Asylum Officer Corps, as well as a continuing influx of asylum applications (average 70,000 per year). This does not include cases which are currently being filed under the American Baptist Churches v. Thornburgh settlement agreement (an estimated 90,000 additional cases), nor cases pending before the Immigration Judges, Board of Immigration Appeals, or the federal courts. The INS has implemented various procedures and policies to expedite asylum processing.

The eventual goal for new applicants will be for INS to conduct the asylum interview within 60 days of filing. Currently, only a portion are being conducted in this manner. Final decisions on new cases are expected within 4 to 6 months of filing. This processing is consistent with the level of quality required of the Asylum Officer Corps.

There are certain time constraints which are an integral part of the process and cannot be eliminated. The time between filing an asylum application and having an interview should be, at most, 60 days. However, this is predicated upon the interview taking place at an Asylum Office. Cases interviewed at circuit ride locations may take longer, since they are dependent on the frequency of the trips to the sites. Circuit ride locations will be visited either monthly, quarterly or semi-annually.

Once an applicant has been interviewed, there is a 60-day period for the Bureau of Human Rights and Humanitarian Affairs (BHRHA) at the Department of State to provide information on the respective country conditions. There is a concurrent 45-day response period for fingerprint checks on applicants recommended for approval. Once the BHRHA and fingerprint responses have been received or the 60 days have elapsed, the Asylum Officer may proceed with the case.

The processing time will differ for approvals and denials. If the asylum case is an approval, an approval letter is generated by the automated Refugees, Asylum and Parole System (RAPS). On denials, a Notice of Intent to Deny must be drafted, explaining the case-specific reasons for the denial. The applicant is given 30 days to respond in writing with additional information on his or her case. If rebuttal information is provided, the Asylum Officer must consider each piece of information and address it specifically in the denial notice, if the case is still to

be denied.

The Asylum Branch is implementing several procedures to assist in streamlining the processing, including the development of standard paragraphs for use in decision writing.

If an asylum application is denied by an Asylum Officer, the applicant is served with an Order to Show Cause (Form I-221) commencing deportation proceedings, or a Notice to Alien Detained for Hearing Before an Immigration Judge (Form I-122) commencing exclusion proceedings, as appropriate. The alien may renew his or her asylum application in that proceeding. Denials by the Immigration Judge may be appealed to the Board of Immigration Appeals (BIA). Denials by the BIA may be reviewed in federal district court (exclusion cases), United States Courts of Appeals (after BIA denial in deportation cases; after district court decision in exclusion cases), and the Supreme Court. The review process can add months or years beyond the INS Asylum Office action.

13. Some INS officials have asserted that the current asylum process grants applicants excessive due process. Specifically, many have criticized the appeals process, which allows for a de novo review. What changes are needed in the process?

INS is currently reviewing the asylum process to determine methods in which it could be streamlined. The exact procedures involved have not as yet been identified.

14. We have heard some complaints that most asylum claims are bogus or based on economic disadvantages, rather than political persecution. Is this true? What percentage of asylum claims are rejected?

Since the Refugee Act of 1980 was enacted, there have been over 595,000 asylum applications filed with the INS. Of the nearly 206,000 asylum cases adjudicated by the INS under the procedures set forth by the Refugee Act, approximately one quarter (52,000) have been approved. In addition to the nearly 154,000 cases which have been denied, approximately 111,000 cases have been administratively closed by INS. In these latter cases, the applicant has generally never appeared for the asylum interview.

15. The lack of adequate detention space has been repeatedly cited by INS field offices as a major concern. What is INS doing to address this problem? What additional resources are needed?

Obtaining adequate detention space is essential to fully enforcing the immigration laws. In May 1987 INS developed a 5 year detention plan covering fiscal years 1988-1992. That plan calls for an expansion of the Services's detention capability. However, it is important to note that expediting the deportation process remains the principal goal of the INS and could obviate the need for a significant increase in detention space. Based on the strategy presented in this plan, INS obtained a 300 bed facility at Oakdale II and a 400 bed facility at San Pedro, expanded the capacity at Florence to 325 beds, and expanded the use of contract detention facilities from about 700 beds in FY 1988 to about 1,000 beds in FY 1991.

The INS plan fits into the overall Federal Detention Plan, which also includes the needs of the Bureau of Prisons (BOP) and the United States Marshals Service (USMS). The Administration submitted the overall plan to the Congress in February 1991. The plan called for an increase in the INS supply of available detention space from 4,400 beds in FY 1991 to 8,600 beds in FY 1996. This excluded the 1,000 beds needed for the detention of Mariel Cuban criminals and the 900 beds needed for the detention of User Fee Cases.

During FY 1991 the 400 bed facility at San Pedro became operational, and in the first quarter of FY 1992 the 60 bed facility at Aguadilla started operations. During the second quarter of FY 1992 and the 600 beds expansion at Oakdale II will be fully operational. We are working on developing a 1,000 bed joint INS/BOP contract facility in the southwest (500 beds for INS), subject to funding being provided, and expect it to be operational during FY 1993.

In FY 1990 INS received \$10 million from the Asset Forfeiture Fund for construction, which will add 575 beds in our Service Processing Centers. The Florence SPC will have an additional 155 beds in FY 1994, the El Centro SPC will be increased by 220 beds by FY 1993, and the EL Paso SPC will be increased by 200 beds by FY 1994. In addition, the FY 1991 Congressional budget provided funds to increase Krome's capacity by 300 beds. This expansion which is to be for the detention of criminal aliens, will be ready by FY 1994.

The detention of Criminal alien remains a high priority and to use more effectively our available bedspace, we will continue to emphasize the centralization of criminal aliens at the Oakdale II and San Pedro detention facilities. When the 300 bed expansion at Krome is completed, criminals will also be housed at that facility. Concurrent with the centralization of criminals, INS is working closely with the Executive Office

of Immigration Review to expand the Institutional Hearing Program. The purpose of these two initiatives is to ensure deportation of criminal aliens immediately upon completion of their federal or state criminal sentence.

The FY 1992 budget request to the Congress identified the resources needed to support adequately the Detention and Deportation Program. This request delineated the need for 328 positions, 164 work years, and \$36.3 million. The Congress funded an increase of 79 positions, 40 work years, and \$3.5 million.

16. Is summary exclusion power needed to better combat the many problems in this area? What is INS' view?

Under current immigration law, summary exclusion is only authorized to exclude those aliens believed to be involved in espionage, sabotage, terrorism, or other related security grounds. It would help INS combat illegal immigration if summary exclusion could be extended, for example, to include any alien found to be attempting to enter the United States on the basis of false representations, fraudulent documents or no documents.

17. Given the lack of U.S. diplomatic relations with Vietnam, what can INS do about deporting Vietnamese criminal aliens?

The current situation in Vietnam makes it extremely difficult to deport criminal aliens to that country. INS proceeds with deportation proceedings against all criminal aliens. When a final order of deportation is obtained against a Vietnamese criminal alien, the INS simply does not execute the order. Some are held in detention but most must be released if we cannot effect deportation, and there is little likelihood that the alien will pose a danger to the safety of other persons or property. Unless another country is willing to accept these aliens there is not much INS can do to remove them from the United States.

18. What does the INS do with the Taiwanese criminal aliens?

If they are found deportable, they are deported to Taiwan.

19. We have heard reports that the President's Tien An Men (Tienanmen) Square Proclamation has been abused by some non-PRC ethnic Chinese. Please explain the proclamation and its effects.

On April 11, 1990, the President issued Executive Order 12711 directing that the enforced departure of PRC nationals and their dependents in the United States be deferred until January 1, 1994. Pursuant to Executive Order 12711, Commissioner McNary cabled all INS offices on May 7, 1990, providing instructions for the full implementation of the PRC National Protection Program. The current PRC National Protection Program includes the following:

- \* Maintain a lead officer in each District Office to inform PRC nationals of the Administration's policy and assist in its implementation;
- \* Waive, irrevocably through January 1, 1994, the two-year foreign residence requirement for any Chinese national present in the United States on April 11, 1990, who applies for adjustment of status;
- \* Consider all PRC nationals present in the United States in lawful status between June 5, 1989, and April 11, 1990, to have maintained such lawful status;
- \* Grant employment authorization to Chinese nationals present in the United States on April 11, 1990, and waive the fee normally charged for filing and processing these applications for Chinese nationals;
- \* Notify Chinese nationals whose lawful non-immigrant status has expired of that fact, but also advise them that they are authorized to stay in the United States until January 1, 1994, and of other benefits available to them;
- \* Cancel any Order to Show Cause issued against any Chinese national who was in lawful status on June 5, 1989;
- \* Waive the requirement for a current passport for all PRC nationals present in the United States on or after June 5, 1989, up to April 11, 1990;
- \* Return to lawful non-immigrant status PRC nationals who withdraw their application for asylum or have been denied asylum if they were in status on or after June 5, 1989; and
- \* Grant advance parole to PRC nationals under protection to facilitate their travel outside of the United States.

Since the implementation of the PRC National Protection Program in 1990, INS district offices have received a considerable number of requests for employment authorization from non-PRC ethnic Chinese. Because the language of the Executive Order broadly includes all PRC nationals who were present in the United States as of April 11, 1990, regardless of their immigration status, many ethnic Chinese filed claims for protective benefits under this program -- in particular, those mainland-China-born ethnic Chinese with Taiwanese passports or Hong Kong Identification Documents. To safeguard the protection program against potential abuses by ethnic Chinese groups, Commissioner McNary issued a directive, on April 11, 1991, to clarify that the administration's policy of protection does not extend to aliens who are citizens of Hong Kong or Taiwan, even if such aliens are considered by the PRC Government to be its citizens.

20. INS has an official policy apportioning investigative resources between employer sanctions, fraud, criminal aliens and miscellaneous called the 30/30/30 policy. Please explain this policy in more detail.

The Enforcement Division of INS is responsible for a myriad of competing priorities, including Employer Sanctions, Criminal Aliens, and Fraud. Staffing and funding, especially for the interior enforcement responsibilities of the Investigations Division, continue to be inadequate to meet all of these commitments. Therefore, it was necessary to centralize control of these commitments so that the most viable enforcement effort could be made in each area of responsibility dependent upon existing resources.

Service priorities for Fiscal Year 1991 incorporated a strong commitment to employer sanctions enforcement. As the second quarter neared conclusion, it became clear that the employer sanctions program priorities were not being met on a national basis. The Commissioner requested, and subsequently approved a comprehensive package of policy initiatives to rectify this situation for the remaining six months of the fiscal year. On April 5, the Commissioner issued a policy directive placing equal emphasis on employer sanctions, criminal aliens and employment related fraud activities in carrying out national enforcement strategies. The Commissioner extended that directive into this fiscal year, pending further review for guidance to the field in FY 1992.

21. We have heard complaints that INS agents are sometimes told to stop pursuing productive criminal investigations under the 30/30/30/10 policy because they have used up their allotted man hours under this program. Is that true? How often have exceptions been granted to allow for further pursuit of criminal aliens?

The Commissioner's policy directive specifically directs that the INS continue to support ongoing investigations. Exemptions to the 30/30/30 policy ensure that it does not require the disruption of any pending productive criminal investigations. The Service's commitment to the removal of institutionalized criminal aliens (those convicted of criminal offenses and serving sentences in federal or state correctional institutions) has increased during the 30/30/30 period. While this effort is a reactive response to the criminal alien problem it is the most cost effective utilization of available resources in meeting our criminal alien commitments. This concentration of resources also allows for considerable efforts in other proactive criminal activities like Asian Organized Crime. Likewise the INS commitment to OCDETF has not been diminished by the 30/30/30 policy since it is funded directly from the Department of Justice.

The investigation of fraudulent violations of the INA are also criminal and a 30 percent dedication of resources to that effort is paramount to the cost effective enforcement of the Immigration and Nationality Act.

What has been affected is the availability of Service manpower and resources for assisting other usually underfunded and understaffed entities in the enforcement of laws under their jurisdiction against crimes committed by illegal aliens. Once convicted these illegal aliens should be located through our institutional efforts.

Out of a total of fourteen requests for waiver under 30/30/30, nine were approved. Three of those were approved based on the need for more time in Employer sanctions due to the lack of a criminal alien population in a given district. The others were approved based on specific requests regarding criminal activities and commitments in the institutional, anti-smuggling, fraud, organized crime and OCDETF spheres of responsibility. The five denials were given to requests based on theoretical claims as to the importance of one commitment over the other.

