



Department of Justice

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MARIJUANA ENFORCEMENT ACTIONS IN THE EASTERN DISTRICT OF CALIFORNIA

SACRAMENTO, Calif. — In recent months, the U.S. Attorney's Office for the Eastern District of California, together with its federal, state and local law enforcement partners, has taken a wide range of actions to enforce federal law prohibiting the cultivation and distribution of marijuana. These actions, many of which are detailed here, include bringing criminal charges against those responsible for growing marijuana and distributing in our district, searching grow and distribution locations, bringing forfeiture complaints against the properties involved, seizing proceeds of marijuana businesses, and sending notice letters to owners of properties where marijuana is being grown or sold. As to each of the cases described below, the charges brought are only allegations, and the individuals involved are presumed innocent until and unless proven guilty beyond a reasonable doubt.

CRIMINAL CASES

United States v. Eudaldo Garcia Salas and Jose Cisneros Garcia, 1:11-mj-00182-SMS

Yesterday, October 6, 2011, a federal grand jury returned an indictment of Eudaldo Garcia Salas and Jose Cisneros Garcia of Modesto for conspiring to grow and distribute marijuana. According to a criminal complaint filed in August 2011, agents seized from the grow site, which was located in a cornfield, more than 500 marijuana plants, and an assault rifle. The defendants said the marijuana plants came from an Oakland cannabis club and claimed that while some of the marijuana was their own, the remainder belonged to other individuals they could not name.

United States v. Nathan Hoffman, 2:11-mj-0312-KJN

In a criminal complaint unsealed in this case two days ago, October 5, 2011, charges were filed against Nathan V. Hoffman alleging his participation in this wide-ranging conspiracy. Hoffman is a Los Angeles attorney with offices on Wilshire Boulevard. Seized documentary evidence from numerous federal search warrants confirms that Hoffman used his law office and email account to conduct his marijuana cultivation business. The criminal complaint alleges that Hoffman played a central role in the formation and management of the Jopson Ranch Grow and

the Cal Nevada grow, which are the subject of the Ebyam case described below. In particular, evidence establishes that Hoffman incorporated “Black Horizon,” a legal entity formed for the marijuana grow site discovered at the Jopson Ranch Grow, and served as the agent of service for “Blue Horizon,” a legal entity formed for the Cal Nevada Grow.

In addition, also on October 5, 2011, agents served federal search warrants at two Southern California marijuana stores, the Canna Clinic of Garden Grove and the South Bay Canna Clinic in Torrance. The search warrant affidavit and criminal complaint allege that Hung C. Nguyen, who was also charged, provided the distribution network for the marijuana produced at the Jopson Ranch Grow and the Cal Nevada Grow.

United States v. Yan Ebyam et al. (Jopson Ranch Case)
2:11-cr-00275-JAM and 2:11-cr-00276-JAM

On June 21, 2011, federal and state agents executed seven federal search warrants in Sacramento, Sutter, and Tehama Counties. Two of these warrants were executed at the sites of large, commercial greenhouses located at the Jopson Ranch in Rio Oso (the “Jopson Ranch Grow”) and at the Cal-Nevada Wholesale Florist site in Sacramento (the “Cal Nevada Grow”). Law enforcement officers seized over 5,000 marijuana plants in all stages of growth from these two locations, including approximately 2,168 marijuana plants at the Jopson Ranch Grow, and approximately 3,305 plants at the Cal Nevada Florist Grow. Two leaders arrested at the grow sites, Yan Ebyam and Aimee Sisco, admitted their involvement in the marijuana cultivation business. While in clear violation of federal law, the Jopson Ranch Grow and the Cal Nevada Grow attempted to use California medical marijuana law to cloak their business activities. A total of 12 defendants were later indicted for crimes relating to their marijuana cultivation in two related cases currently pending in the Eastern District of California.

United States v. Mark and Ryan Bagdasarian, 1:11-mj-200-SKO

In a criminal complaint filed on Tuesday of this week, October 4, 2011, father and son Mark and Ryan Bagdasarian were charged with conspiring to distribute marijuana from a store in Fresno County. According to the complaint, in August 2011 the two reopened the store after it and another marijuana store had been searched in June 2011. In that June search, law enforcement agents found 3,669 marijuana plants, 219 pounds of processed marijuana, and over \$546,000 in cash. One defendant said that the business was generating \$30,000 to \$50,000 per day in revenue. A more recent search yielded another 35 pounds of processed marijuana and \$40,000 in cash.

