

**INVESTIGATION INTO THE  
REEDLEY BIOLAB**

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**FOREWORD**  
**BY CONGRESSMAN JIM COSTA**

As the Representative of California's 21<sup>st</sup> Congressional District, I am proud to represent the city of Reedley. Located southeast of Fresno in the San Joaquin Valley, Reedley is a rural community of about 26,000 people, known as the Fruit Basket of the World due to its prosperous agricultural industry. With a bustling and historic downtown, this is the last place you would expect to find a case like this.

In March 2023, I was made aware of the warehouse, which housed a biolab that did not appear to be in compliance with the law. Within a day of having been alerted, my staff and I mobilized officials from Fresno County, the State of California, and Federal agencies to assist Reedley in the investigation and abatement of the unregulated laboratory that contained 1,000 transgenic mice and infectious diseases, among other concerning findings. I have stayed in contact with local and federal officials – including sharing information, encouraging cross-agency collaboration, and working with the Select Committee on the Chinese Communist Party during its investigation.

My top priority is health and public safety. The presence of infectious diseases that were poorly stored in a populated area of town without anyone's knowledge is of major concern. That is why the Select Committee on the Chinese Communist Party coordinated a bipartisan Congressional report that is succinct, thorough, and impactful while maintaining the trust of the American public. I appreciate the Select Committee's efforts on this matter.

This report outlines troublesome gaps that exist in federal law that allow bad actors to take advantage of the system. I look forward to continuing our work to address the existing gaps that allowed an illegal biolab like this to threaten the health and safety of the people in Reedley. It is my hope no other town in any Congressional district will endure what my constituents have through this experience.

I did not come to Congress expecting to handle a situation like the one outlined in this report. But my job is to advocate for my constituents and to ensure that the federal government is working for them in partnership with their other elected officials at all levels of government.

Thank you to the local first responders and officials for your collaboration during this investigation. I look forward to continuing this important partnership to protect the health and safety of our neighbors in Reedley and nationwide.

***CONGRESSMAN JIM COSTA***

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## INTRODUCTION

In December 2022, Code Enforcement Officer Jesalyn Harper noticed a green garden hose sticking out of a hole drilled into the side of a warehouse located at 850 I Street, right in the heart of Reedley, California. Reedley is a rural town of 26,000 residents. The hose was a clear violation of Reedley's building code in a building known to be vacant for over a decade. She walked around to the front of the warehouse and knocked on the door. Officer Harper showed her badge and asked to enter the site. Upon entering, Officer Harper found a vast warehouse filled with laboratory equipment, manufacturing devices, and what appeared to be medical-grade freezers. She observed several individuals who identified themselves as PRC nationals wearing white lab coats, glasses, masks, and latex gloves working inside. As she stepped further into the warehouse, she noticed that some of the freezers and containment units had glass doors. Inside, she saw thousands of vials of biological substances. Many were unlabeled. Others were labeled in a foreign language later identified as Mandarin. Others still were labeled in some kind of code. A few of the vials, however, had labels in English. Some of these labels listed substances that Officer Harper at the time did not recognize. She did, however, recognize the names listed on several labels, such as HIV.

Officer Harper continued down the hallways of freezers and laboratory equipment to find the source of the green garden hose. What she found was a makeshift storage room emanating a foul odor. Inside were approximately 1,000 laboratory mice in crowded conditions. Officer Harper would later learn that these were transgenic mice, specifically genetically modified and bred to simulate the human immune system for the purpose of laboratory experimentation. On future inspections, she also saw that the mice were unwell and abused, with fraying hair, rashes, and distended bellies.

Officer Harper knew that this warehouse was not licensed or permitted for any laboratory functions. She also knew that there were over a half-dozen other building code violations that she spotted in her brief walk inside the building. What Officer Harper did not know, however, was that her investigation of this green garden hose would uncover a laboratory filled with thousands of vials containing pathogens and other unknown biological and chemical substances.

A subsequent investigation revealed that the laboratory was operated by a wanted fugitive from Canada, who is a PRC citizen. The said fugitive had previously stolen millions of dollars of intellectual property from American companies and was part of an ongoing transnational criminal enterprise with ties to the PRC for which he was ultimately charged in federal court.

More importantly, the investigation stemming from Officer Harper's actions revealed systemic and profound risks in American biosecurity that merit Congressional attention.

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## INVESTIGATION INTO THE REEDLEY BIOLAB: FINDINGS

On September 6, 2023, the Select Committee on Strategic Competition between the United States and the Chinese Communist Party (“Select Committee”) issued its first subpoena as part of its ongoing investigation into the illegal facility that local authorities uncovered in Reedley, California. The subpoena, signed by the Chairman with an on-site visit by the Select Committee’s Chief Investigative Counsel and two investigative staffers, uncovered thousands of pages of documents, hundreds of photographs, and hours of video. This evidence, alongside interviews of local officials and other investigative steps, revealed troubling gaps in federal pathogen safeguards. These gaps allowed a wanted fugitive from Canada, who is a PRC national who had previously stolen millions of dollars of American intellectual property, to operate an illegal facility that contained “thousands of vials of potentially infectious agents” in Reedley, California.<sup>1</sup>

The Select Committee engaged in this investigation based on public requests and expressions of concern from both Republican and Democratic Members of Congress and in coordination with Congressman Jim Costa, who represents the district where Reedley is located.<sup>2</sup> After the Select Committee issued the subpoena, Congressman Costa stated, “It is my hope that we work in a bipartisan, coordinated manner to fully understand the scope of this lab and prevent any future labs like this one from operating illegally in our communities.”<sup>3</sup> The Select Committee shares these goals and drafted this report, in part, as an essential step towards accomplishing them.<sup>4</sup>

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<sup>1</sup> *In Re: Property Located at 850 “I” Street, Reedley, California 93654*, No. 23CECG00912, (Cal. Super. Ct. Jun. 15, 2023) at Ex. D – CDC Letter.

<sup>2</sup> David Taub, [Speaker McCarthy Calls for Congressional Investigation into Reedley Bio Lab](#), GV Wire (Aug. 3, 2023); John Houghton, [‘Disturbing: McCarthy, Schiff on Illegal Reedley Lab, Your Central Valley](#) (Aug. 4, 2023, 3:50 PM) (“They might be experimenting with things that could be of profound health risk [...] We need to make sure that you can’t have labs operating without the knowledge of public health departments without adequate inspections,” [says] Schiff.”)

<sup>3</sup> Press Release, Congressman Jim Costa, [Costa Statement on the Congressional Subpoena of Reedley](#) (Sept. 13, 2023) (“In issuing these congressional subpoenas, Congress is taking an important step to further collect information and address this matter.”).

<sup>4</sup> In the words of the Select Committee’s Chairman, “Americans learning about this biolab will ask an entirely reasonable question: how many other clandestine laboratories exist in the United States? What I find the most disturbing is not necessarily that we do not know the answer to this question, it is that no one does. Due to deep institutional failures and a lack of basic safeguards, our nation lacks essential biosecurity at a moment of competition with the CCP when we need it most. We’re going to work to tighten up our nation’s biosecurity laws to ensure nothing like this ever happens again.” In the words of the Ranking Member, “strengthening biosafety regulations in our country is an area of bipartisan concern. While I am concerned about certain problematic narratives regarding this issue that have been used online, this report is a serious effort that shows why we must avoid speculation and take action to protect public health.”

## I. APPARENT PATHOGENS AND OTHER DANGEROUS SUBSTANCES DISCOVERED AT THE REEDLEY BIOLAB

### A. Local Officials Discover the Reedley Biolab

The Reedley Biolab was discovered in a warehouse located at 850 I Street in Reedley, California. It was across the street from a residential neighborhood, next to a railway line, and a short walk from the town’s high school, city hall, and water supply. Officials ultimately learned that Jiabei “Jesse” Zhu, under the false identity of David He, had set up a facility engaged in fraudulent sales of medical device kits and, other biological laboratory activity—the “Reedley Biolab.” Zhu did so after he and his associates had to hastily move from their previous location in Fresno, “an illegal laboratory similar to the Reedley site” due to a fire and threat of eviction.<sup>5</sup> Zhu operated the Biolab through the corporation Universal Meditech Incorporated (UMI) and, later, Prestige Biotech Incorporated (Prestige Biotech).



*Figure 1 - Aerial view of Reedley, with Reedley Biolab in blue, major landmarks in red, and residential areas in yellow. Source: Google Earth.*

Officials first learned about the Reedley Biolab thanks to the work of Code Enforcement Officer Jesalyn Harper, who identified the aberrant garden hose building code violation outside the warehouse in December 2022. Upon being let

<sup>5</sup> *In Re: Property Locate at 850 “I” Street, Reedley, California 93654*, No. 23CECG00912, (Cal. Super. Ct. Jun. 15, 2023). The factual statements contained in these and other court filings and relied on in this report were “declare[d] under the penalty of perjury.” *Id.*

inside, Officer Harper observed three women who identified themselves as PRC nationals, wearing white lab coats, glasses, masks, and latex gloves. The women appeared to be packaging items for shipment. Officer Harper identified numerous building code violations, including unlawful electrical rewiring. She also observed samples of potentially dangerous pathogens and biohazard signs. Further inside, she discovered what appeared to be approximately 1,000 white laboratory mice, which, according to the employees on site, “were being tested.”<sup>6</sup>

Officer Harper referred the matter to Fresno County and to the Federal Bureau of Investigation. Approximately two months later and according to local officials, the FBI informed her that it had closed its investigation because the Bureau believed that there were no weapons of mass destruction on the property. The FBI continued to engage with local officials. As detailed later in this report, Zhu was subsequently charged with federal offenses relating to fraud and false statements in an FDA-led investigation.<sup>7</sup>

After consultation with California state and Fresno County officials, Officer Harper led a small group to the Reedley Biolab and again requested entry.<sup>8</sup> Two individuals, one of whom refused to identify himself, were present but quickly left after authorities arrived. Upon entering, Officer Harper noticed that there were now padlocks barring entry to most of the facility.

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<sup>6</sup> Select Committee Interviews with Local Officials.

<sup>7</sup> Press Release, Department of Justice, [Arrest Made in Central California Biolab Investigation](#), (Oct. 19, 2023); *United States v. Jia Bei Zhu*, No. 1:23-MJ-00123-SKO, (E.D. Cal. Oct. 18, 2023) ([Criminal Complaint](#)).

<sup>8</sup> *In Re: Property Locate at 850 "I" Street, Reedley, California 93654*, No. 23CECG00912, (Cal. Super. Ct. Jun. 15, 2023).

