

**IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF COLUMBIA**

<b>UNITED STATES OF AMERICA</b>	:	<b>CRIMINAL NO. 23-cr-91 (CKK)</b>
	:	
<b>v.</b>	:	
	:	<b>VIOLATIONS:</b>
<b>JIN GUANGHUA,</b>	:	
	:	<b>18 U.S.C. § 371 (Conspiracy</b>
	:	<b>to Defraud the United States)</b>
<b>Defendant.</b>	:	

**INFORMATION**

The Assistant Attorney General charges that:

**COUNT ONE**

(Conspiracy to Defraud the United States)

**INTRODUCTION**

1. These charges arise from an illicit scheme by the Democratic People’s Republic of Korea (“North Korea”), through its state-owned companies, to generate revenue for North Korea and its Weapons of Mass Destruction (“WMD”) proliferation programs, through the purchase and sale of tobacco and other products.

2. These purchases were financed by North Korean banks, specifically the Foreign Trade Bank (“FTB”) and the Korea Kwangson Banking Corp. (“KKBC”). FTB and KKBC have been designated by the U.S. Department of the Treasury for funding North Korea’s WMD proliferation, and FTB has been sanctioned by the United Nations Security Council due to North Korea’s nuclear and ballistic missile activity. To avoid these sanctions, FTB and KKBC used Chinese front companies to conduct U.S. dollar financial transactions, in their effort to funnel U.S. dollar funds to and from North Korea through the U.S. financial system.

3. Defendant JIN GUANGHUA was a Chinese national from Liaoning Province in

China, and resident of Australia. JIN was a 50 percent shareholder and General Manager a series of companies established in New Zealand, United Kingdom, China, and United Arab Emirates (the “Winney Entities”).

4. Sim Hyon-Sop (“Sim”), a North Korean FTB and KKBC employee based in Dubai, United Arab Emirates (“UAE”), effected transfers in furtherance of the scheme from North Korea to the Winney Entities.

5. Through the Winney Entities, JIN, Qin Guoming, and Han Linlin facilitated purchases of tobacco that were ultimately made by and for the benefit of two North Korean Tobacco Companies, “NKTC1” and “NKTC2.” These tobacco companies were owned by the North Korean military and government. North Korea, through these and other tobacco companies, purchased bulk tobacco to engage in the manufacture and trafficking in cigarettes—particularly counterfeit cigarettes—to generate hard currency revenue. That revenue supported North Korea’s WMD proliferation programs, in contravention of United Nations and U.S. prohibitions on such activity. For reasons of national security, U.S. federal law barred the use of the U.S. financial system to facilitate trade with North Korea, including trade in tobacco. Moreover, U.S. federal law required U.S. financial institutions to conduct investigations into the transactions they process to ensure that the monies are not being transferred for illicit means.

6. Notwithstanding these proscriptions, between in or around February 2009 and in or around March 2019, Sim, JIN, Qin, and Han engaged in a multi-year scheme to assist North Korean entities to acquire raw tobacco and other products on the international market and to illegally access the U.S. financial system to pay for the same in U.S. dollars. Regarding the tobacco procurement, the Winney Entities would contact international producers of raw tobacco, arrange for the purchase of the tobacco and its shipment to their clients in North Korea, and arrange for

the invoices for the purchases to be paid in U.S. dollars through the U.S. financial system. The Defendant and his co-conspirators effected this scheme by using Chinese front companies, false shipping records, and other means of deception to make it appear to U.S. financial institutions and others that the raw tobacco was being shipped to China, not to North Korea, and that payments for the tobacco were being made in furtherance of legitimate trade with China, not prohibited trade with North Korea.

7. As a result of this fraud, U.S. financial institutions processed at least 310 transactions worth over \$80 million that they otherwise would have frozen, blocked, investigated, and/or declined, had they known that the transactions were being conducted in furtherance of trade with North Korea.

8. In engaging in this conduct, Defendant JIN, along with Sim, Qin, and Han also evaded, assisted others in evading, and caused the evasion of U.S. sanctions against North Korea and caused the export of financial services by U.S. financial institutions to North Korea and for the benefit of sanctioned North Korean entities without a license.

### **THE CO-CONSPIRATORS**

9. Sim Hyon-Sop was a North Korean national employed by FTB and KKBC and who resided in Dubai, UAE.

10. Defendant JIN GUANGHUA was a Chinese national from Liaoning Province in China, and resident of Australia. JIN was the General Manager and 50 percent shareholder of the Winney Entities.