Keith Andrew Baia Case, 3:11-mj-0012-CMK

On Monday of this week, October 3, 2011, a complaint was unsealed against Keith Andrew Baia. He was indicted on Thursday, October 6, 2011. Baia, a fugitive, had been arrested on a sealed arrest warrant last Sunday on a traffic stop for a broken tail light in Salem, N.H. According to the complaint affidavit filed in this district, Baia, a resident of Florida, had gone from Florida to Redding, Calif. to set up an indoor marijuana grow in a warehouse. When a state

search warrant was executed on the warehouse on March 14, 2011, a total of 974 marijuana plants were found. PG&E records indicate that the grow operation had been in operation for about 13 months - several grow cycles. The one person inside the warehouse told investigators that he had been recruited by Baia in Florida and that Baia still lived in Florida. The person claimed that the marijuana was being grown for a marijuana store and some 46 marijuana referrals were found in a drawer. Law enforcement agents contacted several of the persons on the referrals and none claimed to have any connection to Baia or his warehouse grow.

Stockton Warehouse Search

On Tuesday evening of this week, October 4, 2011, a federal search warrant was executed at a large warehouse at 1838 Vicki Lane in Stockton. The Stockton Police Department had earlier in the day responded to a burglary in progress call at that location. According to court documents, upon entering the building, the officers found a large indoor marijuana grow. DEA agents obtained a federal search warrant and a large sophisticated indoor grow operation was found in the warehouse. Approximately 2,000 marijuana plants as well as 40 pounds of processed marijuana were seized as well as paperwork linking the grow operation to local marijuana stores.

United States v. Martin DelCampo, et al., 1:11-cr-202-GSA

On Friday of last week, September 30, 2011, a criminal complaint was filed against five individuals charging them with conspiring to grow marijuana. According to the complaint, one of the defendants approached a landowner whose rural property adjoins public land and proposed that the landowner allow him to grow marijuana on the land in exchange for a payment of \$10,000. The landowner alerted law enforcement, which monitored the defendants' marijuana grow operation. The defendants grew approximately 100 marijuana plants on the landowner's property, posting purported marijuana recommendations in the grow site, and grew an additional approximately 7,000 marijuana plants on the adjoining public land. During the investigation, surveillance cameras videotaped armed individuals traveling into and out of the public and private land grow sites.

United States v. Bryan Smith, et al. R & R Wellness, 2:11-cr-428-GEB

On Wednesday of last week, September 28, 2011, a grand jury returned an indictment charging Bryan Smith, Kelly Smith, Daniel Goldsmith, Bruce Goldsmith, Ryder Phillips and Robert Klaus with conspiracy to grow and distribute marijuana. According to the criminal complaint filed on September 12, 2011, Bryan Smith owned and operated the R & R Wellness marijuana store at 75 Quinta Court in Sacramento, where 139 pounds of marijuana were found when it was searched on June 16, 2011. The store was apparently highly profitable because when Bryan Smith's house was searched about six months after R & R opened, approximately \$280,000 in cash was found. Bryan Smith grew some of his own marijuana for his store at an indoor warehouse located at 5761 Florin Perkins Road where 400 growing plants were found. Bryan Smith's father, Kelly Smith, helped him set up the warehouse grow location and had

marijuana growing at his residence. The remaining defendants all had large indoor marijuana grows in their residences, at least some of which were used to supply R & R Wellness.

United States v. Thanousone Volarat, et al., 1:11-cr-00303-AWI

On September 15, 2011, a grand jury returned an indictment of three individuals, Thansoune Volarat, Phonephithack Volarat, and Adam Khamvongsay, for conspiring to grow marijuana in California and distribute it in Connecticut and other states. Between June and August 2011, law enforcement officers seized approximately 2,170 plants from residences in the cities of Fresno and Coalinga and a rural area in Madera County. Numerous parcels containing an average of eight to 10 pounds of marijuana were sent via FedEx and the USPS to Connecticut, Texas, and Massachusetts during May and June 2011.