## B. March 16, 2023 Inspection by Local Officials of the Reedley Biolab

Local officials then obtained an inspection warrant, which they executed on March 16, 2023.<sup>9</sup> Inside the Reedley Biolab, officials “observed blood, tissue and other bodily fluid samples and serums; and thousands of vials of unlabeled fluids and suspected biological material,” raising the concern that they contained pathogens.<sup>10</sup> Some of these vials were labeled with the names of pathogens in English or Mandarin. Many were unlabeled. Others were labeled in code. Officials never found the full key that would translate this code, meaning that the nature of these vials’ contents is unknown to this day.



*Figure 2 - Contents of a fridge found in the Reedley Biolab, including sera and chemicals. Source: City of Reedley.*

Officials also found laboratory equipment, including “a biological safety cabinet and centrifuge[.]” as well as “cold temperature storage units, which included 2 ultralow temperature freezer units (-80- and -60-degree C) and 29 refrigerators/freezers (-20 degrees C). The Reedley Biolab operators had locked the -80 C ultralow freezer. These ultralow temperature freezers increased local officials’ concerns that UMI was storing infectious agents on site.”<sup>11</sup>

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<sup>9</sup> *Id.*

<sup>10</sup> *Id.*

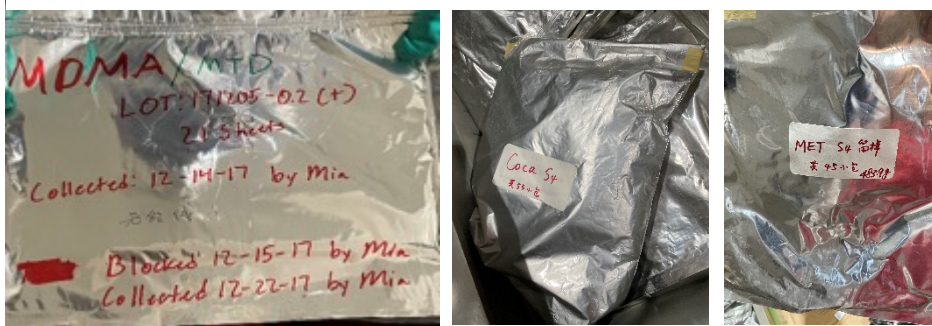
<sup>11</sup> *Id.*



The facility contained other storage containers labeled with biohazard signs and medical cabinets filled with what authorities later identified as highly flammable, explosive, and corrosive chemicals. They also found trace narcotics, laboratory equipment, and hundreds of boxes containing faulty medical devices subject to an FDA health embargo. The warehouse's electrical system was jury-rigged to power over 30 of these freezers.



**Figure 3 and 4** - Blood and fluids found in two of the thirty refrigerators and deep freezers of the Reedley Biolab. Source: City of Reedley.



**Figures 5, 6, and 7** - Bags labelled "MDMA," "Coca," and "Met" found in freezers in the Reedley Biolab. "Coca" and "Met" presumably mean "cocaine" and "methamphetamine," respectively. Other bags found were labelled "THC" and "Amp" (likely meaning "amphetamine"). Source: City of Reedley.

Approximately 1,000 mice were kept in inhumane, overcrowded conditions. When local officials asked a worker who "appeared to be in control" of the mice, she replied that they were transgenic mice that simulate the human immune system that were "genetically engineered to catch and carry the COVID-19 virus."<sup>12</sup>

In subsequent interviews with individuals who were at the warehouse, local officials learned that workers were tasked with caring and cleaning for the mice and, on numerous occasions, the Reedley Biolab operators had held back their pay. One of the workers who tended to the mice told Officer Harper that he and his

<sup>12</sup> [In Re: Property Locate at 850 "I" Street, Reedley, California 93654](#), No. 23CECG00912, (Cal. Super. Ct. Jun. 15, 2023).

children had become sick close in time to when he was tending the mice. The worker stated that he was instructed to discard any dead mice that he found into a dumpster.<sup>13</sup> The worker thereafter stopped communicating with officials. Local officials later confirmed that “UMI and Prestige Biotech were disposing of deceased laboratory mice, considered to be medical waste, without the use of a licensed medical waste hauler.”<sup>14</sup>

Shortly thereafter, Prestige Biotech representative Xiuqin Yao emailed City of Reedley officials and asked about the mice. She stated that the mice were a “special purebred population that took six years to build up” and are “of special significance in the study of immunology and oncology.” Yao furthermore said that the transgenic mice were “biological assets” that were worth “hundreds of thousands or even one million” dollars.<sup>15</sup> Yao said that she cannot go to the Reedley Biolab, as she is currently in the PRC and unable to enter the United States due to a visa backlog. Despite repeated requests, she “failed to provide any certifications or licenses from any state or federal agency for storage and experimentation on mice and other laboratory activities” at the Reedley Biolab.<sup>16</sup> Moreover, the “[p]roperty, UMI and Prestige Biotech were not listed as a licensed laboratory” and were likewise “not registered with CDPH as a medical waste generator.”<sup>17</sup>

Ultimately, while the City of Reedley tried to care for the transgenic mice, their condition continued to deteriorate. Reedley retained a veterinarian specializing in laboratory specimens that the California Department of Public Health (CDPH) recommended. On March 24, it had the veterinarian review the transgenic mice for risk of biohazards. She confirmed the earlier assessments of overcrowding and inhumane conditions. When on site, she found 773 living mice and another 172 mice carcasses. She saw evidence of cannibalism, including the devouring of newborn mice, severe fight wounds, and indications of high stress. As of the time of her review, the veterinarian did not identify any immediate risk to humans

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<sup>13</sup> See generally [In Re: Property Locate at 850 “I” Street, Reedley, California 93654](#), No. 23CECG00912, (Cal. Super. Ct. Jun. 15, 2023), Decl. of Jesalyn Harper in Support of Application for Abatement Warrant and Order Authorizing Entry on the Property to Abate Public Nuisance (Mar. 29, 2023) at Ex. B.

<sup>14</sup> *Id.* They furthermore learned that “UMI and Prestige Biotech have not employed the services of a licensed medical waste hauler during the course of the operation of the warehouse.” *Id.*

<sup>15</sup> *Id.*

<sup>16</sup> *Id.*

<sup>17</sup> *Id.*

being near the mice. On April 12, upon recommendation from the veterinarian and pursuant to court order, City officials had the veterinarian euthanize the mice.<sup>18</sup>

As part of their review, local officials uncovered marked and unmarked “fire danger and explosion hazards created by the corrosive, toxic, and highly



*Figure 8 - At least ten dead mice, including at least nine decaying carcasses, were found in just one box at the Reedley Biolab. Source: City of Reedley.*



*Figure 9 - Evidence of wounds on seven mice found at the Reedley Biolab, indicating inhumane living conditions for the animals. Source: City of Reedley.*

flammable chemicals stored” in the Reedley Biolab.<sup>19</sup> These materials were highly dangerous. Were a fire to occur, Fire Department officials assessed that the City of Reedley would need to evacuate at least one city block around the warehouse.<sup>20</sup> The “proposed evacuation zone would include the City of Reedley Police Department, City Hall, the Kings Canyon Unified District main office, and approximately 12 residential homes.”<sup>21</sup> The potential blast radius would increase significantly if the fire spread to the gas station located next door.

While the inspection process was ongoing, Jesse Zhu, using the false name “David He,” began communicating over the phone and via email with local officials. He said that he was a “special representative” of UMI.<sup>22</sup> Zhu asked for local officials not to destroy the pathogen samples. Instead, he asked that they allow him to move them off-site using a company that is unlicensed for medical

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<sup>18</sup> *Id.*

<sup>19</sup> *Id.*

<sup>20</sup> *Id.*

<sup>21</sup> *Id.* at Ex. B – Letter from Jerry Isaak, Chief of the City of Reedley Fire Department.

<sup>22</sup> *Id.* at Ex. F – Email Correspondence.

waste or pathogen transportation.<sup>23</sup> Local officials did not permit Zhu to do so. Zhu also provided contact information for corporate officers, all of whom were in the PRC.<sup>24</sup>

### **C. April 21 and May 1, 2023 Inspections by County and State Officials**

Fresno County public health officials inspected the premises on April 21, confirming and expanding on the prior findings.<sup>25</sup> “Fresno County Public Health staff observed biologicals stored and kept in hazardous and non-compliant conditions, the presence of multiple infectious agents (later confirmed by CDC) and pursuant to Title 17 California Code of Regulations Section 2500.”<sup>26</sup> Fresno County public health staff also “observed the 32 refrigerators and freezers. A number of these refrigerators and freezers had either stopped functioning or were failing due to an inadequate power supply.”<sup>27</sup>

The CDPH inspected the premises on May 1-2. In addition to the “32 refrigerators and freezers” containing apparent pathogens, “CDPH staff also observed several pieces of laboratory equipment, such as incubators and centrifuges.” Inside several freezers, CDPH “observed containers labeled as serum or plasma (of unknown origin) and/or with the name of an infectious agent. A substantial number of the containers were unlabeled and CDPH staff was unable to discern the contents of these containers.”<sup>28</sup> “Many of the indecipherable containers appeared to contain blood, or a blood product, such as serum, or other bodily fluids.”<sup>29</sup> CDPH did not inspect a -80C freezer and another freezer due to potentially dangerous biologicals stored within.<sup>30</sup> CDPH also observed a biohazardous waste container “shrink wrapped” (but not properly sealed) and other forms of biohazards throughout the Reedley Biolab.<sup>31</sup>

### **D. Abatement Action and Centers for Disease Control and Prevention (CDC) Response**

Based on their initial observation in March 2023, local officials began to reach out to additional federal authorities for assistance. Local officials spent months repeatedly trying to obtain assistance from the CDC, both directly and through CDPH. According to local officials, the CDC refused to speak with them and, on a

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<sup>23</sup> *Id.*

<sup>24</sup> *Id.*

<sup>25</sup> *Id.*

<sup>26</sup> *Id.*

<sup>27</sup> *Id.*

<sup>28</sup> *Id.*

<sup>29</sup> *Id.*

<sup>30</sup> *Id.*

<sup>31</sup> *Id.*

number of occasions, it was reported by local officials that the CDC hung up on them mid-conversation. Local officials were similarly unable to get any help from other federal agencies that may have concurrent authority to investigate and/or remediate the biohazardous substances found at the Reedley Biolab.<sup>32</sup>

Ultimately, local officials contacted their local Member of Congress, Representative Jim Costa, asking him for help obtaining federal assistance. It was only then, following Congressman Costa's advocacy on Reedley's behalf, that the CDC responded to California state government and local official requests.

