

1 McGREGOR W. SCOTT  
 United States Attorney  
 2 KEVIN C. KHASIGIAN  
 Assistant U. S. Attorney  
 3 501 I Street, Suite 10-100  
 Sacramento, CA 95814  
 4 Telephone: (916) 554-2700  
 5 Attorneys for the United States

6  
 7  
 8 IN THE UNITED STATES DISTRICT COURT  
 9 EASTERN DISTRICT OF CALIFORNIA

10  
 11 UNITED STATES OF AMERICA,  
 12 Plaintiff,  
 13 v.

2:18-CV-00750-KJM-CKD

STIPULATION TO STAY FURTHER  
 PROCEEDINGS AND ORDER

14 REAL PROPERTY LOCATED AT 6920  
 KILCONNELL DRIVE, ELK GROVE,  
 15 CALIFORNIA, SACRAMENTO  
 COUNTY, APN: 116-1410-006-0000,  
 16 INCLUDING ALL APPURTENANCES  
 AND IMPROVEMENTS THERETO,  
 17  
 18 REAL PROPERTY LOCATED AT 9297  
 FIFE RANCH WAY, ELK GROVE,  
 CALIFORNIA, SACRAMENTO  
 19 COUNTY, APN: 127-0990-028-0000,  
 INCLUDING ALL APPURTENANCES  
 20 AND IMPROVEMENTS THERETO,  
 21  
 22 REAL PROPERTY LOCATED AT 9717  
 SUTTON POINTE CIRCLE, ELK GROVE,  
 CALIFORNIA, SACRAMENTO  
 23 COUNTY, APN: 132-1110-062-0000,  
 INCLUDING ALL APPURTENANCES  
 AND IMPROVEMENTS THERETO,  
 24  
 25 REAL PROPERTY LOCATED AT 9913  
 JASPER COURT, ELK GROVE,  
 CALIFORNIA, SACRAMENTO  
 26 COUNTY, APN: 122-0690-082-0000,  
 INCLUDING ALL APPURTENANCES  
 27 AND IMPROVEMENTS THERETO,  
 28

1 REAL PROPERTY LOCATED AT 4305  
2 SAN MARINO COURT, ELK GROVE,  
3 CALIFORNIA, SACRAMENTO  
4 COUNTY, APN: 119-1980-056-0000,  
5 INCLUDING ALL APPURTENANCES  
6 AND IMPROVEMENTS THERETO,

7 REAL PROPERTY LOCATED AT 8771  
8 DILLARD ROAD, WILTON,  
9 CALIFORNIA, SACRAMENTO  
10 COUNTY, APN: 126-0390-002-0000,  
11 INCLUDING ALL APPURTENANCES  
12 AND IMPROVEMENTS THERETO, and

13 REAL PROPERTY LOCATED AT 4871  
14 WATSEKA WAY, SACRAMENTO,  
15 CALIFORNIA, SACRAMENTO  
16 COUNTY, APN: 225-1790-028-0000,  
17 INCLUDING ALL APPURTENANCES  
18 AND IMPROVEMENTS THERETO,

19 Defendants.

20 The United States and Claimants Meina Zheng, Shi Zhong Chen, Cai Dong Li, Bernard Horton or  
21 Lennette Horton Trustees, The Horton Family Trust dtd 9-10-1986, Bernard Horton or Lennette Horton  
22 Trustees, HFT Mortgage LLC 401K Plan Trust dtd 10/20/2006, and Wayne E. Stahmer and Linda K.  
23 Stahmer, Trustees, The Stahmer Family Trust dated June 4, 2002, Northern California Mortgage Fund  
24 XI, LLC, FJM Private Mortgage Fund, LLC., Lin Jiang Lin, Xia Yang, and East West Bank, through  
25 their respective counsel, hereby stipulate that a stay is necessary in the above-entitled action and request  
26 that the Court enter an order staying all further proceedings until the resolution of the related criminal  
27 cases, United States v. Leonard Yang, et al., Case 2:16-CR-00189-KJM and United States v. Xiu Ping Li,  
28 et al., Case No. 2:17-CR-00136-KJM, and ongoing criminal investigation into marijuana grows at the  
defendant properties.