According to court documents, medical marijuana recommendations were displayed at the grow sites. One recommendation had been issued to a person who had never been to the location, and a second had been issued to a person who no longer resided in California and did not know her recommendation was being used at the grow. The defendants structured just under \$3 million in suspected drug proceeds through bank accounts in Connecticut, and within a day or so after a given deposit; the cash was withdrawn, primarily in the Fresno area but also in the Portland, Oregon and Vancouver, Washington areas.

United States v. Bernardino Garcia, et al., 1:11-cr-223-AWI

Eight individuals were indicted on July 14, 2011 for conspiring to grow and distribute marijuana. Earlier, a search warrant was executed on rural property in Kern County where approximately 2,400 marijuana plants were being grown. Some of those growing the marijuana were paid workers and another person there said he expected to sell the marijuana he was growing for five to 10 thousand dollars.

United States v. Douangchanh Keovilayvanh, 1:10-cr-476-LJO

On November 18, 2010, an indictment was returned against Douangchanh Keovilayvanh for possessing marijuana with the intent to distribute it. A search of a residence at California and Indianola Avenues in Sanger resulted in the seizure of 4,391 marijuana plants, approximately 1,136 pounds of processed marijuana, and \$4,000 in cash. Keovilayvanh was living in a residence on the property and was previously convicted in California state court for felony cultivation of marijuana and in North Carolina for a felony weapons offense. Subsequently, in July 2011, approximately 25,000 marijuana plants were found at this same location and eradicated.

United States v. Bounepheng Savongsy, et al., 1:10-cr-462-LJO

On November 10, 2010, an indictment was returned against six individuals for conspiring to grow and distribute marijuana. An earlier criminal complaint alleged that the defendants grew marijuana in agricultural fields in Fresno County, and posted at the fields various medical

marijuana recommendations. Rather than distributing the marijuana in California for medicinal purposes, though, the defendants shipped large quantities of the marijuana to the Boston area for distribution there, where the drug was sold for \$3,000 per pound, about three times what it sells for in California. All six defendants later pleaded guilty. As part of the investigation, law enforcement agents seized approximately 4,620 live marijuana plants in Fresno, approximately 3,563 pounds of processed marijuana, 11 firearms, one 2006 Dodge Charger, and approximately \$113,151 in cash. One of the defendants, Ernsion Merisier, a Boston distributor, had a prior Virginia felony conviction for marijuana distribution.

FORFEITURES, SEIZURES, AND OTHER ENFORCEMENT ACTIONS

United States v. Real Property located at 4700 Easton Drive, Bakersfield, CA & 4100 Easton Drive, Bakersfield, CA

Yesterday, October 6, 2011, the United States filed a civil forfeiture complaint against property at 4700 Easton Drive and 4100 Easton Drive in Bakersfield. The complaint is related to a previously filed case discussed below, *United States v. Assorted Marijuana Equipment (total value \$51,202) & \$11,075 (currency) & 2007 Chevrolet Silverado*, 1:11-CV-01513-LJO-JLT. The two properties on Easton Drive are the locations where the American Green Farmers Collective indoor marijuana grows and store were located. The owner of the commercial building complex, Nedeljko Strizak, also housed his own commercial indoor marijuana grow there and told investigators that he started his indoor grow because he saw how profitable American Green Farmers Collective had become and he wanted to make some money. Mr. Strizak stated that his goal was \$100,000 profit a month. The combined equity value of the two commercial buildings is approximately \$1 million to \$1.6 million

United States v. Real Property located at 11150 E. California Ave., Sanger, CA & 890 S. Armstrong, Fresno, CA

Yesterday, the United States filed a civil forfeiture complaint against property at 11150 E. California Avenue in Sanger and 890 S. Armstrong in Fresno. The two properties are owned by the same family. In November 2010, law enforcement agents seized 4,391 marijuana plants, 1,136 pounds of processed marijuana, \$4,000 in currency, and a rifle from the 11150 E. California location. Later, in July 2011, law enforcement agents returned to the property and eradicated 25,000 marijuana plants. The 890 S. Armstrong location presently has approximately 6,000 marijuana plants growing on it. The combined equity value of the two agricultural properties is approximately \$2.3 million. The family also manages and/or owns an interest in two additional properties where marijuana is presently being grown.