After significant effort, local officials were able to convince the CDC to inspect the Reedley Biolab. CDC arrived on site on May 2, 2023 and finished the onsite support on May 4. Upon reviewing the site, the CDC reported, based on existing labels, that the facility contained "at least 20 potentially infectious agents," including HIV, Tuberculosis, and the deadliest known form of Malaria. The CDC specifically listed the following pathogens:<sup>33</sup>

Potentially infectious bacterial agents present:

- *Chlamydia trachomatis*
- *E. coli* (recombinant strains)
- *Helicobacter pylori*
- *Mycobacterium tuberculosis*
- *Mycoplasma pneumoniae* and general *Mycoplasma* species
- *Neisseria meningitidis*
- *Nostoc* species
- *Sphingobacterium heparinum*
- *Streptococcus pneumoniae* and *Streptococcus* species
- *Toxoplasma gondii*

Potentially infectious viral agents:

- Hepatitis B virus
- Hepatitis C virus
- Dengue virus
- Human Immunodeficiency Virus (HIV) 1 and 2
- Human Herpes virus 1 (Herpes simplex virus)
- Human Herpes virus 5 (Human Cytomegalovirus)
- Respiratory Syncytial virus
- Rubella virus
- Severe Acute Respiratory Syndrome Coronavirus 2 (SARS-CoV-2)

Potentially infectious parasites:

- Malaria (believed to be *P. falciparum* from Nigeria from the year 2000)

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<sup>32</sup> This section and subsequent sections draw on Select Committee interviews with local officials to provide information about the local and federal responses.

<sup>33</sup> *Id.* at Ex. D – CDC Letter.

The CDC noted that these potentially infectious agents fall into “risk group 2 and risk group 3.”<sup>34</sup> Risk Group 2 agents “are associated with human disease which is rarely serious and for which preventive or therapeutic interventions are often available, [and] [t]hese agents represent a moderate risk to an individual but a low risk to the community.”<sup>35</sup> Risk Group 3 pathogens are “associated with serious or lethal human disease for which preventive or therapeutic interventions may be available. These agents represent a high risk to an individual but a low risk to the community.”<sup>36</sup> The CDC also noted that American laboratories supplied many of these pathogens.<sup>37</sup> There was also evidence that imported pathogens were present in the Reedley Biolab.

CDC officials confirmed that the CDC made this list of pathogens based solely on the labels that were placed on samples. The CDC did not test these samples to assess whether the listed labels were correct or otherwise in a cipher that the workers used for a more dangerous pathogen. It likewise did not test any of the apparent pathogen samples that were labeled in a code (i.e., a combination of partial Mandarin symbols or English letters with numbers) despite the fact that neither the CDC nor local officials ever found a key to decipher the code.<sup>38</sup> The CDC did not even test the wholly unlabeled samples. It did not test the samples labeled “COVID,” even though both SARS-CoV and a chimeric version of the currently endemic COVID-19 are both Select Agents—biological agents that the

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<sup>34</sup> *In Re: Property Locate at 850 “I” Street, Reedley, California 93654*, No. 23CECG00912, (Cal. Super. Ct. Jun. 15, 2023) at Ex. D – CDC Letter. Based on their physical appearance, the CDC noted that it believed that the “Severe Acute Respiratory Syndrome Coronavirus 2 (SARS-CoV-2) and Mycobacterium tuberculosis (RG3 agents) appear . . . to be diagnostic specimens, not isolates or culture.” It did not test the substance or engage in further review to confirm this hypothesis.

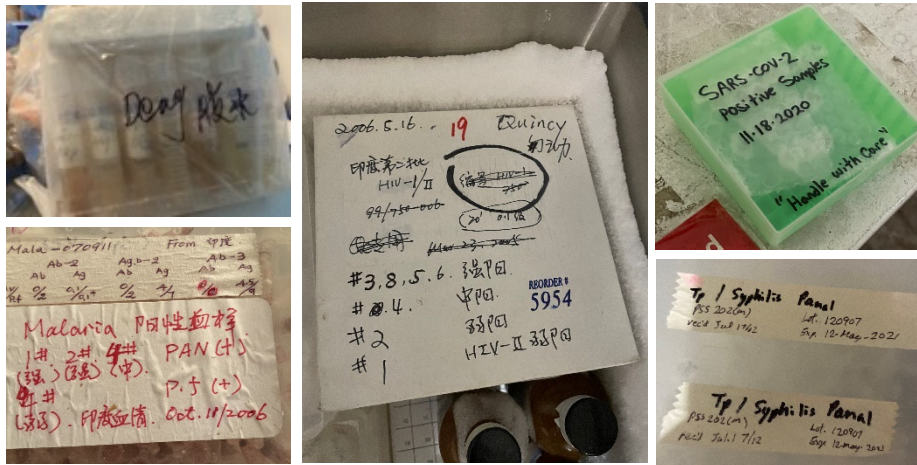
<sup>35</sup> *Risk Groups*, Public Health Emergency (Nov. 13, 2015) .

<sup>36</sup> *Id.*

<sup>37</sup> *In Re: Property Locate at 850 “I” Street, Reedley, California 93654*, No. 23CECG00912, (Cal. Super. Ct. Jun. 15, 2023) at Ex. F – Email Correspondence.

<sup>38</sup> The CDC report does note, however, that “representative[s] provided a limited key that was reported to contain proprietary or trade secret information.” *Id.* at Ex. D – CDC Letter.

U.S. government has determined “have the potential to pose a severe threat to public health and safety.”<sup>39</sup>



**Figures 10-14** - Examples of pathogen-labeled containers from the Reedley Biolab. From left to right, going clockwise: dengue fever, HIV, SARS-CoV-2, syphilis, and malaria. Source: City of Reedley.

CDC’s refusal to test left local officials unable to assess the danger to the City of Reedley community or inform the community about what steps, if any, it should take to protect public safety. Local officials informed the CDC about their concerns. The CDC continued to refuse to test any samples.<sup>40</sup> According to local officials, they also asked if the CDC could at least test a random sample of the pathogens. The CDC still refused. Despite their limited local budget, local officials then offered to pay the CDC for the entirety of the cost of testing these samples. The CDC still did not and left the site.<sup>41</sup>

The CDC summarized its findings in a three-page report, in which it stated that the Biolab contained “[t]housands of vials [with] unclear labeling, coded labeling, or no identifications.”<sup>42</sup> Lab workers appeared to have labeled some items

<sup>39</sup> [Select Agents and Toxins. CDC \(Sept. 10, 2020\)](#). Select Agents are a specially regulated group of biological agents and toxins that have the potential to pose a severe threat to public health and safety.

<sup>40</sup> In addition to written and verbal statements from local officials, the Select Committee obtained an email from CDC officials who stated that they “don’t see an urgent need to test samples at the moment” because “most of the material [CDC was] able to identify were proteins, antibodies, or pathogens (e.g. E.coli, HAIV, SARS CoV-2, Hepatitis, Malaria, Mycoplasma, etc.) that would not be regulated under our authority (i.e. select agents) or considered a serious threat to public health” even though the samples included “‘unknowns,’ illegible, or [those] coded in a way that we could not interpret.” This email was in response to a Fresno County email offering to pay for the packaging and shipment of the samples to an appropriate testing facility.

<sup>41</sup> This conversation was summarized in the email described above.

<sup>42</sup> [In Re: Property Locate at 850 “I” Street, Reedley, California 93654](#), No. 23CECG00912, (Cal. Super. Ct. Jun. 15, 2023) at Ex. D – CDC Letter.

they “believe[d] to be dangerous.”<sup>43</sup> Although some of the pathogens could have come from Nigeria or Canada (“[d]uring the move to the U.S., infectious material may have been imported”), “there were no import or shipping records available at the time of the visit” to establish “conclusive evidence of violations of 42 C.F.R. § 71.54 for the importation of infectious agents.”<sup>44</sup>

Despite the fact that the Reedley Biolab was an illegal enterprise, the CDC suggested that local authorities “request[] all records of importation for infectious agents” to see if the violation occurred.<sup>45</sup> Among the CDC’s action items would be to send the company advisement letters on import requirements and federal requirements for Select Agents, and add the company to an importation watchlist.<sup>46</sup>

Even though it had not tested any samples from the Reedley Lab, the CDC concluded that “[t]here was no evidence of select agents or toxins.”<sup>47</sup> According to local officials, the CDC knew that absent testing, local officials would have to destroy all samples pursuant to a forthcoming abatement order. The CDC likewise instructed state officials not to test any remaining samples of transgenic mice based on concerns over the accuracy of potential testing.<sup>48</sup>

In sworn statements, local and county officials expressed “grave[] concern[] about the storage of potentially infectious bacterial, viral, and parasitic agents present at the Property and the health and safety risk to the public by these infectious agents.”<sup>49</sup>

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<sup>43</sup> *Id.*

<sup>44</sup> *Id.*

<sup>45</sup> *Id.*

<sup>46</sup> *Id.* Specifically, the CDC stated that it would “[i]ssue an Import Permit advisement letter to Prestige Biotech to ensure they know the Import Permit Regulations for importing infectious substances into the U.S.” and “[i]ssue a Federal Select Agent Program advisement letter to Prestige Biotech informing them of the requirements for possession, use, and transfer of select agents and toxins if the entity decides to possess them.” Among other items, it also called for “add[ing] Prestige Biotech and associated entity names to the CDC Import Permit Program watch list, in case the entity attempts to apply for a CDC Import Permit. If submitted, the application will be reviewed carefully, considering previous observations, and the program will inspect the facility before issuing any permit.”

<sup>47</sup> *Id.* It also found “insufficient evidence at [that] time to conclude that there has been a violation of 42 CFR 71.54 or 42 CFR part 73.”

<sup>48</sup> As part of its investigation, the Select Committee reviewed an email on August 28, 2023 where a CDC official stated the opinion above.

<sup>49</sup> [\*In Re: Property Locate at 850 “I” Street, Reedley, California 93654\*](#), No. 23CECG00912, (Cal. Super. Ct. Jun. 15, 2023)



## E. Local Officials Report Discovering a Refrigerator Labeled “Ebola” that Contains Biological Samples

Thereafter, local officials had to handle the abatement (“ending” or destruction) process for all pathogens and toxic materials with only minimal guidance from federal experts. They secured the facility and contracted with a hazardous waste removal firm to assist with the abatement action. On July 5-7, local officials and a private firm specializing in pathogenic remediation handled potential pathogenic threat abatement.<sup>50</sup> On July 28, and pursuant to court order, local officials and contractors continued the abatement process pursuant to an additional court order.<sup>51</sup> Ultimately, local officials had to dispose of approximately 103.73 tons of general waste (including laboratory equipment) and 448 gallons of medical and biological waste.<sup>52</sup>



*Figure 15 - More than 40 trash can-sized containers of biohazardous waste were removed from the Reedley Biolab after its abatement. Source: City of Reedley.*

Up to the point at which they began the abatement process, local officials had not thoroughly investigated several of the freezers for fear of encountering a dangerous pathogen. During the abatement process, however, they had to review every freezer for evidence of potential pathogens that they needed to destroy. While doing so, local officials and contractors reported that they found a freezer labeled “Ebola” with silver sealed bags found inside consistent with how the Reedley Biolab operators stored sensitive biological and other materials.<sup>53</sup>

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<sup>50</sup> [In Re: Property Locate at 850 “I” Street, Reedley, California 93654](#), No. 23CECG00912, (Cal. Super. Ct. Jun. 20, 2023).