22. The Subcommittee heard testimony about illegal Fukian immigrants being kidnapped and held in peonage and Korean women being forced to work as prostitutes against their will. Has any thought been given to applying the current federal involuntary servitude and slavery statutes in these situations?

The decision of whether or not to criminally prosecute an alien rests with the United States Attorney's Office. Many of the above type cases have been prosecuted.

23. Executive Commissioner Michael T. Lempres testified on November 6, 1991 that the INS officer in charge in Hong Kong has reported that "the new visa category based on an investment of one million dollars has attracted Triad attention and indicated his belief that many Triad chieftains will attempt to enter by this means." Australia has recently discontinued a similar plan because it was believed to attract Asian organized crime figures. What impact does INS believe this law will have? Should the law be changed?

Although the investment visa provision has yet to take full effect, it is clear that the investor immigrant category contains the potential for abuse by organized crime figures. However, that potential for abuse is not unique to this visa category, and INS has experience in fighting the abuse of the immigration system. Australia, Canada and other countries have experience with a similar visa category, and we can learn from their experience.

For this reason (and others), a number of regulatory requirements have been established which will assist the government in identifying and combatting such attempts. As part of the petitioning process, any applicant for investor visa classification will have to submit all of the following which apply, in accordance with Title 8, code of Federal Regulations Part 204.5(j)(3):

1. Foreign business registration records;
2. Corporate, partnership (or any other entity in any form which has filed in any country or subdivision thereof any return described in this subpart), and personal tax returns including income, franchise, property (whether real, personal, or intangible), or any other tax returns of any kind filed within five years, with any taxing jurisdiction in our outside the United States by or on behalf of the petitioner;
3. Evidence identifying any other source(s) of capital; or
4. Certified copies of any judgments or evidence of all pending governmental civil or criminal actions governmental administrative proceedings, and any private civil actions (pending or otherwise) involving monetary judgments against the petitioner from any court in or outside the United States within the past five years.

In addition, the Immigration and Naturalization Service will work closely with other governmental agencies and entities to ensure that petitioners comply with existing laws and regulations relating to importation of unlawfully obtained funds. Although it is clear that the investor who is seeking conditional permanent residence through this program will be subject to considerably more scrutiny than an investor who is not seeking

permanent residence. INS believes that there is a critical need for intensive monitoring of the employment creation program in order to prevent abuses. If these statutory and regulatory safeguards are not sufficient to prevent organized crime elements from abusing this provision, the Administration will consider whether additional legislative or administrative representation can resolve the problem in this area.

24. Senator Roth requested an investigation and report of the circumstances surrounding the participation by the INS District Director in San Francisco in the issuance of a visa for Amy Yip, who was brought to the U.S. under the auspices of Peter Chong, the leader of the Wo Hop To triad in San Francisco. What are the results of this investigation?

On Thursday, September 12, 1991, the District Director in San Francisco became aware of information in possession of another federal agency to the effect there was a possibility of gang violence at a concert by Amy Yip scheduled for September 25th. A record check showed that H-1B nonimmigrant visa petitions on behalf of Yip and her entourage had been approved at INS' Western Service Center in Laguna Niguel, California, on September 10th.

The following day the District Director cabled Hong Kong and requested that our Officer in Charge (OIC) there hold the petitions in order to preclude issuance of the actual visas by the American Consulate General.

On Monday, September 16th, two INS Special Agents interviewed Peter Chong and his attorney. Based on the results of that interview and a review of the record of the visa petition proceeding, the District Director concluded that there was no mala fide intent on the part of either the petitioner or the beneficiaries with respect to the scheduled concert. Accordingly, there was no basis upon which to revoke the petition.

The District Director therefore requested that the OIC remove his hold on the petitions. At the same time, he requested that the Visa Section of the Consulate be provided with the information concerning possible violence at the Yip concert. The District Director also informed the petitioner's attorney and the San Francisco police of the potential for violence. Finally, the District Director arranged for the Yip group to be intercepted at San Francisco airport on arrival and to be briefed on the reports of possible gang confrontation. None of the group withdrew his or her application for admission into the United States and the concert was given without incident.

25. What is the current level of INS participation in Organized Crime and Racketeering Strike Force and Organized Crime Drug Enforcement Task Force (OCDETF) efforts? Please describe INS' current allocation of resources nationwide by district.

INS currently has full time representation on Organized Crime and Racketeering Strike Forces in ten cities: Boston, Buffalo, Chicago, Cleveland, Detroit, Los Angeles, Miami, New York (southern district), and San Francisco.

On duty OCDETF agents total 133. They are located in: Miami (15) and San Juan (2); Cleveland (2), Detroit (3) and Louisville (1); Dallas (3), El Paso (2), Harlingen (2), Houston (17), New Orleans (2) and San Antonio (1); Las Vegas (1) and Los Angeles (14); Baltimore (3) and Philadelphia (1); Boise (1), Denver (3), Helena (1), Omaha (1) and Salt Lake City (1); Boston (2), Hartford (2), Portland, Maine (1) and Providence (2); Buffalo (2), Newark (2) and New York City (14); Chicago (4) and St. Paul (2); Honolulu (1), Portland, Oregon (2), Sacramento (1), San Francisco (1), Seattle (1) and Yakima (1); Kansas City (2) and St. Louis (3); Atlanta (2), Charlotte (2) and Memphis (1); Phoenix (1) and San Diego (3); Headquarters in Washington, D.C. (5).

26. In San Francisco, the INS District Office is budgeted for four agents to be assigned to the Organized Crime and Drug Enforcement Task Force (OCDETF). However, the office has not filled these positions. The one INS position slated for the Organized Crime Strike Force of the U.S. Attorney's Office has been unfilled for several years. Why is this the case?

The San Francisco Office is not budgeted for four OCDETF agents. Four additional positions may have been authorized for San Francisco, cannot be filled because funding has not been appropriated due to current resource constraints; there are no resource constraints in OCDETF. The INS OCDETF Program is fully staffed based on appropriations provided. Congress has authorized (see Section 6151 of the 1988 Drug Abuse Act), but has not appropriated certain increases for the OCDETF Program.

The INS Strike Force position in San Francisco is and has been filled. However, the incumbent has been on disability leave for over two years. During that period various INS Special Agents were assigned to the Strike Force in an acting capacity. Steps are currently being taken to fill the position on a permanent basis.

Senator Seymour's Question

The INS has documented various forms of alien smuggling, including air and sea operations. Does the INS find these examples to be the predominant forms of Asian alien smuggling -- through international Ports of Entry, such as airports and harbors -- or is it equally problematic through the Canadian or Mexican borders?

While not as problematic as it has been at the air and sea Ports of Entry, this type of activity does occur at the land border ports as well. Northern land border ports have reported an increase in mala fide applicants from admission from Asian countries usually posing as Canadian citizens. Additionally, some northern land border ports have reported an increase in the applications for admission of individuals who are known or believed to be members of Asian organized crime groups.

Southern land border Ports of Entry have not seen a comparable increase in similar activities. However, the Border Patrol has intercepted several large groups of Asian nationals who have attempted to enter without inspection. Anecdotal reports from other INS field units suggest that entering without inspection along the Southern border has been a proven method for certain Asian nationals to gain illegal entry into the United States.

Senator Seymour's Questions

In your efforts to combat alien smuggling, have you found repeated instances where the Triads and gangs have enlisted the help of legitimate business interests to further their smuggling activities? What would you suggest to be the best means to discourage or prevent such cooperation?

We have encountered a variety of instances of both coerced and voluntary cooperation between criminal elements and businesses which are clearly legitimate concerns, businesses which on the surface appear to be legitimate and businesses which are controlled by criminal syndicates. We are aware, for example, that Chinese criminal groups have threatened employees of both Northwest and United airlines in Bangkok when those employees have attempted to copy travel documents at our request. We are aware that several travel agencies in Hong Kong cooperate fully with smuggling operations. Some of these travel agencies may even be partially owned by Triads or Triad figures. We are aware that Triads have connections with casinos both in this country and abroad where it appears that profits from illegal activities are being laundered.

We believe that the best means to prevent cooperation is to take a firm public stand against it, to prosecute any and all who break our laws and to encourage the prosecution of gangs and Triads under foreign law. Asset seizure and forfeiture also provides an effective deterrent to both criminal organizations and business interests. INS seizure authority is circumscribed by law, and expansion of that authority is worth consideration at this time. Another effective tool involves INS action overseas before smugglers or smuggled aliens reach the United States. INS plans to expand its pre-screening and preinspection presence at overseas airports. Those officers will help to detect alien smuggling. Moreover, their presence should further enhance the cooperation between the INS and various overseas law enforcement agencies.

Senator Seymour's Question

What are your predominant resource problems that are impeding your office's ability to more effectively combat alien smuggling into this country?

The Service's predominant resource problem is the lack of sufficient manpower to fully investigate and prosecute alien smuggling cases. Law enforcement resources are always at a premium, and responsible management requires prioritizing allegations for investigation. Unfortunately, sophisticated alien smuggling organizations and INS resources are not keeping pace. Much of the need for these resources, however, could be obviated by changes in law and/or administrative practice that would allow INS to more effectively combat alien smuggling. Some of these changes have been discussed earlier in this document, but to summarize here for your convenience, the most important from our point of view would be:

- o legislation increasing the potential penalty for alien smuggling (the current maximum is only 5 years and actual penalties are usually much lower);
- o increased seizure authority;
- o changes to the Immigration and Nationality Act making membership in a criminal organization an extraditable offense;
- o authority to intercept wire, oral and electronic communications pursuant to Title III of the Omnibus Crime Control and Safe Streets Act of 1968;
- o complete revision of the Non-Immigrant Visa application.

## EXHIBIT 50

ADDITIONAL QUESTIONS SUBMITTED FOR THE RECORD  
PERMANENT SUBCOMMITTEE ON INVESTIGATIONS HEARING ON  
ASIAN ORGANIZED CRIME  
NOVEMBER 5, 1991  
DETECTIVE WILLIAM G. HOWELL  
LOS ANGELES COUNTY SHERIFF'S OFFICE

1. Please identify exhibit #10, as introduced into the record of the Subcommittee's hearing on Asian organized crime on November 5, 1991 (exhibit #10 is a chart found by the Los Angeles Sheriff's Office in a raid on a United Bamboo gang safe house.)

Answer: Exhibit 10 is an organizational chart of one cell of the United Bamboo gang. It depicts its leader as Benson C.P. Wang and goes on to describe the difference operations and responsibilities of the cell. It also names (by moniker) other individuals of the cell and their responsibilities.

2. What connections does the United Bamboo in Los Angeles have with United Bamboo members in other U.S. locations or other international locations?

Answer: During the course of our investigation regarding the United Bamboo, we felt that although the Los Angeles cell seemed to operate independently from other cells throughout the world, there were signs of direction from other cells, which seemed to indicate that the Los Angeles cell was not, in fact, completely independent.

3. During your testimony before the Subcommittee on November 5, 1991, you spoke a great deal about the extensive gambling operations in Southern California. How much money laundering takes place in connection with such gambling?

Answer: Not being an expert on legal and illegal gambling, I can only estimate the amount based on my eight years of street experience. I would guess the amount to be in the millions!

4. The San Gabriel Valley has a number of small communities which have seen a dramatic increase in Asian immigrants over the last decade. What is most notable about the Asian gang activity in these communities?

-2-

Answer: A recent study by my department shows a dramatic increase in Asian criminal activity over the last ten years. This is due in part to several factors.

1. Increase in the Asian population.
2. Better reporting procedures by our department, local agencies and the state.
3. A better working relationship between law enforcement and the Asian community (which increased the percentage of criminal activity that was reported.)

5. Has the Northern California "gang war" between the Wo Hop To triad and the Wah Ching gang affected Asian organized crime in Southern California? Is the Wo Hop To attempting to set up operations in Southern California?

Answer: Based on our street contacts, we do not expect to see the violence currently being experienced by northern California for at least another year or two.

There is no indication of a Wo Hop To operation in Southern California. We have heard, however, of Wo Hop To expansion into the Boston area.

6. Are the Wah Ching recruiting members in Southern California to fight the Wo Hop To in San Francisco?

Answer: Our informants advise that the Wah Ching is recruiting Chinese-Vietnamese gang members to fight the Wo Hop To.

7. You mentioned in your testimony that as Vietnamese gangsters grow up, they will seek to insulate themselves from the street level as the Chinese organized crime groups have. Can you comment further on this prospect?