“Buds 4 Life” Bank Account Seizure

On October 3, 2011, the United States seized two bank accounts maintained by a Fresno-area marijuana store, “Buds 4 Life.” A prior law enforcement action at the same store in June 2011 resulted in the seizure of approximately 218 pounds of processed marijuana, 3,669

marijuana plants, 309 grams of concentrated cannabis, hundreds of units of THC edibles/drinks, and \$546,750.55 in cash.

Bank Account Seizures Related to Structuring at Marijuana Stores

On September 22, 2011, the United States seized three bank accounts maintained by two Sacramento-area marijuana stores, River City Cooperative (operating as “One Love Wellness Center”) and Mary Jane’s Wellness. According to the seizure warrants, the bank account seizures were based on cash deposits exceeding \$100,000 for each store operator over several weeks. With respect to River City Cooperative, the cash was structured into two separate accounts and, on at least one occasion, involved four broken-down cash deposits exceeding \$20,000 in approximately 10 minutes. In each case, the cash was deposited into store accounts in mostly same-day and consecutive-day deposits, all in amounts below the Currency Transaction Reporting threshold of \$10,001. Neither store operator deposited cash in excess of the reporting requirement during the relevant time period.

United States v. Assorted Marijuana Equipment (total value \$51,202) & \$11,075 (currency) & 2007 Chevrolet Silverado, 1:11-CV-01513-LJO-JLT

On September 6, 2011, the United States filed a civil forfeiture complaint against assorted marijuana equipment (grow lights and power ballasts), \$11,075 in currency, and a 2007 Chevy Silverado truck. The complaint was based on the discovery on March 11, 2011 of a large indoor marijuana grow at a nondescript commercial office complex in Bakersfield after the grow had been burglarized. A search of the various business suites rented to the grow operator, Kevin Moats, as well as searches of his personal residence, his girlfriend’s residence, a warehouse, and his parents’ residence resulted in the seizure of more than 1,500 marijuana plants, a large amount of processed marijuana, hash oil, and edibles, in addition to the assorted marijuana equipment, currency, and Silverado vehicle. Moats was allegedly operating “American Green Farmers Collective.”

United States v. Real Property located at 1251 Pleasant Grove Road, Rio Oso, California, 2:11-CV-2038-JAM-DAD

On August 1, 2011, the United States filed a civil forfeiture complaint against property at 1251 Pleasant Grove Road in Rio Oso, Calif. On June 21, 2011, federal and state law enforcement officers searched the property and found a sophisticated indoor marijuana growing operation with approximately 3,244 marijuana plants under cultivation. This forfeiture case arises from a joint federal/state investigation into a number of large-scale commercial marijuana grows in the Eastern, Northern, and Central Districts of California, operating under the pretext of cultivation for medical use. The case is related to two criminal actions alleging violations of federal drug laws, 2:11-CR-275 and 2:11-CR-276 and a civil forfeiture action, *United States v. Real Property located at 9445 Fruitridge Road, Sacramento, California, 2:11-CV-1902-JAM-DAD* .

United States v. Real Property located at 9445 Fruitridge Road, Sacramento, California, 2:11-CV-1902-JAM-DAD

On July 20, 2011, the United States filed a civil forfeiture complaint against property at 9445 Fruitridge Road in Sacramento. On June 21, 2011, federal and state law enforcement officers searched the property and found a sophisticated marijuana grow operation with 3,306 marijuana plants under cultivation. Officers also discovered three firearms at the property, which formerly housed a wholesale nursery facility. This forfeiture case arises from a joint federal/state investigation into a number of large-scale commercial marijuana grows in the Eastern, Northern, and Central Districts of California, operating under the pretext of cultivation for medical use. The case is related to two criminal actions alleging violations of federal drug laws: 2:11-CR-275 and 2:11-CR-276 and a civil forfeiture action, *United States v. Real Property located at 1251 Pleasant Grove Road, Rio Oso, California, 2:11-CV-2038-JAM-DAD*.

NOTICE LETTERS

A large number of notice letters are presently being sent to the owners of properties in seven counties where marijuana is being cultivated or sold. The letters are addressed to the property owners of record and any lien holders of record for the sites of marijuana stores and agricultural outdoor marijuana grows.

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