<sup>51</sup> See [In Re: Property Locate at 850 “I” Street, Reedley, California 93654](#), No. 23CECG00912, (Cal. Super. Ct. Aug. 16, 2023).

<sup>52</sup> *Id.*

<sup>53</sup> [Ebola Disease, CDC \(Mar. 23, 2023\)](#). Ebola “is a rare and often deadly” disease that results in hemorrhagic fevers, with a case fatality rate ranging from 25% to 90% in past outbreaks. Symptoms appear within 2-21 days of infection and are often severe. While Ebola’s rapid onset and high lethality make it unlikely to spread into a pandemic, it can cause many localized deaths. See also [Ebola Disease, WHO](#).

Local officials noted their concern to CDC officials in writing. In email correspondence, they informed CDC that, during the abatement process, they had uncovered a freezer labeled with the word “Ebola.” In the email, a local official asked the CDC, “[w]hen you [] are going through and looking for select agents, do the containers need to be labeled individually with what is in it to count as one? We are doing the abatement here in Reedley and a fridge [freezer] had a label on it and one of the words in English was Ebola,” while noting that the containers within were not expressly labeled “Ebola.” The CDC official responded by stating, “Yes, we would typically look for the vial to be labeled as Ebola” and noted that they did not recall seeing the Ebola label. He did not cite any CDC policy when making this pronouncement. The court-ordered abatement action required local officials to destroy the samples under a defined timeline. Local officials emailed CDC on the afternoon of July 6, 2023, and CDC responded the following morning. Local officials had already destroyed the samples.

The CDC did not note an Ebola label on the freezer in its report. When asked about the freezer labeled Ebola in a subsequent email, the CDC official noted that the CDC “would typically look for the vial to be labeled as Ebola,” that they “didn’t recall seeing a fridge labeled as Ebola,” and asked for a photograph of the freezer. A photograph was not available. The Select Committee has received written statements reporting the presence of the label. Ebola is a Select Agent.<sup>54</sup>

## **F. The Investigation and Lack of Testing Leave Many Unknowns**

The CDC’s refusal to test any potential pathogens with the understanding that local officials would otherwise have to destroy the samples through an abatement process makes it impossible for the Select Committee to fully assess the potential risks that this specific facility posed to the community. It is possible that there were other highly dangerous pathogens that were in the coded vials or otherwise unlabeled. Due to government failures, we simply cannot know.

In its refusal to test, the CDC likewise did not offer to connect local officials with any other federal agency or authorized lab that may be able to test the samples.<sup>55</sup> Based on statements from local officials and briefings the Select Committee received from the CDC, the CDC did not contact the National Biodefense Analysis and Countermeasures Center, the government biodefense laboratory located in Fort Detrick, Maryland that could potentially have provided greater assistance.

According to local official accounts, in a subsequent conversation with the CDC in early September 2023, local officials again pressed the CDC on why they refused to test any potential pathogens. A CDC official informed the local officials

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<sup>54</sup> [HHS and USDA Select Agents and Toxins, CDC \(Aug. 1, 2023\)](#).

<sup>55</sup> The Select Committee was unable to find any emails or other communications where the CDC offered to make these connections to agencies with similar authorities. Local officials reported that the CDC did not do so.

that it was illegal for the CDC to test any samples that were not expressly labeled as a Select Agent. City Manager Nicole Zieba expressed shock at this fact. She asked whether, if that were the case, the CDC had any authority to stop a terrorist in the United States who simply removed the label off a vial of a deadly virus. The CDC official said that the CDC had no authority to test the deadly virus in that hypothetical and that it was a noted gap in its authority.<sup>56</sup> This characterization of the CDC's authority appears to be false.<sup>57</sup>

## **II. THE REEDLEY BIOLAB, JESSE ZHU, AND THE PEOPLE'S REPUBLIC OF CHINA**

The Reedley Biolab operated under the direction and control of Jiabei "Jesse" Zhu, through the corporation Universal Meditech Incorporated (UMI).<sup>58</sup> UMI owned and operated the Reedley Biolab. Zhu is a PRC citizen<sup>59</sup> associated with PRC-government linked companies.<sup>60</sup> He is currently wanted in Canada for contempt of court, where he is the subject of a CAD \$330 million judgment for stealing American intellectual property. Zhu appears to have fled the Canadian courts and entered the United States unlawfully given that he had an active arrest warrant in Canada, assuming the false identity of "David He." Zhu then set up a new network of companies. Zhu appears to have accumulated thousands of vials labeled as dangerous pathogens, as well as expensive medical equipment. Based on the labeling found at the lab by local officials after the CDC's inspection, the Reedley Biolab operators may have possessed the Ebola virus, one of the deadliest viruses known to humanity. He was able to acquire these apparent pathogens even though he was a wanted fugitive and operated an unlicensed and unregistered laboratory.

### **A. Jiabei "Jesse" Zhu Leads PRC Government-Controlled and Directed Companies in the PRC**

While living in the PRC in the early 2000s, Zhu served as the Vice Chairman of a PRC state-controlled enterprise based in Xinxiang, Henan Pioneer Aide Biological Engineering Company Limited ("Pioneer Aide China"). PRC government entities exercised a controlling interest in Pioneer Aide China as

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<sup>56</sup> Information obtained through Select Committee conversation with local officials.

<sup>57</sup> See, e.g., John Lancaster and Susan Schmidt, [When anthrax-laced letters terrorized Washington and New York](#) (Oct. 24, 2018, 1:02 PM) (describing how CDC officials tested unlabeled suspected anthrax spores).

<sup>58</sup> Zhu employed many passthrough and shell companies as part of his ventures. This behavior continued in his management of the Reedley Biolab, where he created other corporations such as Prestige Biotech to obfuscate the true actors involved. For ease of reference, this report will hereafter refer to UMI and all its affiliated and associated entities as "UMI."

<sup>59</sup> *United States v. Jia Bei Zhu*, No. 1:23-MJ-00123-SKO, (E.D. Cal. Oct. 18, 2023) ([Criminal Complaint](#)) ("Customs and Border Patrol records show that [Zhu] is a citizen of China").
















<sup>60</sup> See Figures 17-20, *infra*.

beneficial owners and shareholders through a series of passthrough joint venture companies, including Henan Investment Group Company Limited, a company involved in military-civil fusion for the PRC.<sup>61</sup>

Zhu also served as Chairman of the Board and General Manager of Aide Modern Cattle Industry (China) Company Limited (“Aide Cattle China”), a company whose directors included an executive for a PRC defense firm and a company on the U.S. Entity List. Shareholders in Aide Cattle China include PRC state-controlled entities and individuals who have invested in other PRC state-controlled entities. Through Aide Cattle China, Zhu was the primary shareholder of 11 PRC cattle companies.<sup>62</sup>

After Zhu moved to Canada and created additional corporations there, his Canadian company, IND Modern Cattle Development Group Corporation (IND Group), became a minority shareholder in Pioneer Aide China.

## Henan Pioneer Aide Biological Engineering Company Limited 河南创业爱德生物工程有限责任公司

Zhen Central Road, Gaoxinjizhukaifa District, Xinxiang, Henan, PRC		<b>Ultimate Beneficial Owners</b>	
 PRC Government Ownership: 46.50%	 Central SOE Ownership: 2.7%	Henan Province Department of Finance 河南省财政厅  28.90%	Henan Yuneng Holdings Company Limited 河南豫能控股股份有限公司  4.90%
 Military-Civil Fusion Ownership: 31.8%	 Government Revoked	State-Owned Assets Supervision and Administration Commission of the State Council (SASAC) 国务院国有资产监督管理委员会  2.40%	Zhengzhou High & New Technology Industries Development Zone Management Committee 郑州高新技术产业开发区管委会  2.20%
<b>Legal Representative</b>		State-Owned Assets Supervision and Administration Commission of Jiaozuo Municipal People's Government 焦作市人民政府国有资产监督管理委员会  2.20%	Nanyang City Department of Finance 南阳市财政专项资金管理处  2.20%
Zhao Zhiyong 赵志勇 Chairman, General Manager, Legal Representative		Zhengzhou Economic and Technological Development Zone Construction Investment Company Limited 郑州经济技术开发区建设投资有限公司 1.30%	Xinxiang Municipal People's Government 新乡市人民政府  0.80%
<b>Executive Board Members</b>		State-Owned Assets Supervision and Administration Commission of the People's Government of Beijing Municipality 北京市人民政府国有资产监督管理委员会  0.60%	National Council for Social Security Fund (SSF) 全国社会保障基金理事会  0.30%
Zhu Jiabei 祝佳贝 Vice Chairman	Gao Yingmo 高应模 Director	International Cultural Exchange Media Company Limited 国际文化交流传媒有限责任公司 0.30%	Zhang Lei 张雷 0.30%
Li Qianjin 李谦谨 Director	Ouyang Yalian 欧阳雅莲 Director	Tongbai Zhongnan Mining Development Company Limited 桐柏县中南矿业发展有限公司 0.10%	
Qian Jin 钱进 Director	Shi Yunfu 时运福 Director		
<b>Direct Shareholders</b>			
Henan Venture Capital Company Limited 河南创业投资股份有限公司   46.52%	IND Modern Cattle Development Group Corporation IND现代牛业发展集团公司 Unknown		
Xinxiang Kanoli Agricultural Products Company Limited 新乡市康利农业产品有限公司 Unknown	Zhengzhou Yawei Industrial Corporation 郑州亚卫实业总公司 Unknown		

<sup>61</sup> See Figures 16-17, *infra*.

<sup>62</sup> Zhu also used complex corporate forms, such as using Cayman Island holding companies like IND Lifetech Group Limited that he wholly controlled, to create other various PRC companies. See Figures 16-19.