Answer: Vietnamese criminals possess a unique combination of adaptability and demonstrated ability to survive and flourish in a hostile environment. Possession of these traits alone shows, at least in my mind, that such criminals are willing to do whatever it takes to survive. They have seen the success of Chinese organized criminal groups in this country (and throughout the world), and they want a taste of that success. They have also seen the money and power generated by these Chinese organized crime groups, and they want to taste that as well.

-3-

Chinese criminals have demonstrated a business-like approach in their activities. The Vietnamese have demonstrated both a businessman's and a soldier's approach, a combination which can make them our most dangerous challenge.

8. There would appear to be a need for some sort of coordinated effort among law enforcement agencies to deal with the growing threat of Asian organized crime. Does your office work along side any other federal or local agencies in confronting Asian organized crime?

Answer: For several years our department has worked with other local agencies in an attempt to confront this problem. Until recently federal interest has been minimal.

9. Is there any formal association of law enforcement officers which focuses on this problem?

Answer: Because of the mobility of most Asian gang members, a network of investigators who specialize in Asian criminal activities was established. This network began informally with only a desire to help other investigators with similar problems. This network has grown into a formal association known as the Asian Gang Investigators Association of California. The A.G.I.A.C. is dedicated to not only assisting but educating each other.

The other such association is an international organization which meets annually. A.G.I.A.C. meets monthly.

10. What level of cooperation is your Department currently getting from the U.S. Attorney's Office in Los Angeles?

Answer: Very little to none that I am aware of.

11. In light of your extensive experience in dealing with Asian organized crime, are there any recommendations or suggestions that you would make that might assist law enforcement in combating these obviously dangerous criminal groups?

Answer: The Los Angeles County Sheriff's Office has a number of recommendations that we would like to offer for your consideration. First, we feel that a multi-jurisdictional, joint federal-local approach to this problem is critical. Law

-4-

enforcement must increase the level of inter-agency cooperation in order to effectively combat these groups. Second a number of changes are needed in immigration and extradition practices. I recently returned from Taiwan, where I helped return a wanted murder suspect who had been at large in the United States for five years. Unfortunately, it took two years to get this individual out of the country, even though he murdered an entire family of Taiwanese in the Phillipines. The deportation process currently takes too much time and allows for too much due process.

12. Have law enforcement agencies in the Los Angeles area had any success in recruiting Asian agents or Asian language specialists?

Answer: There has been some success in the recruitment of Asians into law enforcement but the demand is far greater than the supply.

EXHIBIT 51

TRANSCRIPT OF PROCEEDINGS

UNITED STATES SENATE

\* \* \*

PERMANENT SUBCOMMITTEE ON INVESTIGATION

COMMITTEE ON GOVERNMENTAL AFFAIRS

\* \* \*

In the Matter of:

INVESTIGATIONS TO ADDRESS THE EXPANDING

SCOPE OF ASIAN ORGANIZED CRIME

Deposition of PETER CHONG

Pages 1 thru 24

Washington, D. C.  
November 1, 1991

MILLER REPORTING COMPANY, INC.

507 C Street, N.E.  
Washington, D.C. 20002  
546-6666

UNITED STATES SENATE  
PERMANENT SUBCOMMITTEE ON INVESTIGATIONS  
OF THE COMMITTEE ON GOVERNMENTAL AFFAIRS

----- :  
In the Matter of: :  
Investigations to Address the Expanding :  
Scope of Asian Organized Crime :  
----- :

Friday, November 1, 1991  
Washington, D.C.

The deposition of PETER CHONG, called for examination by counsel for the Senate Permanent Subcommittee on Investigations in the above-entitled matter, pursuant to notice, in the offices of the Subcommittee, Room 192, Russell Senate Office Building, Washington, D.C., convened at 10:06 a.m., when were present on behalf of the parties:

- DANIEL F. RINZEL, Chief Counsel to the Minority
- W. LEIGHTON LORD, III, PSI Staff
- J. CALEB BOGGS, III, PSI Staff
- GRACE McPHEARSON, PSI Staff
- GAY E. HARRINGTON, PSI Staff
- SCOTT ORCHARD, PSI Staff
- ROBERT D. LUSKIN, Counsel to Peter Chong
- CHARLES F. BOURDON, Counsel to Peter Chong

## P R O C E E D I N G S

Whereupon,

PETER CHONG

was called for examination by counsel to the Minority and having been duly sworn, was examined and testified as follows:

## EXAMINATION BY COUNSEL TO THE MINORITY

BY MR. RINZEL:

Q Could you state your name please, sir?

A Peter Chong.

MR. LUSKIN: Mr. Rinzel, for the record, could we identify the individuals who are here at the deposition?

MR. RINZEL: Sure. We have--probably just go around--

MS. HILL: Eleanor Hill. I am the Staff Director and Chief Counsel for the Majority.

MR. BOGGS: J.C. Boggs, Staff Counsel for the Minority.

MR. ORCHARD: Scott Orchard, Staff Assistant to the Minority.

MR. LORD: Leighton Lord, Staff Counsel to the Minority.

MR. RINZEL: I am Daniel Rinzel, Chief Counsel for the Minority.

MS. MCPHEARSON: Grace McPhearson, Staff Investigator to the Majority.

MS. HARRINGTON: I am Gay Harrington, Detailee to PSI Minority Staff.

MR. LUSKIN: Thank you.

BY MR. RINZEL:

Q Okay, Mr. Chong, are you also known as Pong-Bing--

A Keung.

Q Keung?

A Yes.

Q B-I-N-G, K-O-U-N-G?

A K-E-U-N-G.

Q K-E-U-N-G, okay. Mr. Chong, you were served with a subpoena requiring you to attend the deposition and to produce some documents. Is that correct?

A Yes.

Q I have here, marked as Exhibit A, a letter to me acknowledging the receipt of the subpoena and the notice of deposition dated October 17, 1991. I wonder if you could identify that as your signature.

[Exhibit A marked for identification.]

A Yes, this is my signature.

Q I would like to have that attached as an exhibit to the deposition. Now the Schedule A attached to the subpoena, E01757, required you to produce all documents from January 1, 1987 to present which relate to New Paradise Investment

Company. And I have marked that subpoena and the attachment as Exhibit B. And I would like to ask you if--it goes on and describes documents with no particularity, but I will not read all that into the record. I will just attach Exhibit B as an exhibit to the deposition.

[Exhibit B marked for identification.]

BY MR. RINZEL:

Q Have you collected the documents that are requested?

A Yes.

Q Are you prepared to produce those documents today?

A No.

Q What is the reason for not producing the documents?

A On the advice of counsel, I respectfully decline to answer all your questions based on the Fifth Amendment privilege.

MR. LUSKIN: And further to that, Mr. Rinzel, perhaps we could include in the record correspondence which we have had this week concerning the subject matter?

MR. RINZEL: Yes. I will be happy to do that if you like. Those are the letters that you sent--

MR. LUSKIN: Those are the letters that we sent you concerning the subject matter and the attachment, which includes some material related to New Paradise Investment Company and Hong Kong Deluxe Company.

MR. RINZEL: All right. Why don't we mark those documents as Exhibit C, if there is no objection?

[Exhibit C marked for identification.]

MR. LUSKIN: Thank you.

BY MR. RINZEL:

Q Now with respect to New Paradise Investment Company one of the attached documents is entitled--Exhibit C is entitled a 1991 Annual Business Tax Registration, purports to bear--well the signature of the attorney for Peter Chong, I believe. And this document indicates that the entity is a sole proprietorship.

Is that your understanding, Mr. Luskin?

MR. LUSKIN: I think perhaps the way in which he might be able to answer that question without substantively discussing New Paradise Investment Company may be to verify that that document was submitted on his behalf or that it accurately reflects information that he has given.

I think that if he were asked to testify directly concerning New Paradise, we would advise him to assert his Fifth Amendment privilege.

MR. RINZEL: Well I can ask him if he is able to identify the document attached to Exhibit C, captioned 1991 Annual Business Tax Registration.

THE WITNESS: My tax lawyer prepared this for me.

BY MR. RINZEL:

Q Your tax lawyer prepared that form for you?

A Yes.

Q Can you tell us what the name of your tax lawyer is?

A Douglas Murkin.

Q I'm sorry; I didn't understand.

A Douglas Murkin.

Q Can we get a spelling on that?

MR. BOURDON: Douglas Murkin, M-U-R-K-I-N.

BY MR. RINZEL:

Q Douglas Murkin?

A Yes.

Q Now that particular document was a record required by law to be kept or disclosed to a public agency; is that correct?

MR. LUSKIN: Are you asking him for his legal opinion on the status of that document?

MR. RINZEL: No, I am asking him for--it is a fact question.

BY MR. RINZEL:

Q Is that particular document required? Did you understand that particular document to be required by law to be disclosed to a public agency?

MR. LUSKIN: You can answer, if you know.

THE WITNESS: No.

BY MR. RINZEL:

Q You did not understand it?

A No.

Q In the course of collecting documents pursuant to the subpoena for New Paradise Investment Corporation, have you collected any documents that have been disclosed to any public agency?

A I don't understand.

[Witness confers with counsel.]

THE WITNESS: I don't know.

BY MR. RINZEL:

Q You do not know what documents you collected? Is that what you are saying, or you do not know--could you explain your answer?

[Witness confers with counsel.]

THE WITNESS: Actually I am not familiar with the law.

BY MR. RINZEL:

Q Well let me ask you, has the New Paradise Investment Corporation filed any tax returns?

A I decline to answer.

Q You decline to answer, on what grounds?

A On the basis of the Fifth Amendment privilege.

Q Has New Paradise Investment Corporation filed any W-2 forms?

A No.

Q Is your answer no?

A I don't know.

Q You do not know?

A I decline.

Q Has the New Paradise Investment Corporation applied for any permits for performances to the city of San Francisco?

A I take my Fifth Amendment privilege.

MR. LUSKIN: For the record, Mr. Rinzel, I think the business filing reflects that its proper name is the New Paradise Investment Company, rather than Corporation.

MR. RINZEL: I am sorry, a slip of the tongue.

MR. LUSKIN: I understand--a slip which might have some significance in this context--otherwise I would not call it to your attention.

MR. RINZEL: Yes, I agree.

BY MR. RINZEL:

Q I have a document here I am going to mark as Exhibit D. It is captioned, New Paradise Investment Co., C-O, I guess that may be Company. Who knows? And I would ask you if you can identify this document?

[Exhibit D marked for identification.]

A I take my Fifth Amendment privilege.

Q Well this document, for the record, appears to be

an advertising flyer or correspondence initiated by New Paradise Investment Company regarding the Amy Yip, Y-I-P, and the Lu Ming Quang Concert--the spelling is on it--'91. Did New Paradise Investment Company have anything to do with distributing this document or sending out this document?

A I take the Fifth Amendment privilege.

MR. RINZEL: I would ask that Exhibit D be attached to the record.

BY MR. RINZEL:

Q You have collected documents in response to the subpoena regarding New Paradise Investment Company; is that correct?

A Yes.

Q Among those documents are documents that were made available to other public entities, government bodies; is that correct?

A I don't--I take the Fifth Amendment privilege.

MR. RINZEL: Well let me ask counsel. Is counsel asserting that you are not required to produce documents here regarding New Paradise Investment Company which have been submitted to public bodies, and if so, please--I would be interested in your basis for that assertion.

MR. LUSKIN: The basis for the assertion is, generally speaking, the act of production doctrine. Our position on that is laid out more fully in the letter which

has been incorporated as Exhibit C. More specifically, to the extent that Mr. Chong may be asked to produce documents such as those--assuming that they exist, and we are not making any representations regarding that one way or the other--his production of those documents might reflect, for example, the fact that he personally has those documents, that he has been aware of them, that he may have supervised their production, that he may have knowledge of underlying facts concerning them.

And while those documents themselves are not privileged, and while you may be free to subpoena them from other third parties, including those government agencies, production of them by Mr. Chong would have a testimonial dimension which we believe would violate his Fifth Amendment privilege if he were compelled to make that representation.

MR. RINZEL: Do you have any case law that you can share with us to support that with regard to this point?

MR. LUSKIN: We have the case law which is laid out generally in the memo. If you want case law more specifically, for example, as it relates to tax returns or things like that, we would be more than happy to furnish it to you. I do not have anything at hand, but I will be happy to supply it to you.

MR. RINZEL: All right.

BY MR. RINZEL:

Q You assert that the New Paradise Investment Corporation is a sole proprietorship; is that correct?

A Yes.

