



OFFICE OF THE DISTRICT ATTORNEY  
CONTRA COSTA COUNTY

DISTRICT ATTORNEY

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**CONTRA COSTA DISTRICT ATTORNEY'S OFFICE  
ANNOUNCES THREE SENTENCED TO STATE PRISON FOR  
WAGE THEFT, TAX FRAUD, AND INSURANCE FRAUD**

On Friday, June 16, 2017, the Honorable Charles "Ben" Burch sentenced defendants Yu Chen, Feng Gu, and Rongdi Zheng to three years and four months of state prison each and imposed a \$6.1-million-dollar restitution order, including restitution for approximately \$4.5 million in unpaid minimum wage and overtime, as well as approximately \$1.5 million in unpaid taxes.

The investigation began in 2013 when investigators from the Contra Costa District Attorney's Office, California Employment Development Department ("EDD") and the California Department of Insurance ("CDI") conducted surveillance of several restaurants in three counties.

On January 10, 2014, investigators from all three agencies, assisted by representatives from the Department of Industrial Relations ("DIR"), Bureau of Field Enforcement, and law enforcement officers from Alameda, Contra Costa, and Placer Counties served simultaneous search warrants on nine locations, including four restaurants and several private residences. The restaurants were the Golden Dragon Buffet in Brentwood, the Golden Wok Buffet in Roseville, the Kokyo Sushi Buffet in Hayward, and the New Dragon Buffet in San Leandro.

Investigators interviewed the employees and seized business records. Many employees reported being recruited from outside the Bay Area. Once they arrived, the employer kept them in crowded housing and bussed them to work six days each week for twelve hour shifts per day. Auditors determined that the four restaurants underpaid minimum wage and filed tax returns that underreported payroll tax and sales tax.

In December of 2016, the Contra Costa County Grand Jury returned an indictment of several defendants related to the investigation. That same month, investigators from the Contra Costa District Attorney's Office arrested Yu Chen, Rongdi Zheng, Feng Gu, Shao Rong Zhang, and Zhou Xian Chen related to the indictment.

On May 23, 2017, Defendant Shao Rong Zhang pled no contest to a misdemeanor charge of enforcing a policy on behalf of her employer that employees not report minimum wage violations, in violation of Labor Code section 1102.5. Pursuant to the negotiated disposition, Judge Burch sentenced Ms. Zhang to one hundred and twenty days in jail and probation.

Also on May 23, 2017, Defendants Yu Chen, Rongdi Zheng, and Feng Gu pled guilty to charges of conspiracy to violate the minimum wage law, payroll tax fraud, sales tax fraud, and insurance premium fraud pursuant to a negotiated disposition that provided for the judge to choose the term of imprisonment in a specified range at the sentencing hearing. Each of these three defendants were alleged to be joint owners of either the Brentwood or Roseville restaurants during some timeframe of the charged conspiracy.

On May 24, 2017, charges were dismissed against defendant Zhou Xian Chen.

On June 16, 2017, in Martinez, Judge Burch heard argument and then announced sentence.

Attorney Tomas Margain who represents two of the workers submitted a letter to the Court for sentencing calling the “the most egregious case of wage theft I have seen” in nineteen years of handling these types of cases. He continued, “I was to commend the District Attorney’s Office and the law enforcement officials who worked on this case.”

Several workers from the restaurants spoke at the sentencing hearing and submitted written statements to the Court. Worker M.T. wrote, “We were always getting yelled at and nothing we did was ever good enough for them. They lived to instill the fear in us and they succeeded because we did not know any better and we did not know who to turn to. This experience has damaged me emotionally. I will never forget it. I truly do not wish this upon anyone. I would have family and friends ask me how my ‘experience’ in the U.S. was and I could not bring myself to tell them because I was so ashamed. I lived in shame for the situation that I was in but, I know that I have to move forward and not look back anymore.”

Worker E.F. also submitted a letter, “I will never be the same. At my current job there are moments where I must get a look on my face because my coworkers ask me if I am ok, If I need to go home, . . . I tell them all that I have lived through and that there is fear that this might happen to me all over again. I want justice to be served so that this won’t happen to anyone else. This shouldn’t happen to anyone else.”

Judge Burch cited the impact that these crimes had on real people in sentencing all three defendants to three years and four months in prison.

Deputy District Attorney Jeremy L. Seymour prosecuted the case. The prosecution is a result of a multi-agency investigation effort led by the Contra Costa District Attorney’s Office that included case agents and representatives from four different state agencies including DIR, CDI, EDD, and the Board of Equalization.

**Press Contact:**

Deputy District Attorney Jeremy L. Seymour  
925-957-8788  
[jseymour@contracostada.org](mailto:jseymour@contracostada.org)