## Aide Modern Cattle Industry (China) Company Limited 爱德现代牛业(中国)股份有限公司

<http://www.indlifetech.com.cn>

Nancun Town,  
Nongvegaoxinjizhukaifa  
District, Pingdu City,  
Qingdao, Shandong, PRC



PRC Government Ownership: 1.40%

### Legal Representative

Zhu Jiabei 祝加贝 Chairman, General Manager, Legal Representative

### Executive Board Members

Li Ming 李明	Director
Li Shengli 李胜利	Director
Qin Yaolin 秦耀林	Director
Tian Dechun 田德春	Director
Xu Yanyan 徐妍岩	Director
Zhang Xuejun 张学军	Director
Zhu Dayong 朱大勇	Director
Wang Mingli 王明理	Supervisor
Wang Yangang 王岩岗	Supervisor
Zhou Yunfei 周云飞	Supervisor

### Direct Shareholders

Jinheng Investment Consulting (Tianjin) Company Limited 金恒投资咨询(天津)有限公司	11.05%
Shanghai Liding Wealth Growth Venture Capital Center (Limited Partnership) 上海力鼎财富成长创业投资中心(有限合伙)	5.54%
SAIF III Mauritius (China Investments) Limited	4.16%
Jiangsu Etern Investment Company Limited 江苏永鼎投资有限公司	2.77%
Shanghai Kunpeng Technology Investment Development Company Limited 上海崧鹏科技投资发展有限公司	1.25%

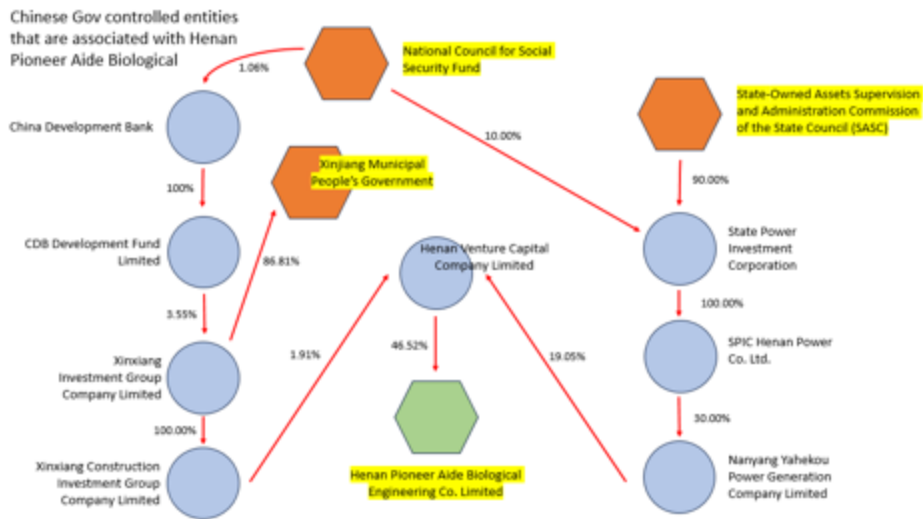
### Ultimate Beneficial Owners

SAIF III Mauritius (China Investments) Limited	4.20%
Fang Haihui 方海晖	3.20%
Mo Limin 莫俐敏	1.60%
CCB Financial Holdings Limited 建行金融控股有限公司	1.40%
Ge Weidong 葛卫东	1.30%
Zhu Pengdi 朱蓬弟	1.20%
Mo Lingen 莫林根	1.20%
Qi Jianxin 齐建新	0.80%
Chen Ying 陈莹	0.70%
Ji Junhua 吉俊华	0.70%
Han Meiru 韩梅如	0.70%
Wu Shizhong 吴世忠	0.70%
Yang Zhi 杨智	0.60%
Others	6.70%

### Investments

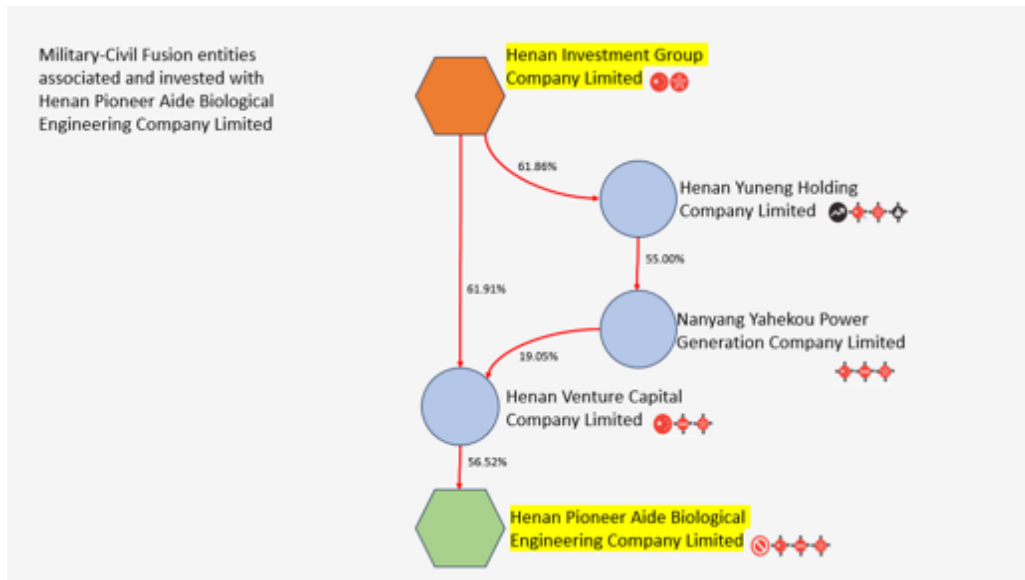
AiDe Hebei Modern Cattle Industry Company Limited 爱德河北现代牛业有限公司	100.00%
AiDe Modern Cattle Industry (Chengde) Company Limited 爱德现代牛业(承德)有限公司	100.00%
AiDe Modern Cattle Industry (Guiyang) Company Limited 爱德现代牛业(贵阳)有限公司	100.00%
AiDe Modern Cattle Industry (Yingkou) Company Limited 爱德现代牛业(营口)有限公司	100.00%
Amity Modern Cattle Industry (China) Company Limited Zhanqiu Branch 爱德现代牛业(中国)股份有限公司章丘分公司	100.00%
Dalian Aide Modern Cattle Company Limited 大连爱德现代牛业有限公司	100.00%
ED Modern Cattle Industry (Apricot) Company Limited 爱德现代牛业(黄梅)有限公司	100.00%
Hohhot AiDe Modern Cattle Industry Company Limited 呼和浩特爱德现代牛业有限公司	100.00%
Jidong AiDe Modern Cattle Company Limited 冀东爱德现代牛业有限公司	100.00%
Meishan AiDe Modern Cattle Company Limited 眉山爱德现代牛业有限公司	100.00%
AiDe Modern Dairy (Meishan) Company Limited 爱德现代奶业(眉山)有限公司	75.00%

Figures 16-17 –Corporate data of two of Zhu’s PRC companies involved in theft of American intellectual property. Derived from State Administration for Industry & Commerce (SAIC), PRC Ministry of Commerce, the U.S. Securities and Exchange Commission, exchange filings, and company announcements. This data was analyzed using proprietary third-party software.



Figures 18-19 – Analysis of PRC corporate data for Zhu’s Henan Pioneer Aide Biological Engineering Co. Ltd. showing PRC government ownership and funding.

Corporate data derived from State Administration for Industry & Commerce (SAIC), PRC Ministry of Commerce, the U.S. Securities and Exchange Commission, exchange filings, and company announcements. This data was analyzed using proprietary third-party software.



## **B. Jesse Zhu Steals American Intellectual Property and Transfers It to the PRC, Leading to a \$330 Million Judgment and Arrest Warrant**

This connection to cattle was important because, at some point while Zhu managed these PRC businesses, he traveled to Canada and created dozens of companies in Canada, the PRC, and elsewhere. These companies engaged in massive theft of American cattle-related intellectual property, resulting in a CAD \$330 million judgment against Zhu and his coconspirators. As Zhu stated in documents that the Select Committee obtained from the Reedley Biolab, “the Company is looking to seize the opportunity to develop the operational platform for the rapid growth in the Chinese dairy industry, fulfill[ing] [PRC] Premier [and CCP Politburo Member] Wen Jiabao’s wish to ‘provide every Chinese, especially children, sufficient milk every day.’” At that time, China faced a pressing milk crisis and the PRC’s government was pursuing “policies to develop the high-yielding dairy cattle market.”<sup>63</sup>

**DRAFT** Strategic Business Plan: January 2008

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### **READER ADVISORY AND CONFIDENTIALITY REQUIREMENT**

This Strategic Business Plan (hereinafter referred to as the “Plan”) contains proprietary information and is **not to be copied, reproduced, used or divulged** to any person in whole or in part without proper authorization, either verbal or in writing, from an Officer or Director of IND Lifetech Group Ltd. (“ILG” or the “Company”). This information is the property of IND Lifetech Group Ltd.

#### **Mr. Jiabei (Jesse) Zhu**

Mr. Zhu graduated from Beijing Union Medical College with a master degree in cell biology. He was one of the original founders of International Newtech Development in 1991, and was primarily engaged in the product development for immunology and diagnostics. He spearheaded the establishment of IND Diagnostics and the Company in 1999. Mr. Zhu is the President and CEO of the Company.

Canadian food safety system and the various measures already in place. When the Company can once again import embryos in 2006, the Chinese government implemented policies to develop the high-yielding dairy cattle market. The Company is looking to seize the opportunity to develop the operational platform for the rapid growth in the Chinese dairy cattle industry, fulfilling Premier Wen Jiabao’s wish to “...provide every Chinese, especially children, sufficient milk each day.”

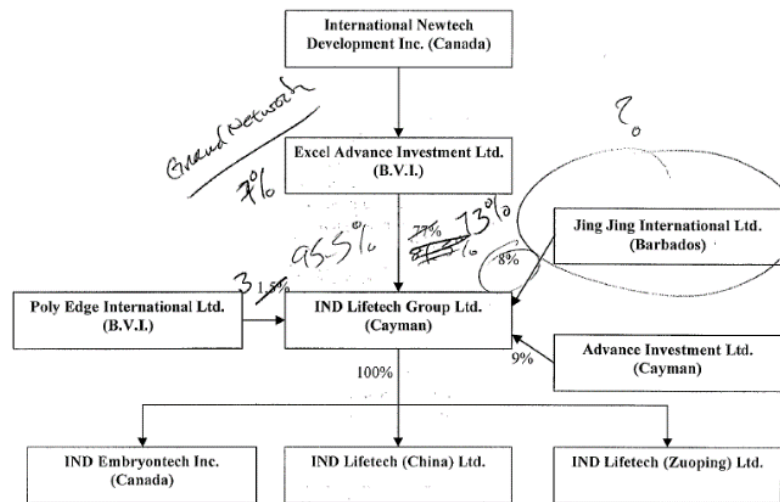
*Figure 20 - Extracts of a 2008 strategic business plan for IND Lifetech described Zhu as the President and CEO of the company and outlined IND Lifetech’s mission in the context of Premier Wen Jiabao’s vision. Source: Select Committee.*

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<sup>63</sup> See generally Tania Branigan, [China executes two for tainted milk scandal](#) (Nov. 24, 2009, 11:36 AM).