11. Qin Guoming was a Chinese national from Liaoning Province in China, and resident of China. Qin was a 50 percent shareholder and senior executive of the Winney Entities.

12. Han Linlin was a Chinese national from Liaoning Province in China, and resident of China. Han was employed by the Winney Entities.

13. During the relevant times, Sim Hyon-Sop, JIN GUANGHUA, Qin Guoming, and Han Linlin (“the Co-Conspirators”) knew that the financial transactions with which they were engaged were for the benefit of North Korea and intended to deceive U.S. financial intuitions and others with respect to the same.

14. Dandong Hongxiang Industrial Development (“DHID”) was a Chinese front company that between in or about August 2009 and in or about August 2016 laundered hundreds of millions of dollars, in U.S. currency, for KKBC after KKBC’s designation in August 2009. DHID and its related entities received goods, such as coal, from North Korea. In lieu of paying North Korea for these goods, KKBC directed DHID to pay third parties in U.S. dollars for commodities that North Korea wanted to obtain. As stated, DHID was designated by OFAC on September 26, 2016, for operating on behalf of KKBC.

### **THE CONSPIRACY**

15. Beginning in at least on or about March 15, 2016, to in or around March 2019, in the District of Columbia and elsewhere, JIN GUANGHUA and others known and unknown (the Co-conspirators), knowingly, voluntarily, and willfully combined, conspired, confederated, and agreed together and with each other to defraud the United States and an agency thereof, to wit, to impair, impede, and obstruct the lawful and legitimate governmental functions and operations of OFAC in the enforcement of economic sanctions laws and regulations administered by OFAC.

### ***Manner and Means***

16. The Co-Conspirators specifically conspired to violate United States sanctions on North Korea by causing United States financial institutions to export financial services to North

Korea and for the benefit of sanctioned North Korean entities, including FTB and KKBC.

17. It was further a part of the conspiracy that the Co-Conspirators used the following manner and means, among others, to achieve the goals of the conspiracy:

- a. The co-conspirators and others caused payments to be sent by Chinese front companies to obfuscate North Korea's nexus to the transactions.
- b. The co-conspirators and others split large payments so as to avoid bank oversight.
- c. The co-conspirators and others listed and caused to be listed false information on bills of lading and other transaction-related documents, including the names and locations of Chinese front companies, to hide North Korea's connection to those transactions.
- d. The co-conspirators and others transmitted and caused to be transmitted to U.S. financial institutions false information, including the involvement of Chinese front companies, about U.S. dollar transactions that were actually made on behalf of North Korea and North Korean entities.
- e. The co-conspirators caused goods to be shipped to Dalian, China, a point of smuggling for goods to North Korea, and onward to North Korea.
- f. The co-conspirators and others used e-mail accounts to communicate about the payment schemes, use of Chinese front companies, and provision of false information, including to U.S. financial institutions.

***Overt Acts***

18. In furtherance of this conspiracy and to accomplish its goals, the following overt acts, among others, were committed in the District of Columbia and elsewhere:

- a. On or about the dates specified below, Sim Hyon-Sop, JIN GUANGHUA, Qin Guoming, and Han Linlin, and others known and unknown, did knowingly and willfully cause financial institutions located in the United States, to export the following financial services to North Korea and for the benefit of FTB and/or KKBC, without prior authorization or a license from the Department of the Treasury, as follows:

<b>Date</b>	<b>Sender</b>	<b>Receiver</b>	<b>Amount (USD)</b>
6/20/18	China Front Company A	Winney Entity	\$342,029.07
6/20/18	China Front Company B	Winney Entity	\$357,889.07
7/12/18	China Front Company C	Winney Entity	\$385,279.86
3/1/19	Winney Entity	Company 1	\$230,236.80

**(Conspiracy to Defraud the United States, Title 18, United States Code, Section 371)**

Respectfully submitted,

JOHN A. EISENBERG  
ASSISTANT ATTORNEY GENERAL FOR  
NATIONAL SECURITY

By: /s/ Christopher Magnani  
CHRISTOPHER MAGNANI  
ELI ROSS  
Trial Attorneys  
Counterintelligence and Export Control Section  
National Security Division  
U.S. Department of Justice  
950 Pennsylvania Ave., NW  
Washington, D.C. 20530  
Telephone: (202) 353-9261  
Christopher.Magnani@usdoj.gov