1. This is a forfeiture *in rem* action against three properties pursuant to 18 U.S.C. §§  
981(a)(1)(A) and 981(a)(1)(C) and 21 U.S.C. §§ 881(a)(6) and 881(a)(7) because they were allegedly  
used to commit or facilitate violations of federal drug and money laundering laws:

a. Real Property located at 6920 Kilconnell Drive, Elk Grove, California, the  
“*Defendant Kilconnell Drive.*” Meron Jappy Hailu has filed a claim asserting an  
ownership interest in defendant Kilconnell Drive. Shi Zhong Chen mistakenly filed a  
claim asserting an ownership interest in defendant Kilconnell Drive. No other party has

1 filed a claim asserting an interest in defendant Kilconnell Drive. A Stipulation and Order  
2 Dismissing the Kilconnell Drive property from this action was lodged on July 26, 2018.

3 b. Real Property located at 9297 Fife Ranch Way, Elk Grove, California, the  
4 “*Defendant Fife Ranch Way*.” Shi Zhong Chen has filed a claim asserting an ownership  
5 interest in defendant Fife Ranch Way. No other party has filed a claim asserting an  
6 interest in defendant Fife Ranch Way.

7 c. Real Property located at 9717 Sutton Pointe Circle, Elk Grove, California, the  
8 “*Defendant Sutton Pointe Circle*”. Meina Zheng has filed a claim asserting an ownership  
9 interest in defendant Sutton Pointe Circle. FJM Private Mortgage Fund, LLC filed a claim  
10 asserting a lienholder interest in defendant Sutton Pointe Circle.

11 d. Real Property located at 9913 Jasper Court, Sacramento, California, the  
12 “*Defendant Jasper Court*”. Cai Dong Li has filed a claim asserting an ownership interest  
13 in defendant Jasper Court. Hannah Prasad, Annabelle Prasad, and Elizabeth Prasad filed a  
14 claim asserting a lienholder interest in defendant Jasper Court. This property was sold and  
15 the proceeds were used to satisfy Hannah Prasad, Annabelle Prasad, and Elizabeth  
16 Prasad’s loan.<sup>1</sup> The Prasad’s filed a Stipulation of Withdrawal of Claim on July 26, 2018.  
17 The net proceeds from the sale shall be substituted for the defendant Jasper Court.

18 e. Real Property located at 4305 San Marino Court, Elk Grove, California, the  
19 “*Defendant San Marino Court*”. Shi Zhong Chen has filed a claim asserting an ownership  
20 interest in defendant San Marino Court. Bernard Horton or Lennette Horton Trustees, The  
21 Horton Family Trust dtd 9-10-1986, Bernard Horton or Lennette Horton Trustees, HFT  
22 Mortgage LLC 401K Plan Trust dtd 10/20/2006, and Wayne E. Stahmer and Linda K.  
23 Stahmer, Trustees, The Stahmer Family Trust dated June 4, 2002, filed a claim asserting a  
24 lienholder interest in defendant San Marino Court.

25 f. Real Property located at 8771 Dillard Road, Wilton, California, the “*Defendant*  
26 *Dillard Road*”. Xia Yang has filed a claim asserting an ownership interest in defendant  
27 Dillard Road. East West Bank filed a claim asserting a lienholder interest in defendant  
28 Dillard Road.

g. Real Property located at 4871 Watseka Way, Sacramento, California, the  
“*Defendant Watseka Way*”. Lin Jiang Lin has filed a claim asserting an ownership interest  
in defendant Watseka Way. Northern California Mortgage Fund XI, LLC filed a claim  
asserting a lienholder interest in defendant Watseka Way.

3. The stay is requested pursuant to 18 U.S.C. §§ 981(g)(1), 981(g)(2), and 21 U.S.C. §  
881(i). The United States contends that the defendant properties were used and intended to be used to  
commit or facilitate violations of federal drug laws in violation of 21 U.S.C. §§ 841 *et seq.* Claimants  
deny these allegations.

<sup>1</sup> Accordingly, Hannah Prasad, Annabelle Prasad, and Elizabeth Prasad no longer have an interest in  
Defendant Jasper Court.

