

## U.S. DEPARTMENT OF THE TREASURY

## Press Center



## Treasury Sanctions Prolific Chinese Synthetic Drug Traffickers

10/15/2015

### *Coordinated Sanctions and Law Enforcement Actions Target Major Synthetic Drug Trafficking Organization*

**WASHINGTON** – Today, the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) designated Chinese national Bo Peng (alias Kevin Peng) and the company Kaikai Technology Co., Ltd. (Kaikai) as Specially Designated Narcotics Traffickers pursuant to the Foreign Narcotics Kingpin Designation Act (Kingpin Act) for their significant role in international synthetic drug trafficking. Kaikai, a purported pharmaceutical and chemical products company based in China, is controlled or directed by, or acting for or on behalf of, Bo Peng. As a result of OFAC's action, all assets of this individual and this entity that are under the jurisdiction of the United States or in the control of U.S. persons are frozen, and U.S. persons are generally prohibited from engaging in transactions with them. These designations complement law enforcement actions taken today by the Drug Enforcement Administration (DEA) and other law enforcement partners under Project Synergy III, a coordinated initiative to target the synthetic drug industry.


"The synthetic drug industry is a thriving and lucrative criminal enterprise, and poses an alarming threat to the health and safety of Americans," said Acting OFAC Director John E. Smith. "Today's action exposes Bo Peng's illicit synthetic drug operations and cuts off his access to the international financial system. Treasury is committed to working with the DEA and our other law enforcement counterparts to disrupt this dangerous industry."

Since 2011, Bo Peng has used Kaikai to distribute to the United States and other countries worldwide at least 2,000 kilograms of synthetic cannabinoids (commonly known as synthetic marijuana) and synthetic cathinones (or stimulants, such as bath salts), which are generally classified as Schedule I or Schedule II controlled substances in the United States. In May 2015, a grand jury in the U.S. District Court for the Middle District of Florida indicted Bo Peng on charges of importing and conspiring to import ethylone and the Schedule I controlled substance methylene.

Kaikai's website, as well as other websites under alternate company names (such as Nanjing Kaikai Technology Co., Ltd. or Nanjing Kaikai Polyurethane Co., Ltd.), advertise for sale several other Schedule I and II synthetic drugs and precursors, such as alpha-PVP (A-PVP or  $\alpha$ -PVP) and ethylone. Bo Peng and other employees at Kaikai process online orders of synthetic drugs and package them for delivery to customers who consume or redistribute the drugs. Customers worldwide use well-known international money service businesses, Bitcoins, or bank wire transfers to pay for the synthetic drugs sold by Bo Peng and Kaikai.

Today's action is the result of a joint investigation by OFAC and DEA and is the latest in a series of OFAC designations that complement efforts to target the synthetic drug industry through Project Synergy. In May 2014, OFAC first targeted a synthetic drug trafficking organization under the Kingpin Act by designating a father-son pair, Canadian nationals Daniel Maurice Louie and Kevin Gim Louie, and their network for buying and selling significant quantities of chemicals used to manufacture synthetic cannabinoids and synthetic cathinones. In July 2014, OFAC also designated members of a synthetic drug trafficking organization led by Chinese national Zhang Lei (alias Eric Chang) pursuant to the Kingpin Act.

Since June 2000, more than 1,800 individuals and entities have been named pursuant to the Kingpin Act for their role in international narcotics trafficking. Penalties for violations of the Kingpin Act range from civil penalties of up to \$1.075 million per violation to more severe criminal penalties. Criminal penalties for corporate officers may include up to 30 years in prison and fines up to \$5 million. Criminal fines for corporations may reach \$10 million. Other individuals could face up to 10 years in prison and fines pursuant to Title 18 of the United States Code for criminal violations of the Kingpin Act.

To view a chart pertaining to today's action, click [here](#) .

To see the identifying information pertaining to today's actions, click [here](#).

For a complete listing of designations pursuant to the Kingpin Act, click [here](#) .

For more information about DEA and Project Synergy III, click [here](#).

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