Q How many officers or employees of the New Investment Corporation (sic.) have?

A I take the Fifth Amendment.

Q Does the New Paradise Investment Corporation maintain bank accounts?

A I take the Fifth Amendment.

Q Does it engage in correspondence such as Exhibit D?

A I take the Fifth Amendment.

Q Does it generally hold itself out as a separate collective entity?

A I take the Fifth Amendment.

Q All right. Schedule A also required production of all documents from January 1, 1987 to present relating to the PRC Flood Relief Campaign, and it goes on. Have you collected such documents?

MR. LUSKIN: More generally he has collected those documents in his custody and control that relate to the subject matter of the subpoena. I mean, he is not going to make representation affirmatively or negatively as to what the universe of documents are. That is the problem here.

MR. RINZEL: Well he can--I am going to propound the question to the witness and he may answer as he sees fit.

BY MR. RINZEL:

Q Have you collected documents pursuant to the subpoena relating to the PRC Flood Relief Campaign?

A Yes.

Q Are you prepared to provide those documents here today?

[No response.]

BY MR. RINZEL:

Q On what basis--you are saying no? You have to say out loud so that--

A I take the Fifth Amendment privilege.

Q Well I guess my question is are you prepared to produce those documents here today that you have collected, and I think that question can be answered yes or no?

A No.

Q What is the basis for your refusal to produce those documents?

A I take the Fifth Amendment privilege.

Q Okay. Do you claim that the PRC Flood Relief Campaign was a sole proprietorship?

A I take the Fifth Amendment.

MR. LUSKIN: For the record, Mr. Rinzel, in further to our effort to furnish you with other third party documents that may satisfy your concern, we are going to try--and we hope this afternoon--to be able to furnish you with a

declaration from an individual associated with the Pagoda Theatre Corporation who was familiar with the PRC Flood Relief Campaign that will make representations regarding the status as an entity of the PRC Flood Relief Campaign.

MR. RINZEL: Well we would appreciate whatever documents or information--

MR. LUSKIN: Yes, and we will try to furnish that to you this afternoon.

MR. RINZEL: Okay.

BY MR. RINZEL:

Q Did you maintain any records of contributions solicited for the PRC Flood Relief Campaign?

A I take the Fifth Amendment.

Q Did the PRC Flood Relief Campaign maintain any bank accounts?

A I take the Fifth Amendment.

Q Did the PRC Flood Relief Campaign involve the New Paradise Investment Company?

A I take the Fifth Amendment privilege.

Q Did the PRC Flood Relief Campaign involve other corporate entities in addition to the New Paradise Company?

MR. LUSKIN: Assuming that the New Paradise Investment Company was involved.

MR. RINZEL: Precisely.

MR. LUSKIN: He has declined to answer that.

THE WITNESS: I take the Fifth Amendment.

BY MR. RINZEL:

Q Now the subpoena, Schedule A, paragraph three, required production of all documents from January 1, 1991 to present relating to Hong Kong Deluxe. Did you gather such documents in response to the subpoena?

[Witness confers with counsel.]

THE WITNESS: Yes.

BY MR. RINZEL:

Q Were you able to acquire any such documents in the course of gathering them, I guess is the question?

A No. I take the Fifth Amendment.

Q You take the Fifth Amendment on that?

MR. LUSKIN: And again for the record, let me state that we have furnished you with a copy of a document provided to us by the Secretary of State of California reflecting that Hong Kong Deluxe is a corporation incorporated in California, and that the sole corporate officer and registered agent and presumably custodian of records for Hong Kong Deluxe is a gentleman by the name of Robert Young, and that, as we understand it, Mr. Chong has not been served with a subpoena in a representative capacity. And you have not made representations that these documents are being sought from him as custodian of records of Hong Kong Deluxe.

MR. RINZEL: We have not then made representations

on what? Would you run that past me again?

MR. LUSKIN: As I understand the subpoena, the subpoena has been served on Mr. Chong in his individual capacity and it does not purport to be served on him as custodian of records for the Hong Kong Deluxe Corporation, which he is not, and we have furnished you with documents reflecting that.

MR. RINZEL: Well I would disabuse you of that presumption; that in fact we do intend to have him provide documents for which he is the custodian as well as in his personal capacity.

MR. LUSKIN: Well I think he would be prepared to answer a question as to whether or not he is a custodian of records or holds--is an officer or director of Hong Kong Deluxe.

MR. RINZEL: All right. That is fine.

BY MR. RINZEL:

Q Are you an officer or director of Hong Kong Deluxe?

A No.

Q Are you custodian of records of Hong Kong Deluxe?

A What means custodian?

[Witness confers with counsel.]

THE WITNESS: No.

BY MR. RINZEL:

Q The answer is no?

A No.

Q Do you have a business relationship with Hong Kong Deluxe?

A I take the Fifth Amendment.

Q The Schedule A also required--paragraph four--that you produce all personal and financial records from January 1, 1987 to the present, and the remainder of the paragraph is set out in Exhibit B. Did you conduct a search for such records?

A Yes.

Q And are you prepared to produce them here today in response to the subpoena?

A No.

Q What is the basis for your--

A I take the Fifth Amendment.

MR. LUSKIN: And may we say also for the record that we have interposed or indicated that he would also assert a claim that specification number four is also over-broad and may independently violate the Fifth Amendment in terms of the substance of the records that are sought. But neither you nor I have approached the breadth question.

MR. RINZEL: Well I would certainly state for the record that we are willing to negotiate a narrowing of the breadth of the subpoena--

MR. LUSKIN: Absolutely.

MR. RINZEL: --at any time.

MR. LUSKIN: And you have made that representation, and I do not mean to suggest that you have been obdurate on that. But it seems to me a secondary question to whether or not the production of any documents in that category would violate his Fifth Amendment privilege and therefore at this point it is still a moot question.

MR. RINZEL: With respect to the PRC Flood Relief Campaign, we have reason to believe that Mr. Chong was one of the leaders of the campaign and would therefore be able to produce records of the campaign in a representative capacity.

BY MR. RINZEL:

Q What type of position did you have with the PRC Flood Relief Campaign?

A I decline--I take the Fifth Amendment.

Q What type of entity do you claim the PRC Flood Relief Campaign is?

A I take the Fifth Amendment.

MR. RINZEL: I do not have any--in light of the witness'--well let me ask one more question.

BY MR. RINZEL:

Q Do you intend to invoke the Fifth Amendment with respect to any other questions that we may propound to you today regarding the subpoenaed documents attached to Schedule A of Subpoena E01757?

A Yes.

Q Could you tell me, what is your citizenship?

A Hong Kong. Hong Kong--Chinese.

Q You are a Chinese citizen?

A Yes.

Q People's Republic of China?

A Yes.

Q And what is your immigration status in the United States?

A Permanent resident.

Q How long have you been in the United States?

MR. LUSKIN: Before we go any further, perhaps this is a time when you might place on the record the subject matter of the committee's inquiry and the relevance of the questions to Mr. Chong as they relate to the subject matter of your inquiry?

MR. RINZEL: I would be happy to do that.

MR. LUSKIN: Thank you.

MR. RINZEL: The subcommittee is investigating Asian Organized Crime in the United States in all its manifestations, and the subcommittee has reason to believe that Mr. Chong has information relating to that subject.

MR. LUSKIN: And then the nature of the--if you could state then for me, please, the nature of the relevance of the personal questions regarding his immigration status

and how long he has been in the United States?

MR. RINZEL: Well I think the general background information that we are seeking is certainly relevant to that general inquiry.

MR. LUSKIN: Well I mean, can we take the fig leaf off? Are you prepared to make representation that you have reason to believe that Mr. Chong is a participant in Asian organized crime?

MR. RINZEL: I am not making any further representation than the one that I have already made; that the subcommittee has reason to believe that he may have some knowledge of this subject that would be helpful to the subcommittee's investigation.

BY MR. RINZEL:

Q Could you tell us when you first arrived in the United States?

A I take the Fifth Amendment.

MR. LUSKIN: And may I also say that we object on the grounds of relevance.

BY MR. RINZEL:

Q Are you familiar with a house at 1220 47th Avenue, in San Francisco?

A I take the Fifth Amendment.

Q Are you familiar with any gambling establishments in the city of San Francisco? Do you have any knowledge of

any gambling establishments in the city of San Francisco?

A I take the Fifth Amendment.

Q Is it your intention to invoke your Fifth Amendment privilege in response to any additional questions I may ask you along that line?

A Yes.

MR. RINZEL: In light of that, I think that I do not have any further questions at this time. But I wonder if you could give us just one minute?

MR. LUSKIN: Certainly. Would you like us to excuse ourselves?

MR. RINZEL: If you do not mind.

MR. LUSKIN: I do not mind at all.

[Recess.]

MR. RINZEL: In light of the witness' indication that he would invoke the Fifth Amendment in answer to any further questions, I do not have any further questions for this witness. However I would state for the record that we are concerned that the witness has not provided the subcommittee with sufficient basis for concluding that the New Paradise Investment Company meets the requirements of a sole proprietorship and therefore avoids the collective entity doctrine because of his refusal to answer questions about the structure of that company.

Also of course, I would want to advise the witness

that under a second subpoena which was served he is required to appear before the subcommittee at a hearing on September 5th--

MR. BOURDON: November.

MR. RINZEL: --November, excuse me; thank you-- November 5, 1991 in Room 342 of the Senate Dirksen Office Building.

MR. LUSKIN: And in response to that let me say-- and we have discussed this privately over the last week--is that there is, in any of these situations, a bit of a Catch 22, which is for a witness to testify about certain facts regarding the nature of an entity, particularly the nature of an entity which it may be alleged is a vehicle for illegal activity, requires the witness to testify as to matters as to which there is very clearly a Fifth Amendment privilege.

We have attempted to provide you with third party documents regarding its corporate status. But the witness is in the unfortunate position of not being able to tell you what you think you need to know without waiving the privilege, either as to the documents or as to any further testimony on the subject matter. And we will continue to try and work with you to see whether or not there are third party sources, not from the mouth of Mr. Chong, that we can use to satisfy you regarding the status of New Paradise.

MR. RINZEL: Well we appreciate that offer and

would appreciate obtaining any additional information that you can feel comfortable in providing.

MR. LUSKIN: And as to his appearance on November 5th, he was served with a subpoena. He will honor it. But at the same time, as you and I have discussed, in view of his intention to--his assertion of the Fifth Amendment privilege today and his intention to assert it on the 5th--we would ask and would continue to ask that he not be required to have to assert it again in public session.

I think it serves no legitimate purpose for the committee. To the extent that you require any ruling by the chairman, the subcommittee's rules provide that such a ruling can be made off the basis of the record as established in this deposition and would derogate his Fifth Amendment privilege and expose him to a certain amount of public ridicule to the extent that accusations have been made against him with no expectation it will serve a legitimate purpose.

MR. RINZEL: Well we appreciate your representation. It has been the subcommittee's uniform practice to require the individual asserting the Fifth Amendment privilege--and Ms. Hill can correct or confirm that, I believe, since she has been here longer than I have--but to require that that assertion be made in front of the committee--in front of the subcommittee.

MS. HILL: Yes, that is a fair statement. I think we will, of course, relay your concern to the chairman, and if there is any ruling to the contrary, we will advise you of it. But we will let him know and, of course, he makes the final decision on it. But Dan is correct in that generally speaking the committee has required people to invoke it in public.

And in fact, on occasions, people who have told us they are going to invoke the Fifth Amendment, in fact, choose not to do so.

MR. RINZEL: Like two weeks ago.

MS. HILL: Like two weeks ago. So sometimes we feel--

MR. LUSKIN: Well I mean, you have the benefit today of his sworn testimony on the subject. I can assure you that--

MS. HILL: Yes. Okay. But we will pass your request on to the chairman.

MR. LUSKIN: Thank you. Can I ask whether or not the transcript is going to be made of this proceeding and whether or not it will be made available to us?

MR. RINZEL: A transcript will be made of this proceeding and our general rule is to allow the witness to review the transcript and make grammatical changes prior to the time that it is put in final form.

MR. LUSKIN: Thank you.

MR. RINZEL: Anything further?

MR. LUSKIN: Not from us. Thank you.

MR. RINZEL: Okay. Thank you very much.

[Whereupon, at 10:46 a.m., the taking of the deposition was concluded.]

[Signature not waived.]

