

Wealthy Max Limited Files Motion to Dismiss Civil Forfeiture Case in U.S. District Court in NJ

Newark, NJ – The Wealthy Max Limited legal defense team filed a motion to dismiss the civil forfeiture case brought by the US Attorney for the District of New Jersey. The motion is filed with the US District Court in New Jersey and seeks the immediate release of \$2,388,091.18 that the company is owed by the US Treasury for coins submitted to the US Mint's Mutilated Coin Redemption Program. The original complaint was filed in March 2015 and claimed that Wealthy Max and its Foshan, China based affiliate that administers its quality assurance program, (hereinafter "Wealthy Max"), and several other recycling companies, had attempted to pass counterfeit US coins through the US Mint's program.

The motion to dismiss cites multiple inconsistencies in the original complaint and the fact that there has been no direct proof of counterfeiting, or of a conscious attempt to cheat the US government. The original complaint expressed doubts that Wealthy Max and other recycling companies with links to China could source the number of coins claimed through scrap metal exported from the US to China. This demonstrates a lack of understanding of the scale and organization of the Chinese metal recycling industry.

"We are filing the motion to dismiss on behalf of Wealthy Max because we believe the complaint brought by the US Attorney's Office has a number of errors relating both to points of law as well as to misunderstandings about our client's business," said Bradford L. Geyer of GeyerGorey LLP. "In our opinion we do not believe that many of the points in the government's complaint could be substantiated as they are either speculative or based on incorrect assumptions about the industry in question. The original complaint and the amended complaint, regrettably, also contain incorrect information. For instance, the amended complaint in paragraph 35 claims that pennies have never been submitted through the Mutilated Coin Redemption Program and only small parts of shipments have contained nickels. In actuality, from 2002 through 2006, Wealthy Max submitted to the U.S. Mint, and the U.S. Mint accepted 178 metric tons of pennies and from 2002 through 2009, Wealthy Max submitted to the U.S. Mint, and the U.S. Mint accepted, 31 metric tons of nickels.

"Under the circumstances, I am mystified how allegations in paragraph 35 and other questionable allegations found throughout the complaint could still remain in the government's pleadings. The reason the U.S. Mint has seen fewer nickels or no pennies in recent years is because redemption rates do not allow those coins to be redeemed profitably. This economically rational behavior and many other reasonable actions are presented in the complaint as if they part of some nefarious scheme," added Geyer.

The scrap reclamation operations in question process millions of tons of non-ferrous scrap metal each year. The irony is that since this investigation has effectively shut down the Mutilated Coin Redemption Program, hundreds, perhaps thousands of tons of clad U.S. coins have been accumulating at scrap reclamation facilities in China that continue to find coins as a by-product of aluminum scrap reclamation. According to Geyer, "We have advised scrap reclamation facilities in China to keep the faith and to stockpile and secure their mutilated coins. We will soon determine whether the United States Department of Justice and the Department of Homeland Security intend to kill the program. As a practical matter, we probably have a 30-90 day time window before the scrap reclamation companies

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in China have to give up on the U.S. Mint giving full faith and credit to its coinage, and simply send the coins to local smelters.

“You could never guess from the complaint that Wealthy Max has an unblemished past performance record that spans 13 years with over 150 shipments accepted by the U.S. Mint and converted into coin roll. What we have as a matter of public record is one alleged non-conforming shipment awash in a 13 year sea of conforming shipments from a responsive government contractor with an unblemished past performance record,” said Geyer.

“The shipment in question was accepted and converted into coin roll by the U.S. Mint in June 2014 and the government provides notice that its payment was confiscated almost 11 months later? I am not sure how far the government can stretch civil forfeiture rules, but its conduct in this investigation strikes me as unacceptable. For these and other reasons and, in the interest of fairness, we believe that this case should be dismissed and our client’s funds unfrozen as quickly as possible,” concluded Geyer.

The US Mint’s Mutilated Coin Redemption Program was established in 1911 and allows individuals and organizations to return damaged US coins to the Mint and be paid on the basis of the weight of the coins returned. The Mint then melts the coins down and uses the resulting metals in the production of new coins. Americans may be surprised to learn that coins jingling in their pockets today could actually be manufactured from coins minted by the U.S. Mint in prior centuries.

Wealthy Max Limited is a Hong Kong based company. The company is involved in recovering mutilated coins that are a by-product of the metal recycling business, and its operations in China collect, sort, wash and visually inspect coins it receives from scrap aluminum processors who process millions of tons of aluminum scrap materials. The aluminum comes from multiple sources including scrapped automobiles and other consumer and industrial goods. Before being melted down, the scrap metal is hand sorted to remove any non-aluminum items including copper wire, glass, plastic and coins. This sorting is done by well-trained individuals who further sort the coins by country and denomination. The exponential growth of the Chinese scrap industry, extensively documented in other forums and contexts, has enabled millions of tons of waste to be sorted in this manner (obviating the need for extensive use of water or electricity and substantially reducing carbon emissions) which results in purer, more efficient smelting.

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