Specifically, Zhu created IND Lifetech Group—an affiliate of IND Group—and entered into a business relationship with XY, Incorporated, a U.S. company that specialized in biological engineering techniques that allowed for a high rate of selection for female (and thus milk-producing) Holstein cattle.<sup>64</sup>

During the decade or so following his arrival in Canada, Zhu created dozens of corporations (including IND and Ai De / Aide) in China, Canada, the United States, the British Virgin Islands, the Cayman Islands, and Uruguay. Court records indicate that, while Zhu employed many PRC nationals in these companies and even had them named as shareholders, they “were only shareholders ‘on paper’ and that, ‘in reality,’ Zhu owned these companies.”<sup>65</sup> Additionally, “[a]lthough the various companies appear to have been set up for different purposes, they were, from Zhu’s point of view, interchangeable as his wishes dictated” as “they were all under the common control and direction of Zhu as he dictated for his own purposes.”<sup>66</sup>



**Figure 21** - IND’s corporate web, as outlined in corporate documents obtained by the Select Committee. It appears the web is not fully comprehensive of IND subsidiaries. Source: Select Committee.

Zhu used these corporations to steal valuable American intellectual property and unlawfully transfer it to the PRC. Zhu accomplished this in part by directing the wrongful transfer of confidential information and technology obtained from XY in Canada to IND’s PRC arms and affiliated PRC-based entities and individuals.<sup>67</sup> (IND’s presence in the PRC was significant—by October 2014, Zhu employed between 400-500 workers in the PRC at just one of IND’s location in

<sup>64</sup> XY, LLC v. Canadian Topsores Selection Inc., 2016 BCSC 1095 (“Zhu was the 100% owner of IND”).

<sup>65</sup> Id.

<sup>66</sup> Id.

<sup>67</sup> Id. at 216.



Qingdao.<sup>68</sup>) Zhu estimated that this intellectual property would greatly benefit him and PRC state-affiliated entities indicating in a 2013 business plan that the combined market value of assets he brought to the PRC was “estimated at \$1.37 billion.”<sup>69</sup>

In 2016, after years of litigation with XY over his IP theft, the Supreme Court of British Columbia, found Zhu guilty of “fraud on an ‘epic scale’ that ‘resulted in one of the largest awards in a Canadian court.’”<sup>70</sup> The court found that “Zhu, whose operations extend to China as well as Canada, plann[ed] to steal the technology to the point where XY’s market would collapse.”<sup>71</sup> The IP theft directly benefited PRC state-controlled enterprises like some of Zhu’s PRC-based companies, and it also benefited IND Group’s “two head offices in China, in Beijing and Qing[d]ao.”<sup>72</sup>

The court found that Zhu and his PRC co-conspirators made many disturbing statements as part of their plan. These include instances where Zhu, in response to a co-conspirator’s reference to “American imperialism,” replied that “the law is strong, but the outlaws are ten times stronger.”<sup>73</sup> In another instance, Zhu claimed that his fraudulent activity would help “defeat the American aggressor and wild ambitious wolf!”<sup>74</sup>

The Canadian court found Zhu and his co-conspirators guilty of civil IP theft, conspiracy, and other claims, issuing a \$330 million judgment against them in June 2016. Zhu failed to appear before the court for sentencing, resulting in the judge issuing an arrest warrant for civil contempt of court, which carries a prison sentence of six months.<sup>75</sup> Zhu then fled Canada.

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<sup>68</sup> *Id.* Zhu operated additional companies, who are also codefendants in the Canadian court case, in Qingdao as well, including Ai De Qingdao, which is linked to the PRC affiliate of Universal Meditech Incorporated, the corporation involved in the Reedley lab. *See id.; infra* at pg. 32.

<sup>69</sup> *XY, LLC v. Canadian Topsires Selection Inc.*, 2016 BCSC 1095.

<sup>70</sup> Keith Fraser, [B.C.-Based Businessman Employees Ordered to Pay \\$330m in Damages](#), Vancouver Sun, (Jun. 12, 2016).

<sup>71</sup> *Id.*

<sup>72</sup> [XY, LLC v. Canadian Topsires Selection Inc., 2016 BCSC 1095.](#)

<sup>73</sup> *Id.*

<sup>74</sup> *Id.* These statements are from 2011 and 2010, respectively.

<sup>75</sup> Keith Fraser, [Canadian businessman facing jail over fraud has appealed stayed following no-show](#), Vancouver Sun (Jul. 14, 2016).

## Canadian businessman facing jail over fraud has appeal stayed following no-show

Keith Fraser

Published Jul 14, 2016 • 3 minute read

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In a ruling posted online, B.C. Court of Appeal Justice Elizabeth Bennett said that it would be an abuse of process of the court to hear the appeal without Jesse Zhu present. The issue then became whether Zhu's appeal would be dismissed or stayed with conditions. PHOTO BY FELICITY DON /Vancouver Sun

## B.C.-based businessman and employees ordered to pay \$330m in damages

Keith Fraser

Published Jun 21, 2016 • 3 minute read

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A judge has ordered a Canadian businessman and several of his employees to pay a total of more than \$330 million for profiting from the theft of technology related to the separation of sex chromosomes from bull semen. Leah Hennel/Calgary Herald files PHOTO BY LEAH HENNEL /Calgary Herald

Figure 2 - Canadian media reported on Zhu's trial civil conviction. Source: Vancouver Sun.

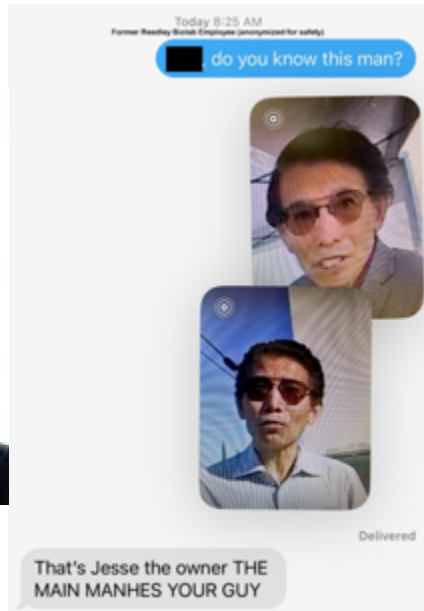
### C. Jesse Zhu Enters the United States and Assumes the Alias "David He"

At some point, Zhu appears to have entered the United States unlawfully, given that he was subject to a Canadian arrest warrant. While in the United States, he began to operate under the false identity of "David He."<sup>76</sup>

The following evidence establishes that Zhu is using "David He" as an alias. First, federal law enforcement confirmed this information in their federal complaint.<sup>77</sup> Second, employees working in the Reedley Biolab told local officials that "David He" is in fact Jesse Zhu. Third, Select Committee investigators discovered numerous documents belonging to IND Group and Jesse Zhu in the Reedley Biolab. These include thousands of pages of (i) IND Group, AIDE, and other Zhu companies' corporate documents; (ii) tax records for Zhu and these companies; and (iii) personal notes that appear to be addressed to Zhu. Fourth, Zhu's prior official photograph from the early 2000s (though ~20 years younger), matches the facial characteristics of "David He." Finally, financial documents found in the Reedley Biolab and other financial records show transfer of funds and shipments from Zhu's IND Group to UMI and Prestige Biotech.

<sup>76</sup> Zhu also managed to acquire false identification documents as "He."

<sup>77</sup> Press Release, Department of Justice, [Arrest Made in Central California Biolab Investigation](#) (Oct. 19, 2023); *United States v. Jia Bei Zhu*, No. 1:23-MJ-00123-SKO, (E.D. Cal. Oct. 18, 2023) ([Criminal Complaint](#)).



*Figure 23 - An FBI photograph of Jiabei Zhu (left), and texts between Code Enforcement Officer Harper and a former UMI employee (right) confirming the man they worked for is named "Jesse." Source: City of Reedley.*



*Figure 24 - A printout of a driver's license and a copy of an Employment Authorization Card for David He. Source: City of Reedley.*

*Figure 25 - Copy of Zhu's prior CA driver's license with contemporary photograph.*

## D. Zhu Continues to Operate a Web of Interconnected PRC- and US-Based Companies Used in His Fraudulent Activities

In perpetrating IP theft in Canada, Zhu used a network of interconnected companies in the PRC, Canada, and elsewhere that were notionally distinct but, in practice, all subject to Zhu’s direction and control. The Supreme Court of British Columbia found in 2016 that:

Zhu uses his companies, and nominee shareholders and directors, with little or no regard for the notional separate personality of his companies. Rather, he creates corporations and appoints nominees to create the false appearance that a company is not owned or controlled by him, or otherwise to carry out his intentions which, in this case, were unlawful. This is also done to shield himself from liability for such unlawful actions.<sup>78</sup>

While operating in the United States, even the limited evidence available to the Select Committee demonstrates that Zhu continued to engage in a similar pattern of behavior with UMI and the other entities Zhu controlled. For example, documents found at the Reedley Biolab indicate that UMI borrowed \$240,000 from two of Zhu’s previously established companies—IND Dairytech USA Inc. and International Newtech Development—in 17 installments between January 3, 2021 and September 24, 2022. IND and its various holdings, which were implicated by the Canadian court judgment, were supposed to be defunct in 2021. Even earlier in 2020, a deposit amounting to \$125,000 was deposited in IND Dairytech USA Inc.’s bank account.

UMI 向 IND DAIRYTECH USA INC 借款证

如在当月还款，则不计息。如果超过一个月，利息按每月1%计算。


序号	UMI借款日期	借款金额	汇款公司名称	备注
1	05/28/21	\$20,000.00	INTERNATIONAL NEWTECH DEVELOPMENT INC	6/28/21 前还款免利息
2	06/07/21	\$20,000.00	IND DAIRYTECH USA INC	7/07/21 前还款免利息
3	06/14/21	\$20,000.00	IND DAIRYTECH USA INC	7/14/21 前还款免利息
4	06/30/21	\$20,000.00	IND DAIRYTECH USA INC	7/01/21 前还款免利息
5	07/12/21	\$20,000.00	IND DAIRYTECH USA INC	8/12/21 前还款免利息
6	07/23/21	\$20,000.00	IND DAIRYTECH USA INC	8/23/21 前还款免利息
7	07/27/21	\$20,000.00	INTERNATIONAL NEWTECH DEVELOPMENT INC	8/27/21 前还款免利息
8	08/04/21	\$10,000.00	INTERNATIONAL NEWTECH DEVELOPMENT INC	9/04/21 前还款免利息
9	09/01/21	\$10,000.00	INTERNATIONAL NEWTECH DEVELOPMENT INC	10/01/21 前还款免利息
10	09/14/21	\$10,000.00	IND DAIRYTECH USA INC	10/14/21 前还款免利息
11	09/14/21	\$10,000.00	INTERNATIONAL NEWTECH DEVELOPMENT INC	10/14/21 前还款免利息
12	09/17/21	\$10,000.00	IND DAIRYTECH USA INC	10/17/21 前还款免利息
13	9/24/2022	\$10,000.00	IND DAIRYTECH USA INC	09/24/21 前还款免利息
14	10/04/21	\$10,000.00	INTERNATIONAL NEWTECH DEVELOPMENT INC	11/04/21 前还款免利息
15	10/04/21	\$10,000.00	IND DAIRYTECH USA INC	11/04/21 前还款免利息
16	10/14/21	\$5,000.00	ROMANUS ANAYO OKAFOR	代收
17	10/18/21	(\$5,000.00)	IND DAIRYTECH USA INC	代付
18	01/03/22	\$10,000.00	IND DAIRYTECH USA INC	02/03/22 前还款免利息
19	01/04/22	\$10,000.00	IND DAIRYTECH USA INC	02/04/22前还款免利息
20	01/12/21	\$5,963.00	AGHAEBULAM H UGA CECILIA	代收
		\$245,963.00		

本金	\$240,000.00
2022年2月28日止利息	\$14,300.00
本金加利息	\$254,300.00
代收数	\$5,963.00
合计	\$260,263.00

Figure 26 - UMI corporate records showing a loan plan between UMI and IND Dairytech USA. The total amount loaned to UMI through the plan was \$240,000. Source: Select Committee.