- - -

## Deposition Exhibit A

October 17, 1991

Mr. Dan Rinzel  
Chief Counsel for the Minority  
Permanent Subcommittee  
on Investigations of the  
Committee on Governmental Affairs  
United States Senate  
Washington, D.C. 20510

Re: Senate Subpoenas for Peter Chong

Dear Mr. Rinzel,

This will acknowledge receipt of the following documents from my attorney, Charles F. Bourdon, on October 17, 1991 in San Francisco, California:

1. Notice of Senate Deposition requiring my attendance at 2:00 p.m. on October 25, 1991 at 193 Russell, Senate Office Building, Washington D.C. 20510;
2. Subpoena to Attend Senate Permanent Subcommittee on Investigations Hearing on November 5 and 6, 1991, at 9:00 a.m. at 342 Dirksen, Senate Office Building, Washington D.C. 20510; and
3. A Subpoena Duces Tecum requiring production of documents on or before October 25, 1991 at 2:00 p.m. at 193 Russell, Senate Office Building, Washington D.C. 20510.



\_\_\_\_\_  
Peter Chong

UNITED STATES OF AMERICA E01757  
Congress of the United States

To Mr. Ping-keung Chong, aka Peter Chong, lessee,  
Hong Kong Deluxe, 383 Bay Street  
San Francisco, California, Writing:

Pursuant to lawful authority, YOU ARE HEREBY COMMANDED to appear before the SENATE PERMANENT SUBCOMMITTEE ON INVESTIGATIONS OF THE COMMITTEE ON GOVERNMENTAL AFFAIRS of the Senate of the United States, on October 25, 1991, at 2:00 o'clock P. m., at their committee room 193 Russell Senate Office Building, Washington, D.C., 20510, then and there to testify what you may know relative to the subject matters under consideration by said committee, and produce all materials as set forth in Schedule "A" attached hereto and made a part hereof

That fail not, as you will answer your default under the pains and penalties in such cases made and provided.

To any U.S. Marshal or Subcommittee Representative to serve and return.

Production of subpoenaed Gibson under my hand, by order of the committee, this documents in Washington, D.C. 8th day of October, in the year of our Lord one thousand nine hundred and ninety one by be waived if materials furnished to a Subcommittee representative on or before herein appointed date and time.

[Signature]  
Chairman, Senate Permanent Subcommittee on Investigations of the Committee on Governmental Affairs.

## Schedule "A"

Produce the following documents in your possession, custody or control:

1. All documents from January 1, 1987 to present which relate to New Paradise Investment Company, located at 245A Columbus Avenue, San Francisco, California 94113, including but not limited to, all bank accounts held by the aforementioned New Paradise Investment Company, including but not limited to, the dates and amounts of all deposits and information identifying the sources of said deposits, including but not limited to, names of financial institutions, account numbers and the names of the holders of those accounts, and all events sponsored by the aforementioned New Paradise Investment Company, including but not limited to, all sponsorship forms received for said events.
2. All documents from January 1, 1987 to present which relate to the PRC Flood Relief Campaign, including but not limited to, records of all contributions solicited by said campaign, records of all contributions made by said campaign, and all financial information, including but not limited to, any bank accounts held in the name of said campaign or its principals.
3. All documents from January 1, 1991 to present which relate to Hong Kong Deluxe, located at 383 Bay Street, San Francisco, California, including but not limited to, any lease agreements, accounting ledgers, payroll information and bank accounts, including but not limited to, names of financial institutions, account numbers and the names of the holders of those accounts, and the dates and amounts of all deposits and information identifying the sources of said deposits.
4. All personal and financial records from January 1, 1987 to present, including but not limited to, documents relating to bank accounts, credit card accounts, telephone records, mortgages, investments, other personal assets and liabilities, business interests, business associates, immigration history, passports, employment history, places of residence and places of business.

## Deposition Exhibit C

POWELL, GOLDSTEIN, FRAZER &amp; MURPHY

ATTORNEYS AT LAW

Sixteenth Floor  
191 Peachtree Street, N.E.  
Atlanta, Georgia 30303  
404 577-6600  
Facsimile 404 572-6999

PLEASE RESPOND Washington Address

Sixth Floor  
1001 Pennsylvania Avenue, N.W.  
Washington, D.C. 20004  
202 347-0066  
Facsimile 202 624-7222

Direct Dial No.  
(202) 624-7205

October 25, 1991

By Hand

Daniel Rinzel, Esq.  
Minority Chief Counsel &  
Staff Director  
Permanent Subcommittee on Investigations  
193 Russell Senate Office Building  
Washington, D.C.

Dear Mr. Rinzel:

As we discussed this morning, our firm has been retained to assist in representing Peter Chong in connection with subpoenas issued to him by the Subcommittee.

It is my understanding that in previous discussions with Chuck Bourdon you agreed to continue the date for Mr. Chong's deposition to November 1, 1991. In your conversations with Mr. Bourdon, however, you apparently did not agree finally on how to address the Subcommittee's subpoena duces tecum, which is returnable today. Mr. Bourdon did undertake to begin collecting responsive documents, with a view towards either complying with the subpoena or asserting any objections or privileges before Mr. Chong's deposition.

As we agreed this morning, Mr. Chong will not be required to produce any documents today. We will let you know as soon as possible in advance of the deposition whether Mr. Chong intends to produce any documents and, if so, to make them available to you prior to the deposition. If Mr. Chong intends to object to the scope of the subpoena, we will work constructively with you to accommodate Mr. Chong's interests with those of the Subcommittee. If Mr. Chong intends to assert any privilege with respect to the documents, we will likewise make every effort to satisfy you that any claim of privilege is well-founded.

Please let me know if I have misstated our discussions. As I emphasized, we will do our very best to cooperate with the

POWELL, GOLDSTEIN, FRAZER & MURPHY

Daniel Rinzel, Esq.  
October 25, 1991  
Page 2

Subcommittee consistent with our obligation to preserve Mr.  
Chong's rights.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Robert D. Luskin", followed by a horizontal line.

Robert D. Luskin

cc: Charles Bourdon, Esq.

Deposition Exhibit D



新藝娛樂公司  
NEW PARADISE INV. Co.

敬啓者：本公司謹訂於一九九一年九月中甸中秋佳節舉行葉子媚、尹光（於美生堂演出），及廣東佛山青年粵劇團（於金都戲院演出），作賀節演出，素聞台端對於推動灣區康娛活動甚為支持，本公司特邀請貴號作爲贊助商，每位贊助者除可得名譽券外，另加送精美印刷丁恤乙件，並將於各大報紙刊登頭版廣告及其它廣告媒介作隆重宣傳。

祈望閣下鼎力支持爲盼。

此致

先生  
寶號 台鑒

(一) 贊助貳圓者合共八百元送名譽券六張。

(二) 贊助葉子媚、尹光者五百元送名譽券四張。

(三) 贊助廣東佛山青年粵劇者三百元送名譽券二張。

AMY YIP AND LU MING QUANG CONCERT '91  
AND  
FUD SHAN'S CANTONESE OPERA '91

Dear Sirs,

In mid-September, our company will be promoting two shows in San Francisco. They are the "Amy Yip and Lu Ming Quang Concert '91" and the "Fud Shan's Cantonese Opera '91". The concert will be performed at the Masonic Temple and the Cantonese Opera will perform 12 shows at the Pagoda Theatre.

Our company hopes for your support as a sponsor in the upcoming events. As a sponsor, you will be guaranteed V.I.P. tickets and an authentic printed T-shirt of the concert. In addition, your name will appear in all the advertisements through the media.

Please check one of the following:

- Sponsor \$800.00 for both shows. (6 complimentary V.I.P. tickets to the shows).
- Sponsor \$500.00 for Amy Yip's Concert. (4 complimentary V.I.P. tickets).
- Sponsor \$300.00 for Fud Shan's Cantonese Opera. (2 complimentary V.I.P. tickets).

Signature

Date

245A Columbus Ave, San Francisco, CA 94133 Tel: (415) 392-5678 Fax: (415) 392-2316