1           4.       To date, several individuals have been charged with federal crimes related to marijuana  
2 manufacturing and distribution in two related cases, United States v. Leonard Yang, et al., Case 2:16-CR-  
3 00189-KJM and United States v. Xiu Ping Li, et al., Case No. 2:17-CR-00136-KJM. It is the United  
4 States' position that the statute of limitations has not expired on potential criminal charges relating to the  
5 drug trafficking involving the defendant properties. Nevertheless, the United States intends to depose  
6 claimants (and others) regarding their ownership of the defendant properties, as well as their knowledge  
7 and participation in large scale marijuana cultivation, including the marijuana grow at the defendant  
8 properties, as well as the circumstances behind the purchase of the properties. If discovery proceeds at  
9 this time, claimants will be placed in the difficult position of either invoking their Fifth Amendment  
10 rights against self-incrimination and losing the ability to pursue their claims to the defendant properties,  
11 or waiving their Fifth Amendment rights and submitting to a deposition and potentially incriminating  
12 themselves. If they invoke their Fifth Amendment rights, the United States will be deprived of the ability  
13 to explore the factual basis for the claims they filed with this court.

14           5.       In addition, claimants intend to depose, among others, the agents involved with this  
15 investigation, including but not limited to, the agents with the Drug Enforcement Administration and  
16 Internal Revenue Service – Criminal Investigation. Allowing depositions of the law enforcement officers  
17 at this time would adversely impact the federal prosecution and ongoing investigation.

18           6.       The parties recognize that proceeding with these actions at this time has potential adverse  
19 effects on the investigation of the underlying criminal conduct and/or upon the claimant's ability to assert  
20 any defenses to forfeiture. For these reasons, the parties jointly request that these matters be stayed until  
21 the conclusion of the related criminal cases. At that time the parties will advise the court of the status of  
22 the criminal investigation, if any, and will advise the court whether a further stay is necessary.

23           7.       If any of the defendant properties go into default, the parties reserve the right to seek all

24 ///

25 ///

26 ///

27 ///

28 ///

1 avenues of redress to preserve the real properties, including filing a motion for interlocutory sale or  
2 seeking a receiver appointment to collect rents and maintain the properties.

3 Dated: 7/27/2018

McGREGOR W. SCOTT  
United States Attorney

4  
5 By: /s/ Kevin C. Khasigian  
KEVIN C. KHASIGIAN  
Assistant U.S. Attorney

6  
7 Dated: 7/30/18

/s/ J. Patrick McCarthy  
J. PATRICK McCARTHY  
Attorney for Claimant Meina Zheng  
(Authorized by email)

8  
9 Dated: 7/30/18

/s/ Patrick J. Wingfield  
PATRICK J. WINGFIELD  
Attorney for Claimant Northern California Mortgage  
Fund XI, LLC and FJM Private Mortgage Fund,  
LLC (Authorized by email)

10  
11 Dated: 7/29/18

/s/ Mark J. Reichel  
MARK J. REICHEL  
Attorney for Claimant Shi Zhong Chen  
(Authorized by email)

12  
13 Dated: 7/31/18

/s/ Ernest Chen  
ERNEST CHEN  
Attorney for Claimant Cai Dong Li  
(Authorized by email)

14  
15 Dated: 8/1/18

/s/ Larissa A. Branes  
LARISSA A. BRANES  
Attorney for Claimants Bernard Horton or Lennette  
Horton Trustees, The Horton Family Trust dtd 9-10-  
1986, Bernard Horton or Lennette Horton Trustees,  
HFT Mortgage LLC 401K Plan Trust dtd  
10/20/2006, and Wayne E. Stahmer and Linda K.  
Stahmer, Trustees, The Stahmer Family Trust dated  
June 4, 2002 (Authorized by email)

16  
17 Dated: 7/31/18

/s/ Linda M. Parisi  
LINDA M. PARISI  
Attorney for Claimants Xia Yang and Lin Jiang Lin  
(Authorized by email)

18  
19 Dated: 7/31/18

/s/ William G. Malcolm  
WILLIAM G. MALCOLM  
Attorney for Claimant East West Bank  
(Authorized by email)

1 **ORDER**

2 For the reasons set forth above, this matter is stayed under 18 U.S.C. §§ 981(g)(1), 981(g)(2) and  
3 21 U.S.C. § 881(i) until the resolution of companion criminal cases. The parties shall file a joint status  
4 report within 30 days of the conclusion of the parallel criminal cases, or as the court deems appropriate.

5 IT IS SO ORDERED.

6 DATED: August 6, 2018.

7   
8 \_\_\_\_\_  
9 UNITED STATES DISTRICT JUDGE  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28