<sup>78</sup> *XY, LLC v. Canadian Topsires Selection Inc.*, 2016 BCSC 1095. (“[I]t is manifestly clear that Zhu uses his companies, and nominee shareholders and directors, with little or no regard for the notional separate personality of his companies. Rather, he creates corporations and appoints nominees to create the false appearance that a company is not owned or controlled by him, or otherwise to carry out his intentions which, in this case, were unlawful. This is also done to shield himself from liability for such unlawful actions.”).

Other documents reveal further ambiguous financial interactions between the IND and other companies from Zhu’s prior network and UMI. For example, UMI used a packaging company affiliated with and previously used by Aide Modern Cattle China to ship materials to California.<sup>79</sup> Moreover, additional documents show that Ai De Diagnostic Co., Ltd. wired \$34,980 to UMI on June 26, 2017, for unknown reasons. The Supreme Court of British Columbia found International Newtech Development and Ai De Diagnostic Co, Ltd. to be “own[ed] and control[led]” by Zhu, and IND Dairytech USA Inc. also appears to be tied to Zhu.

**Bank of America**  **Your checking account**  
 UNIVERSAL MEDITECH INC | Account # [REDACTED] | August 1, 2016 to August 31, 2016

**Deposits and other credits**

Date	Description	Amount
08/01/16	WIRE TYPE:WIRE IN DATE: [REDACTED] ORIG:UNIVERSAL MEDITECH INC [REDACTED] SND BK:CAT HAY BANK	50,000.00
08/11/16	Counter Credit	4,535.63
08/30/16	WIRE TYPE:WIRE IN DATE: [REDACTED] ORIG:UNIVERSAL MEDITECH INC [REDACTED] SND BK:CAT HAY BANK	45,000.00

Figure 28 - UMI bank records obtained by the Select Committee. A Cathay Bank account wired \$90,000 to UMI in a one month period. Source: Select Committee.

**Bank of America**  **Your checking account**  
 UNIVERSAL MEDITECH INC | Account # [REDACTED] | June 1, 2017 to June 30, 2017

**Deposits and other credits**

Date	Description	Amount
06/05/17	AMZNJ3F7CMCX [REDACTED] INDN:Universal Meditech Inc CO	7.20
06/12/17	CA TLR transfer	16,000.00
06/15/17	PAYPAL DES:TRANSFER [REDACTED] INDN:UNIVERSAL MEDITECH INC CO	500.00
06/15/17	PAYPAL DES:TRANSFER [REDACTED] INDN:UNIVERSAL MEDITECH INC CO	400.00
06/16/17	Counter Credit	408.00
06/19/17	CA TLR transfer	1,000.00
06/19/17	PAYPAL DES:TRANSFER [REDACTED] INDN:UNIVERSAL MEDITECH INC CO	150.00
06/26/17	WIRE TYPE:WIRE IN DATE: [REDACTED] ORIG:AI DE DIAGNOSTIC CO., LTD [REDACTED] SND BK:THE BANK OF NEW YORK MELLON [REDACTED]	34,980.00

Figure 27 - UMI bank records obtained by the Select Committee. AI DE Diagnostic sent UMI tens of thousands of dollars. Source: Select Committee.

<sup>79</sup> See generally Figures 16-19.

**Bank of America**

**Counter Deposit CREDIT**  
Depósito de contador

90  Customer Overdraft 81  (AT) 36  (OR) 84  (CA) 76  (CT) 30  (HI) 34  (KS) 87  (NV) 61  (NH) 74  (TX) 53  (VA) 58  (WV) 39  (WY)

79  (IL) 56  (IA) 86  (IN) 32  (MI) 31  (MN) 33  (MO) 35  (ND) 88  (NE) 52  (NM) 77  (NY) 38  (PA) 89  (RI) 57  (SC) 41  (SD)

55  (TN) 38  (VA) 81  (VT) 86  (WV) 37  (DC) 97  (OR)

00-14-30745 04-2317 000000

Name / Nombre: IND Dairytech USA Inc Date / Fecha: 11/18/2020

Address / Dirección: 105 Beach Bay 50 st ste 205

City/State/Zip Code / Ciudad/Estado/Código Postal: Aleine WA-98220

Telephone / Teléfono: (360) 510 8860

SIGNATURE OF CASHIER/CAJERO FROM DEPOSIT / FIRMA REGISTRO DE RECIBO DE DEPÓSITO

Location (Branch/Atm) # (if Business Customers only) / Ubicación/Transacción de ASES (solo para clientes comerciales)

Proof Code Account Number / Número de cuenta

All items received subject to terms and conditions of applicable laws, regulations and deposit agreement. Proper identification required.

Deposito may not be available for immediate withdrawal.

Cash  
Elective  
Checks  
Cheques

Subtotal

Less Cash  
Menos efectivo

Total Deposit  
Total de depósito \$ 125 000.00

Figure 28 - A counter deposit check for IND Dairytech USA found amongst UMI financial paperwork. \$125,000 from an unknown source was deposited over the counter. Source: Select Committee.

As “David He,” Zhu claimed that he was merely the “special representative” for UMI and Prestige Biotech. Employees have stated, however, that Zhu is the “main man” and “owner” who actually controls the UMI/Prestige Biotech operations at the Reedley Biolab. In addition, he is the only person local officials have engaged with who appears to have actual decision-making power at the organizations.

This is consistent with Zhu’s former practice. The Supreme Court of British Columbia described Zhu as the “directing mind” of a large corporate network engaged in fraud. It appears that Zhu continues to operate as the “directing mind” of the UMI corporate network. Zhu, as “He,” continued to use the same corporations in China and hire many of the same individuals to run his PRC operations. For instance, Universal Meditech Inc (UMI) / Prestige Biotech Inc. executives Yao Xiuqin and Wang Zhaoyan share the names with the heads of Ai De Biopharmaceutical in Qingdao, China: 姚秀芹 (Yao Xiuqin) and 王朝艳 (Wang Zhaoyan). He also continued to tie his PRC companies (such as Ai De Diagnostic) in with UMI and Prestige, such as using UMI as Ai De’s U.S. Agent. According to import records and documents recovered at the Reedley Biolab, Ai De Biopharmaceutical (which shares the same address as Ai De Diagnostic) in Qingdao has made many shipments of medical supplies to

**Ai De Diagnostic Co LTD**

**FDA Filings**  
This page includes the latest FDA filings for Ai De Diagnostic Co L T D. Currently, you will find the latest 100 filings for Premarket Notifications, Premarket Applications, De Novo Applications, and QSOB registrations.

FDA Registration(s)	
Registration Number	3068760472
FBI Number	3068760472
Name	Vivian Li
Owner & Operator	AI DE DIAGNOSTIC CO., LTD.
Contact Address	No. 141 Zhuzhou Road Qingdao High-Tech Industrial Park Qingdao CN-37 Shandong 266101 CN
Official Correspondent	• Yao - Wang • 86-532-8960660-x
US Agent	• Vivian Li • Universal Meditech Inc. • 559 3667798 • vivianli@universal-meditech.com
Registration Status	1
Initial Importer	NI
Registration Expiration	2020-04-25
Registration Address	1320 E Fortune Ave Suite 102 Fresno, CA 93725 US
Establishment Type	• Manufacture Medical Device • Manufacture Medical Device for Another Party (Contract Manufacturer)

Figure 29 - In FDA registration records, Ai De Diagnostic is listed as having the same registration address as a former UMI address in Fresno. Ai De Diagnostic’s contact address places it in the Qingdao High-Tech Industrial Park. Source: FDA website.

UMI and Prestige. Zhu’s PRC companies are located in the Qingdao High-Tech Industrial Park.<sup>80</sup> The Qingdao High-Tech Industrial Park is a specialized area that the CCP established and oversees for the development of biomedical science and technology.<sup>81</sup> Currently, the Qingdao High-Tech Industrial Park is overseen by an individual who is also the Deputy Secretary of the CCP Chengyang District Committee, and who joined the CCP in 1992.

78	Shandong Province	Jinan High-tech Industrial Development Zone
79		Weihai Torch High-tech Industrial Development Zone
80		Qingdao High-tech Industrial Development Zone
81		Weifang High-tech Industrial Development Zone
82		Zibo High-tech Industrial Development Zone
83		Jining High-tech Industrial Development Zone
84		Yantai High-tech Industrial Development Zone
85		Linyi High-tech Industrial Development Zone
86		Tai'an High-tech Industrial Development Zone
87		Zaozhuang High-tech Industrial Development Zone
88		Laiwu High-tech Industrial Development Zone
89		Dezhou High-tech Industrial Development Zone
90	Yellow River Delta Agricultural High-tech Industry Demonstration Zone	

Figure 30 - PRC website showing PRC control of Qingdao High-tech Industrial Zone.

## E. Zhu’s Fraudulent Activities in the United States

After arriving in the United States, Zhu hired Accountant 1 (an individual known to the Select Committee) to help Zhu—a wanted international fugitive—set up several companies in the United States.<sup>82</sup> Accountant 1 also helped with

<sup>80</sup> See generally, [Ai De Diagnostic website](#).

<sup>81</sup> [High-tech Industrial Development Zone](#), CCP Ministry of Science and Technology of the People’s Republic of China.