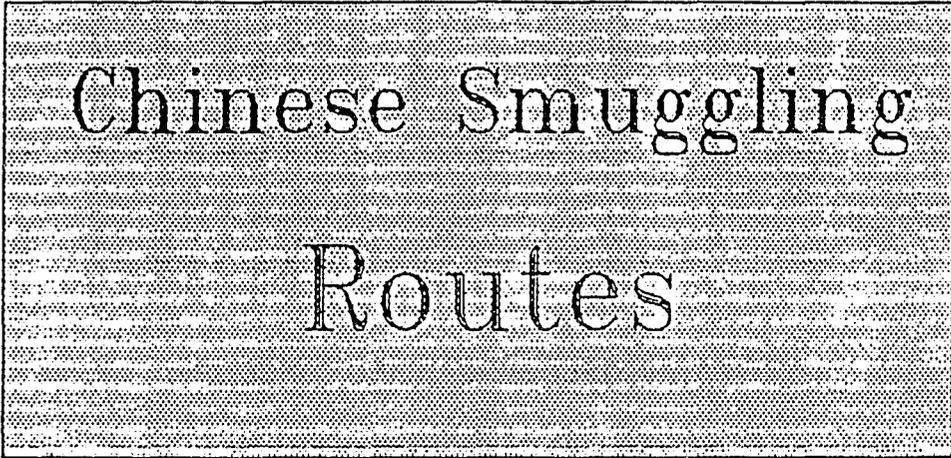
EXHIBIT 53

U.S. Department of Justice

Immigration and Naturalization Service

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Chinese Smuggling  
Routes

Maps

Investigations Division  
Anti-Smuggling Branch

FY 1990

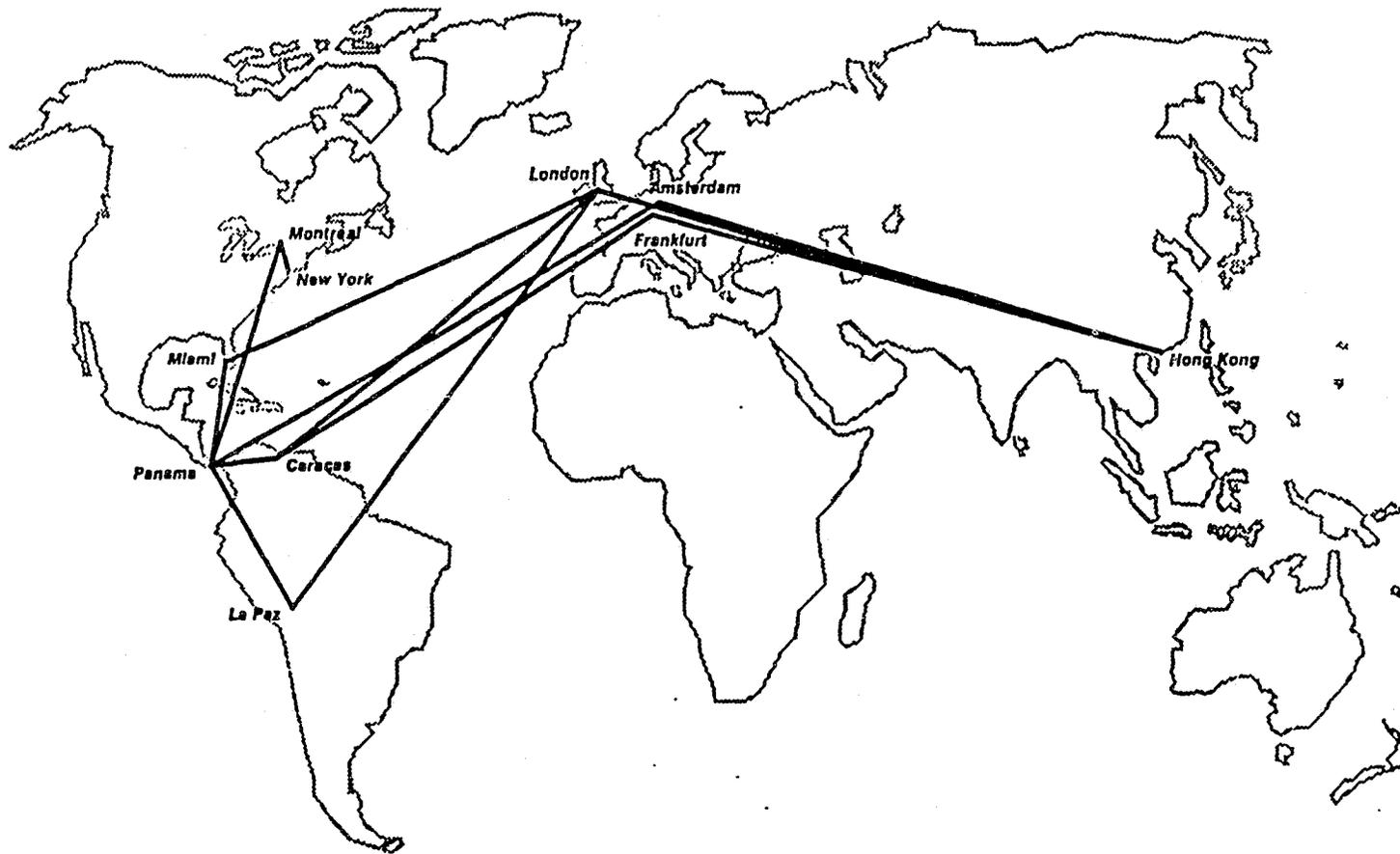


**ROUTES USED BY CHINESE SMUGGLING ORGANIZATIONS**  
Routes Used by Taiwanese



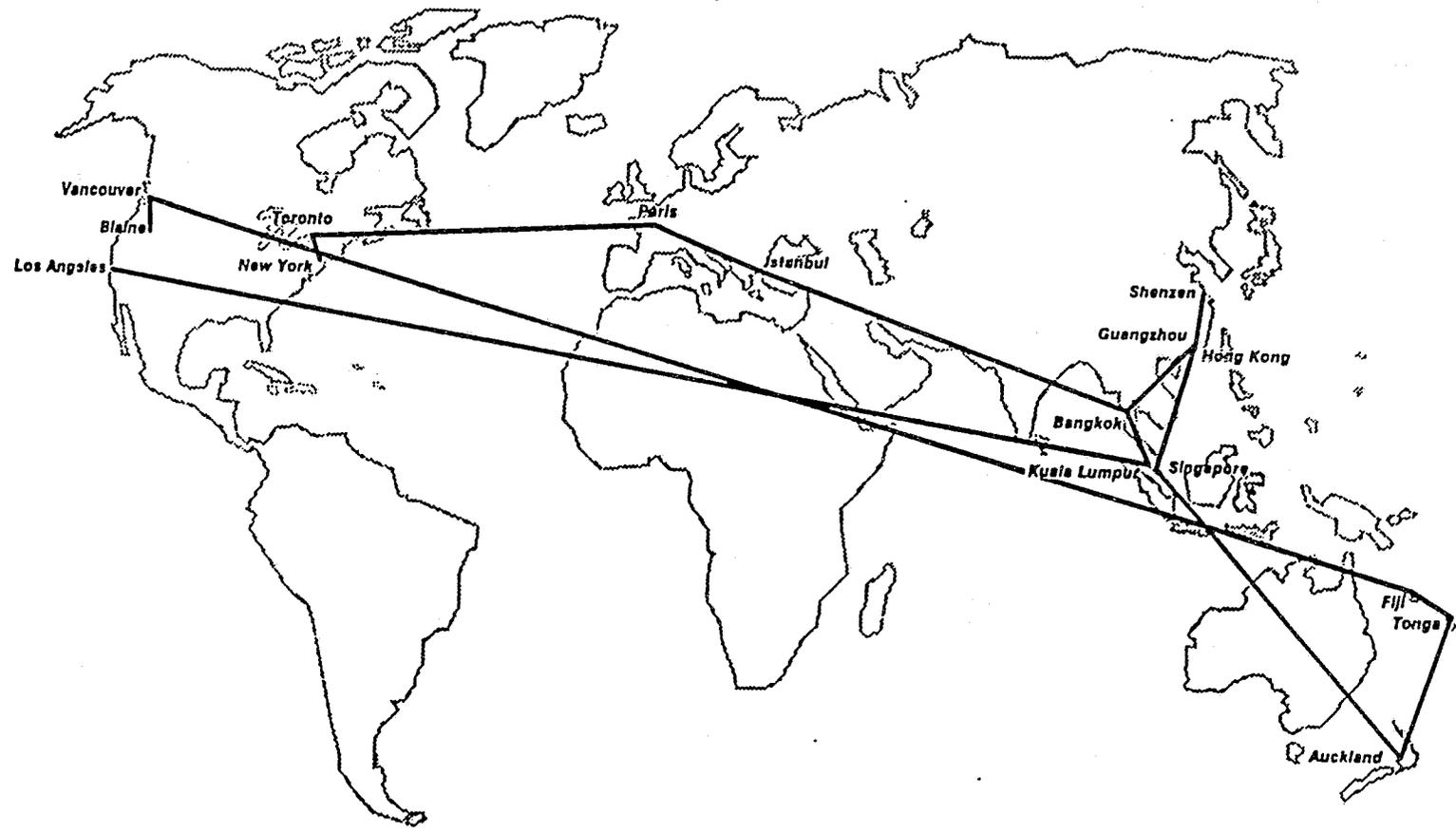
# ROUTES USED BY CHINESE SMUGGLING ORGANIZATIONS

*Routes Used by Hong Kong Residents*



# ROUTES USED BY CHINESE SMUGGLING ORGANIZATIONS

*Routes Used by PRC Cantonese*

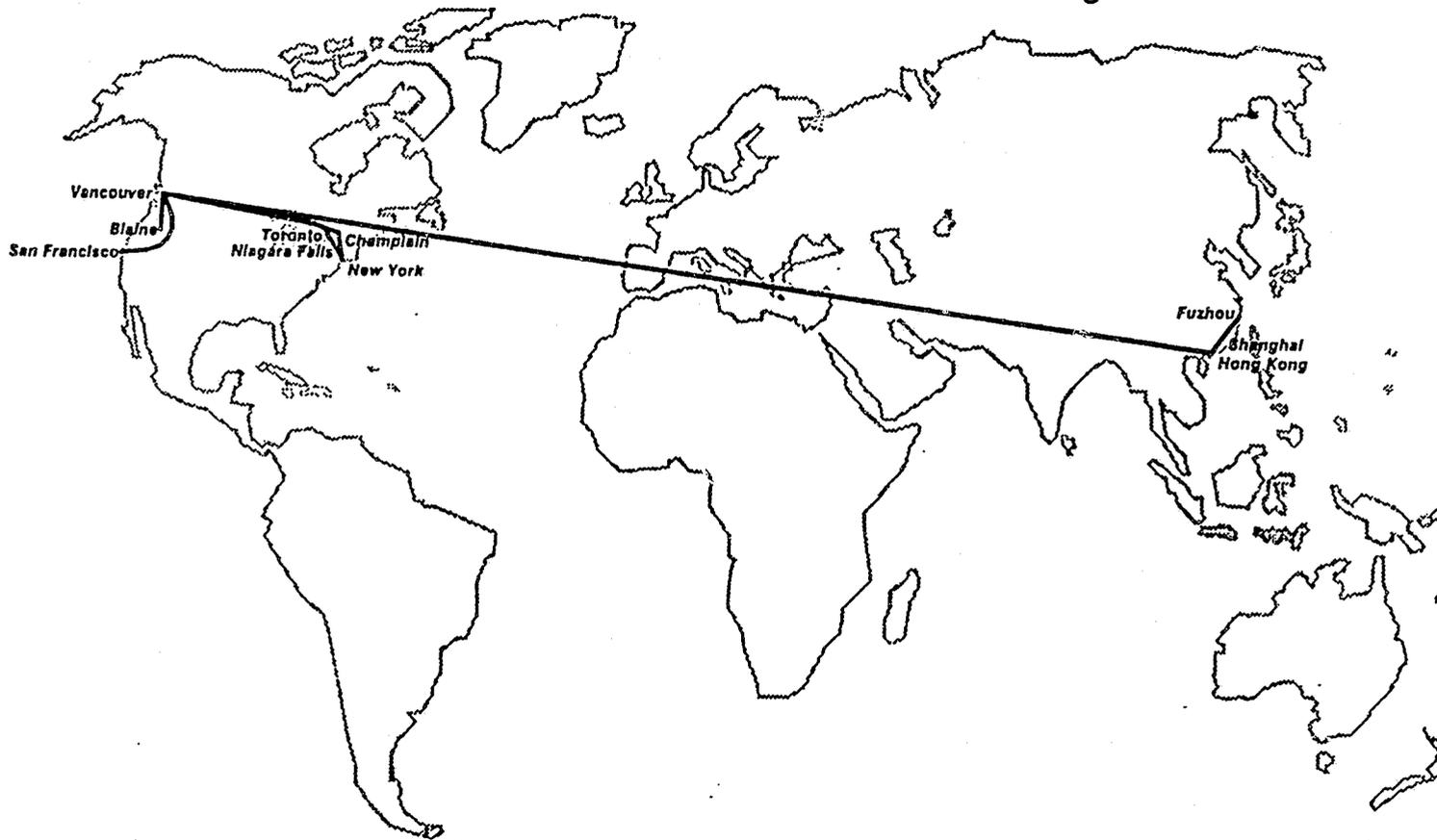


**ROUTES USED BY CHINESE SMUGGLING ORGANIZATIONS**  
Route Used by Malaysian Chinese



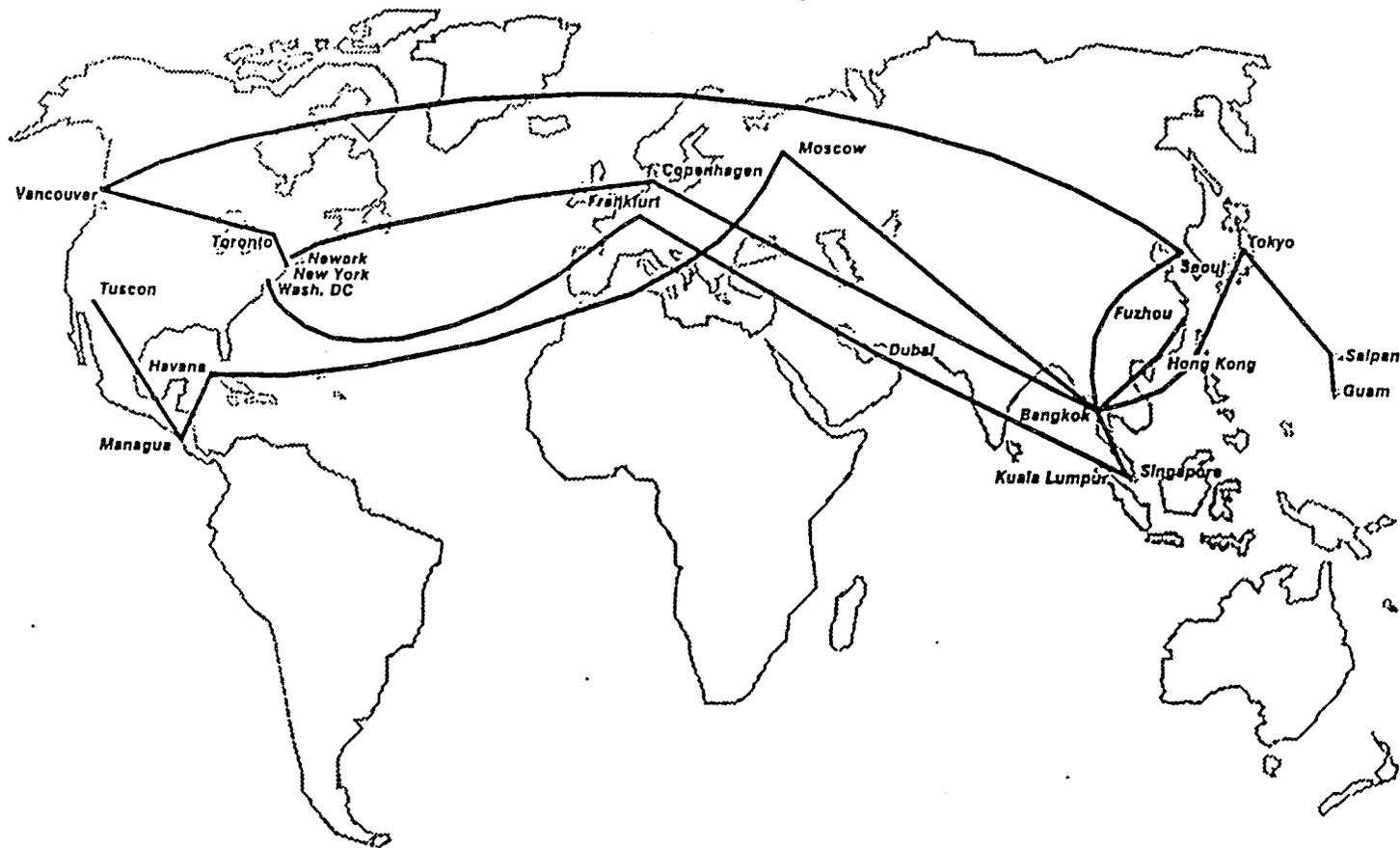
# ROUTES USED BY CHINESE SMUGGLING ORGANIZATIONS

*Fukienese Routes: The Northwest Passage*



# ROUTES USED BY CHINESE SMUGGLING ORGANIZATIONS

*Fukienese Routes: The Bangkok Connection*



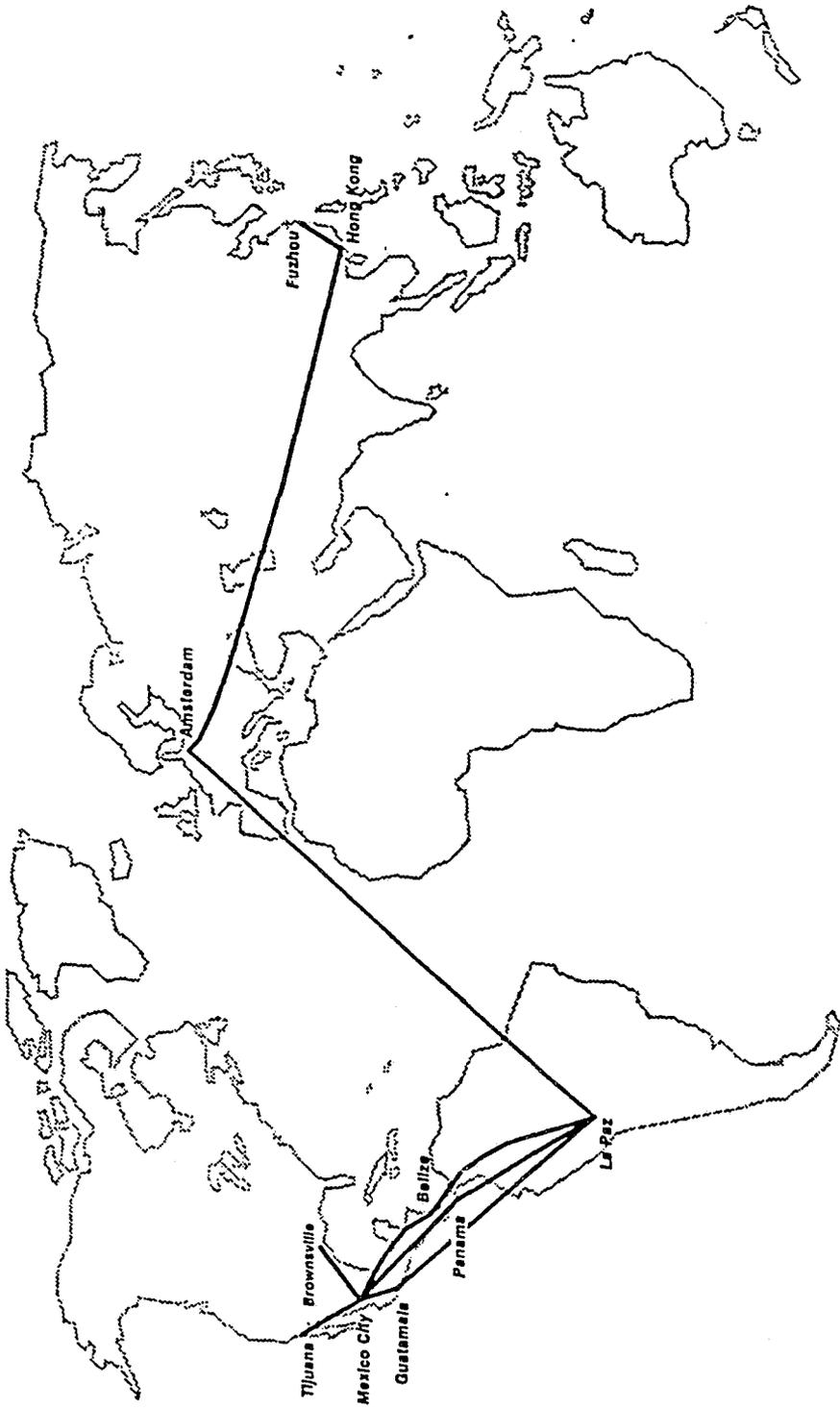
# ROUTES USED BY CHINESE SMUGGLING ORGANIZATIONS

*Fukienese Routes: The Straits Ways*



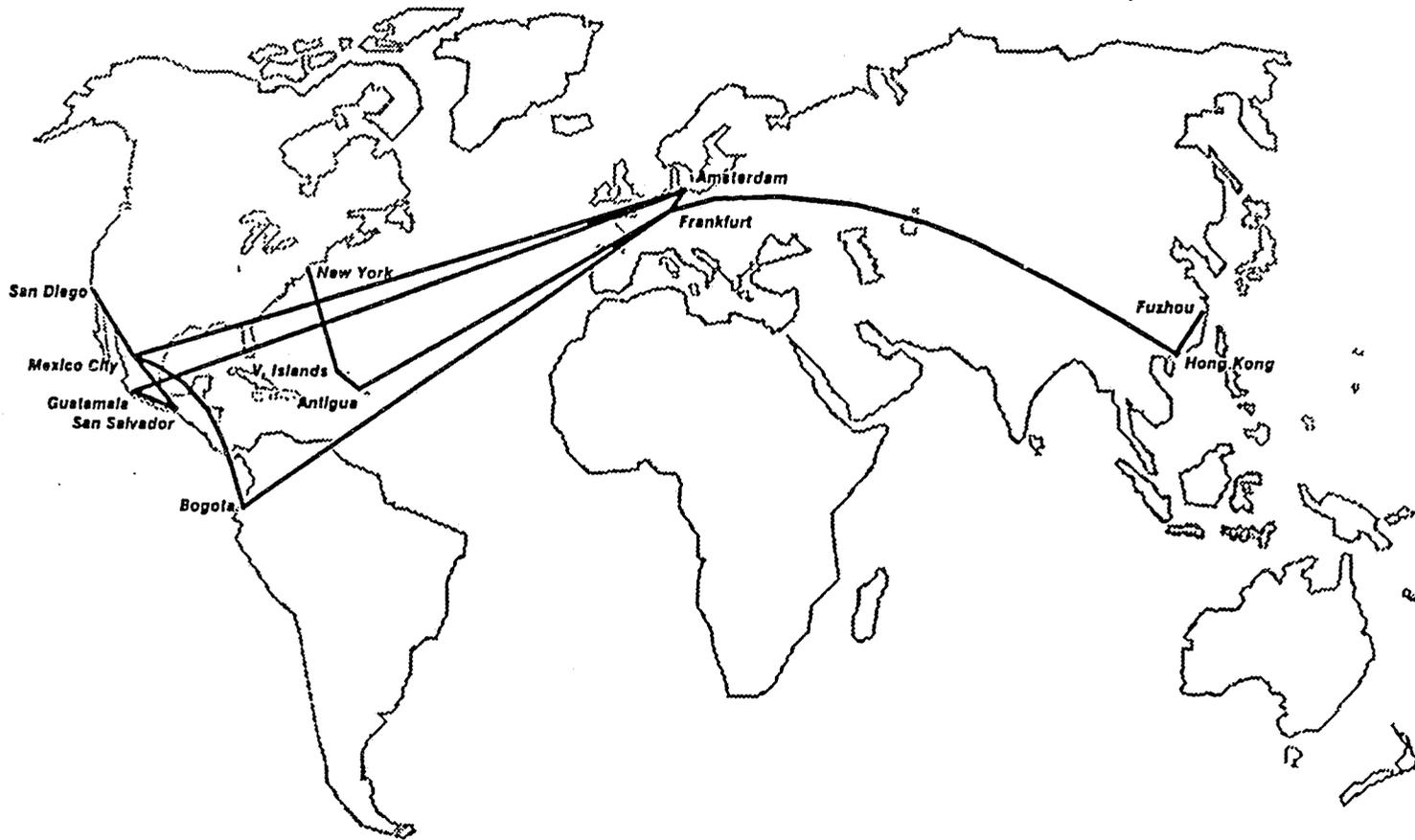
# ROUTES USED BY CHINESE SMUGGLING ORGANIZATIONS

Fukienese Routes: European Gateways: Holland



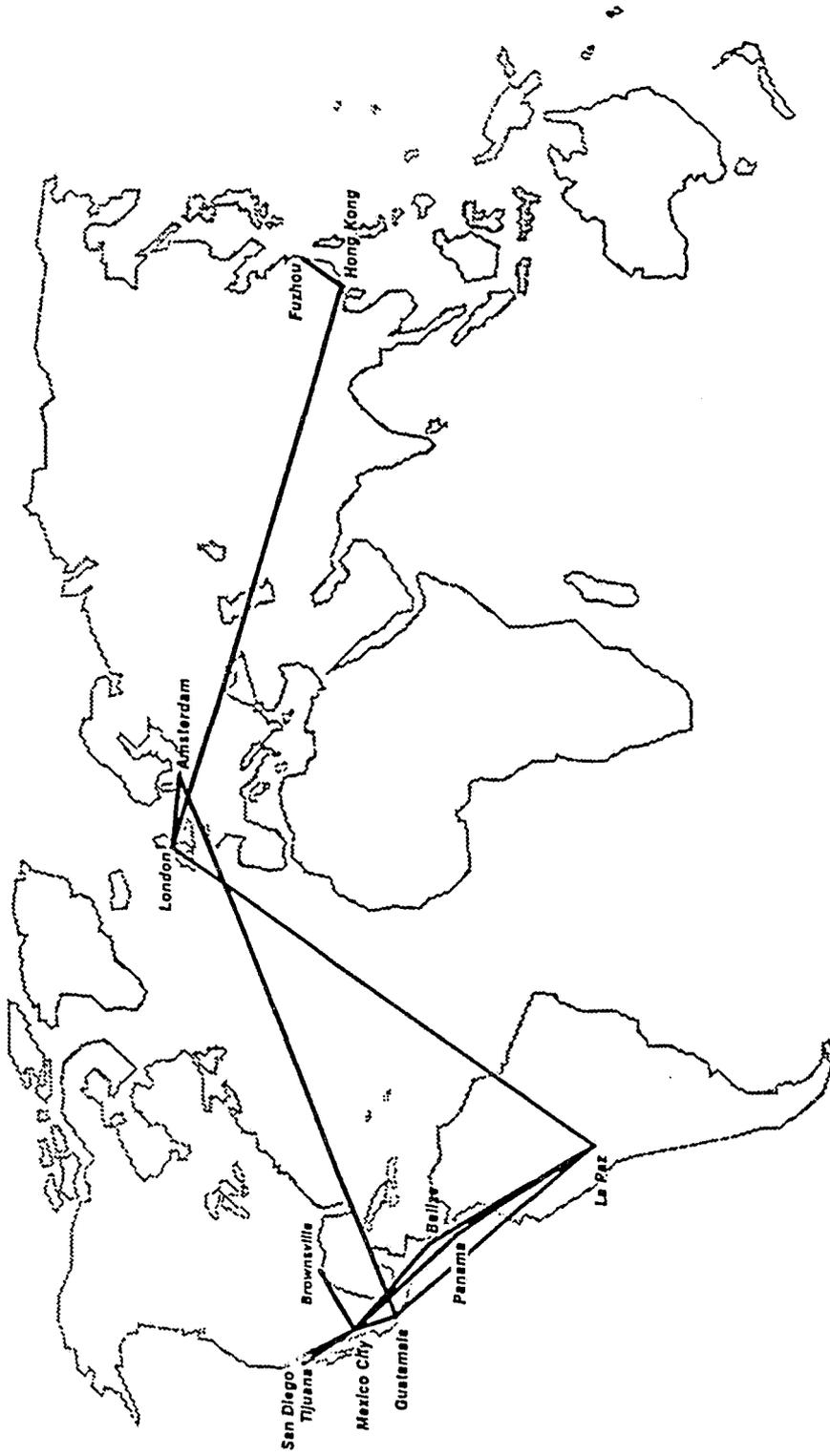
# ROUTES USED BY CHINESE SMUGGLING ORGANIZATIONS

*Fukienese Routes: European Gateways: Germany*



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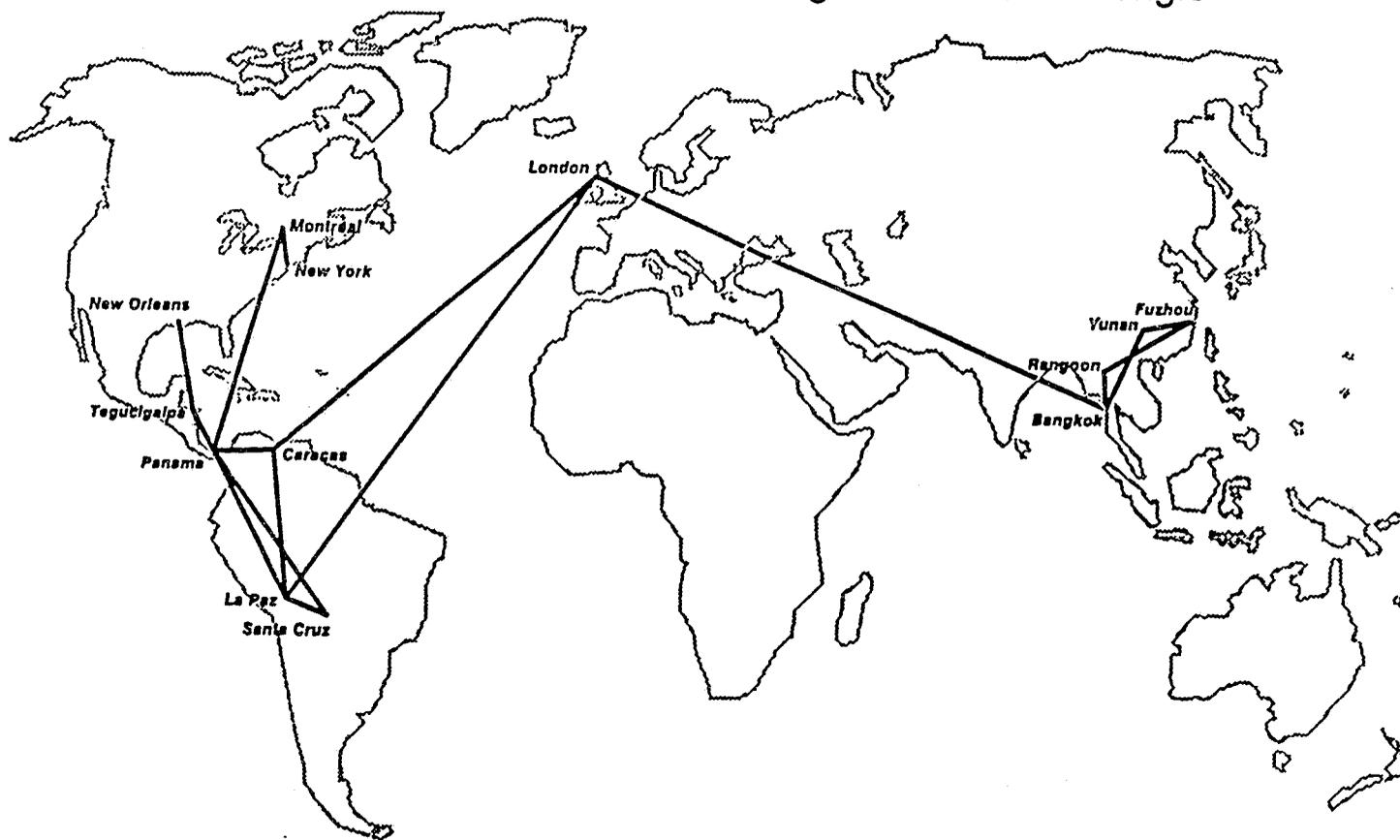
Fukienese Routes: European Gateway: United Kingdom



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# **ROUTES USED BY CHINESE SMUGGLING ORGANIZATIONS**

*Fukienese Routes: Overland Through the Golden Triangle*



ROUTES USED BY CHINESE SMUGGLING ORGANIZATIONSRoutes Used by Taiwanese

1. Taipei/Palau/Guam
2. Taipei/Los Angeles
3. Taipei/Vancouver/Seattle

Routes Used by Hong Kong Residents

4. Hong Kong/Frankfurt/Caracas/Panama/Montreal/New York
5. Hong Kong/Amsterdam/Panama/Montreal/New York
6. Hong Kong/London/La Paz/Panama/Montreal/New York
7. Hong Kong/London/Caracas/Panama/Montreal/New York
8. Hong Kong/London/Miami/Panama/Montreal/New York
9. Hong Kong/Frankfurt/Caracas/Panama/Montreal/New York

Routes Used by PRC Cantonese

10. Guangzhou/Bangkok/Istanbul/Paris/Toronto/New York
11. Guangzhou/Bangkok/Kuala Lumpur/Los Angeles
12. Shenzhen/Hong Kong/Singapore/Auckland/Tonga/Fiji/  
Vancouver/Blaine
- 12A. Guangzhou/Hong Kong/Bangkok/Bucharest/Helsinki/Toronto/New  
York

A Route Used by Malaysian Chinese

13. Kuala Lumpur/Los Angeles

Fukienese Routes: The Northwest Passage

14. Fuzhou/Hong Kong/Vancouver/Blaine
15. Fuzhou/Hong Kong/Vancouver/San Francisco
16. Fuzhou/Hong Kong/Vancouver/Toronto/New York
17. Fuzhou/Hong Kong/Vancouver/Toronto/Niagara Falls/New York

18. Fuzhou/Shanghai/Vancouver/Toronto/Champlain/New York

Fukienese Routes: The Bangkok Connections

- 19a. Fuzhou/Bangkok/Colombo/Zurich/New York
19. Fuzhou/Hong Kong/Bangkok/Tokyo/Saipan/Guam
20. Fuzhou/Hong Kong/Bangkok/Seoul/Vancouver/Toronto/New York
21. Fuzhou/Hong Kong/Bangkok/Copenhagen/Newark
22. Fuzhou/Hong Kong/Bangkok/Moscow/Havana/Managua/Tucson
23. Fuzhou/Hong Kong/Bangkok/Kuala Lumpur/Singapore/Dubai/  
Frankfurt/Washington

Fukienese Routes: The Straits Ways

24. Fuzhou/Hong Kong/Kuala Lumpur/Frankfurt/Amsterdam/Belize  
New Orleans
25. Fuzhou/Hong Kong/Singapore/Kuala Lumpur/Tokyo/Seattle

Fukienese Routes: European Gateways: Holland

26. Fuzhou/Hong Kong/Amsterdam/La Paz/Guatemala/Mexico City/  
Tijuana or Brownsville
27. Fuzhou/Hong Kong/Amsterdam/La Paz/Belize/Mexico City/Tijuana  
or Brownsville
28. Fuzhou/Hong Kong/Amsterdam/La Paz/Panama/Mexico City/Tijuana  
or Brownsville

Fukienese Routes: European Gateways: Germany

29. Fuzhou/Hong Kong/Frankfurt/Amsterdam/Mexico City/  
San Diego
30. Fuzhou/Hong Kong/Frankfurt/Amsterdam/Guatemala/San Salvador/  
Mexico City/San Diego
31. Fuzhou/Hong Kong/Frankfurt/Bogota/Mexico City/San Diego
32. Fuzhou/Hong Kong/Frankfurt/Antigua/Virgin Islands/New York

Fukienese Routes: European Gateways: United Kingdom

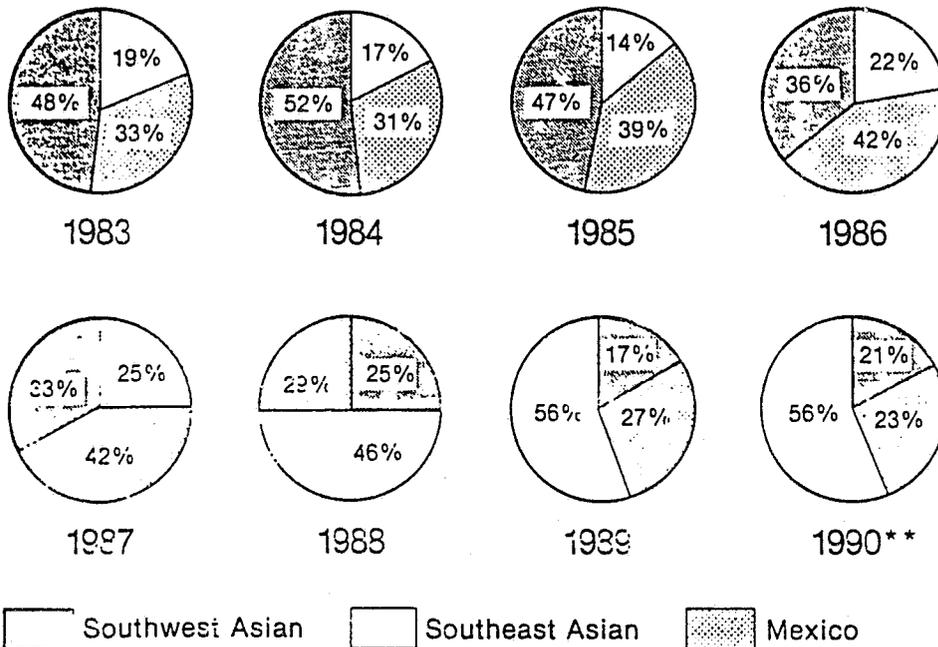
33. Fuzhou/Hong Kong/London/Amsterdam/Guatemala/Mexico City/  
San Diego
34. Fuzhou/Hong Kong/London/La Paz/Guatemala/Mexico City/Tijuana/  
or Brownsville
35. Fuzhou/Hong Kong/London/La Paz/Belize/Mexico City/Tijuana/  
or Brownsville
36. Fuzhou/Hong Kong/London/La Paz/Panama/Mexico City/Tijuana/  
or Brownsville

Fukienese Routes: Overland Through the Golden Triangle

37. Fuzhou/Rangoon/Bangkok/London/La Paz/Panama/Montreal/New  
York
38. Fuzhou/Rangoon/Bangkok/London/Caracas/Panama/Montreal/New  
York
39. Fuzhou/Yunan/Bangkok/London/La Paz/Santa Cruz/Panama/  
Tegucigalpa/New Orleans

EXHIBIT 54

**Heroin Availability In The United States\***



\*Data Based On Analysis of 300-500 Exhibits Each Year From DEA's Heroin Signature Program. These Exhibits Include Random Samples of Purchases/Seizures As Well As Seizures Made At U.S. Ports of Entry.

\*\*1990 Data is Based On Preliminary Analysis of Over 600 Exhibits. 1990 Figures Are Subject to Revision.

## Major Asian Organized Crime Prosecutions

YEAR	CITY	GROUP	CASE NAME	MAIN OFFENSE	INDICTED	CONVICTED TO DATE
1985	Manhattan	Chinese Ghost Shadows	Yin Poy Louie	RICO - Murder	25	21 (4 fugitive)
1986	Manhattan	Chinese United Bamboo	Chang An-Lo	RICO - Murder	14	14
1989	Brooklyn	Chinese Flying Dragons	Eng	CCE	8	7 (1 pending)
	Los Angeles	Chinese/Vietnamese	Choi Ngai Chan	Narcotics	4	3 (1 in Hong Kong)
1990	Chicago	Chinese On Leong	On Leong	RICO - Gambling	33	22
	Brooklyn	Chinese	"Whitemare"	Narcotics	40+	26
	Boston	Chinese 14K Triad	Mook	RICO - Money Laundering	7	5 (2 fugitive)
	Brooklyn	Thai	Chi-Fu Chang	CCE	1	Pending
	Los Angeles	Korean	Kim	Narcotics	4	4
	Brooklyn	Diplomat in Japan	Tapia	Narcotics	1	1
	Houston	Chinese United Bamboo	An-Chyi Lui	Public Corruption	9	4 (1 fugitive)
	San Francisco	Chinese On Leong	Mon Wai Wong	Currency Violations	2	2
	San Francisco	Vietnamese	Tran	Stolen Property	1	1
1991	Brooklyn	Chinese Green Dragons	Chen I. Chung	RICO - Murder	13	Pending
	Brooklyn	Vietnamese Born to Kill	Thai	RICO - Murder	11	Pending
	San Francisco	Chinese	Jui Chang Chen	Narcotics	5	Pending
	Los Angeles	Chinese	Chong-Biao Chen	Alien Smuggling	9	Pending
	Atlanta	Vietnamese	Truong	Immigration Fraud	1	Pending

EXHIBIT 55