<sup>82</sup> See generally Alex Joske, *The Party Speaks for You*, American Strategic Policy Institute (Jun. 9, 2020). The UFWD is a CCP Central Committee department with over 40,000 employees that coordinates and carries out hybrid government and private sector activities to benefit the CCP.

bookkeeping for those companies. Accountant 1—not Zhu himself—has incorporated and performed work for organizations whose leadership is linked to CCP leadership and to the United Front Work Department.<sup>83</sup> These include organizations that advocate for CCP control over Taiwan and the “repatriation” of overseas PRC citizens, set up “little red classrooms” in Nevada’s public schools that promote CCP ideology, and promote the CCP’s narrative about the COVID pandemic. One such organization, which advocates for CCP control over Taiwan, is directly tied to the radicalization of David Chou, a PRC national and a Nevada resident who went on an armed shooting spree at a Taiwanese church in 2022.<sup>84</sup>

1814	BAL BROU FORD		
DATE 10/21/2019			
TO [REDACTED] CPA			
FOR 成立内华达持牌公司			
[REDACTED]	TOTAL	625	
\$200 fees + \$425 政府	THIS CHECK		
	OTHER TRANS. +/-		
TAX DEDUCTIBLE <input type="checkbox"/>	BALANCE		

Figure 31 - UMI internal receipt showing a \$625 payment to Accountant 1 for setting up a “Nevada holding company.” Source: Select Committee.

The companies that Accountant 1 set up for Zhu engaged in fraud and operated the unlicensed and illegal Reedley Biolab. As described above, this involved obtaining and storing vast quantities of apparent pathogens, biological, and chemical materials, and preserving them at great expense. It is unclear when Zhu began obtaining these apparent pathogens and other materials—handwritten labels appear to indicate that he obtained some as early as 2009. If that is correct, Zhu appears to have transported them across the northern border when he entered the United States unlawfully due to the active arrest warrant in Canada, a pathogen importation violation.

Zhu rented out large warehouses, purchased and maintained at least 1,000 transgenic mice, bought expensive medical-grade and other freezers and refrigerators, and rewired electrical circuits to draw in enough power to keep these freezers at a sufficiently low temperature.

<sup>83</sup> Sources include publicly available documents, media reporting, and information related to business filings. Sources on file with Select Committee.

<sup>84</sup> Information was derived using a blend of specialized resources and analytical methods, complemented by data extracted from publicly available sources, following established reporting guidelines.



The Select Committee’s investigation did not produce a complete record of Zhu’s activities in the U.S., but it revealed that Zhu had previously operated a similar unlicensed facility in the city of Fresno, California. At the Fresno location, it appears that Zhu and his associates had rewired the electrical system in a way that may have caused the fire that forced Zhu to flee. When that location was no longer available, Zhu proceeded to find a second potential laboratory and again go through the elaborate process of retrofitting it for his illicit operation. It appears that Zhu has had to move medical equipment, transgenic mice, and apparent pathogens several times over the years, incurring significant costs in the process.

The Select Committee has obtained evidence indicating that Zhu and his associates at the Reedley Biolab were purchasing counterfeit test kits from the PRC and re-selling them in the United States as “Made in the USA.” The Reedley Biolab contained dozens of large boxes full of PRC-made medical device test kits, shipping manifests for these items from the PRC, and bills indicating the acquisition of these test kits from PRC companies (in some cases, companies affiliated with Zhu). These kits were allegedly used to test for COVID-19, pregnancy, ovulation, and certain narcotics. The Food and Drug Administration (FDA) determined that UMI’s test kits “may not be ‘safe and effective,’” and issued a recall.<sup>85</sup> This evidence matches allegations made in lawsuits against Zhu’s companies for this fraudulent practice.<sup>86</sup>



**Figure 32** - One of the pregnancy tests offered by UMI. The cassette in the bottom left corner, above the “Made in USA” stamp, is identical to cassettes UMI imported from the PRC.

Source: City of Reedley.

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<sup>85</sup> [FDA warns against pregnancy tests from illegal bio lab, The Business Journal](#) (Aug. 14, 2023, 2:05 PM).

<sup>86</sup> See, e.g., *Sensiva Health vs. Universal Meditech*, No. 21-598, 2022 WL 17576345 (E.D. La. Nov. 18, 2022) ([Judgment](#)).


UNIVERSAL MEDITECH INC.		PROFORMA INVOICE			
ADDRESS: 8320 E Pershing Ave #102, Fremont, CA 94725 United States Tel: +1 510-366-7708		DATE: Monday, June 15, 2020	REFERENCE #: 2020-0A065		
IMPORTER:		CONSIGNEE (IF OTHER):			
P.O. NUMBER:	PAYMENT TERMS: 1) 30% Prepaid (\$93,000) needs to be made by June 18, 2020 to meet shipping date. 2) 70% balance for the shipping quantity paid upon order dispatch.	Incoterms: Ex-Works USA	ESTIMATED SHIPPING DATE: Fully shipped by July 14, 2020 Estimated Weekly dispatch Schedule: 1) June 29, 2020 (30,000 pc) 2) July 07, 2020 (30,000 pc) 3) July 14, 2020 (40,000 pc)	VIA: Fedex	
ITEM	QTY	UNIT	UNIT PRICE	AMOUNT (USD)	
1	17852-1-44	100,000	Each	\$ 3,000	\$ 300,000.00
					Total: \$300,000.00
1. Information of Beneficiary: Company Name: AI DE DIAGNOSTIC CO., LTD. Account number: OSA11014754196208 Address: NO.141 ZHANGJIE RD., NINGBO GUANGMING DISTRICT, CHINA		<p>UNIMEDIC guarantees that the order will be shipped in full by July 14, 2020, where the balance payment will be paid upon order dispatch, otherwise UNIMEDIC will pay 10% of total order as penalty.</p> <p>-Test will be in white pouch or pouches provided by DA. All orders should be accompanied with same amount of droppers as well.</p> <p>-All products will be made with the white UL Cassette shown</p> 			

Figure 33 - A UMI invoice for a U.S.-based customer purchasing from Ai De Diagnostics in the PRC. The invoice, which notes a shipment from the PRC of 100,000 tests, includes a picture of the test cassette. The cassette is identical to the one shown in Figure 26. Source: Select Committee.



Figure 34 - a China Chamber of International Commerce Certificate for Exportation of medical devices.



*Figure 35 - Additional UMI testing products, primarily pregnancy tests. The box second from the right includes a picture of the same PRC-origin cassette as Figures 26 and 27. Source: City of Reedley.*



*Figures 36-38 - Of the equipment in the Reedley Biolab, most was for packaging products. Pictured above, left and going clockwise: a PRC-origin automatic packing machine, a PRC-origin automatic separating and cutting machine, and an automatic folding machine. Source: City of Reedley.*

**F. Zhu’s Lab Appears to Have Contained Biological Pathogens, Medical Equipment, and Transgenic Mice That Had No Clear Purpose in His Fraudulent Sale of Fake Test Kits.**

The Select Committee did not find evidence that the Reedley Biolab was engaged in active diagnostic test kit manufacturing—instead, the available evidence indicated that Zhu and his associates were simply purchasing counterfeit tests, falsely relabeling them as American-made, and selling them to American consumers.

There is also no evidence that the Reedley Biolab was selling test kits for any pathogen except for COVID-19. The Select Committee reviewed documents found at the Reedley Biolab (such as UMI printed sales brochures), fake test kits found on site, FDA recall notices, and archived web data. These materials showed that, aside from COVID-19 test strips, UMI was not selling any diagnostic test strips relating to any pathogens while it operated in Reedley.<sup>87</sup>

Moreover, there is little to no market for test kits that would test the majority of the pathogens that the Reedley Biolab appeared to contain, let alone test kits created in an unlicensed laboratory. The Select Committee did find evidence that at least one pathogen may have been tested on the mice at the Biolab, but the purpose and scope of such testing is unclear.

While Zhu's fraudulent activity itself required little overhead, maintaining large numbers of apparent pathogen samples, medical equipment, potentially hazardous chemicals, and transgenic mice was expensive. More importantly, they posed significant health risks both for individuals who worked in the facilities and to the broader community.

The apparent presence of Ebola samples at the Reedley Biolab is the clearest example of the lack of apparent legitimate (or even profit-motivated criminal) motive in the operation of the illegal facility. The need for Ebola tests is minimal and the potential market is extremely small. Experimenting with Ebola (even for benign purposes) is very dangerous—case fatality rates for Ebola have ranged between 25-90% in past outbreaks.<sup>88</sup> Handling Ebola requires a Biosafety Level 4 (BSL-4) facility, “the highest level of biological safety.”<sup>89</sup> Only a few laboratories in the world have the equipment, licenses, and safety protocols required.<sup>90</sup> The Reedley Biolab clearly does not. It is unclear how any non-BSL-4 facility, let alone the Reedley Biolab, would potentially be able to acquire this deadly pathogen in the first place.

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<sup>87</sup> As noted above, the other alleged test kits were focused on pregnancy, ovulation, and certain narcotics tests. The Select Committee did uncover earlier brochures and archived web data from early 2010s listing three other pathogens: Malaria, Hepatitis B, and Hepatitis C. This was before the establishment of the warehouse in Reedley. While these pathogen diagnostic test kits were listed on the brochure and online, it is unclear whether Zhu's companies actually developed these kits or instead sold counterfeit test kits, in conformance with their recent medical device kit activities. None of the evidence accounts for the majority of labeled pathogens found in the biolab.

<sup>88</sup> [Ebola Disease CDC \(Mar. 23, 2023\)](#). Ebola “is a rare and often deadly” disease that results in hemorrhagic fevers, with a case fatality rate ranging from 25% to 90% in past outbreaks. Symptoms appear within 2-21 days of infection and are often severe. While Ebola's rapid onset and high lethality make it unlikely to spread into a pandemic, it can cause many localized deaths. See also [Ebola Disease, WHO](#).

<sup>89</sup> [Training: Recognizing the Biosafety Levels, CDC](#).

<sup>90</sup> [Infographic: Biosafety, CDC \(Aug. 30, 2021, 9:40 AM\)](#).

## **G. Zhu Receives Large Unexplained Payments from the PRC**

The Select Committee investigation uncovered documents and other records showing that, while Zhu was selling fraudulent kits and engaging in unknown pathogen-related activity, he was also receiving unexplained payments via wire transfer from PRC banks.<sup>91</sup> In a few years, these payments totaled over \$1.3 million. This number may significantly underestimate the total amount he received via suspicious payments, because the Select Committee only has access to partial data and records. These payments do not accord with Zhu's fraudulent activity, as he should have been paying money *to* PRC firms for the test kits and receiving payments *from* American individuals or companies who purchased the counterfeit test kits. These payments may be indicative of money laundering. These payments deserve continued scrutiny.

## **H. FDA Agents Arrest Zhu in Connection with Federal Charges Relating to Fraud and False Statements**

On October 19, 2023, federal agents arrested Zhu on a criminal complaint for manufacturing and distributing misbranded medical devices in violation of the federal Food, Drug, and Cosmetic Act (FDCA) and for making false statements to the FDA.<sup>92</sup> In addition to confirming his identity, the criminal complaint discussed Zhu's ties to the Reedley Biolab site and the business therein.<sup>93</sup> It also described Zhu's multi-year fraudulent activities and false statements he made to federal agents in order to conceal his identity.

# **III. PUBLIC HEALTH RISKS, SAFEGUARDS, AND THE FEDERAL RESPONSE**

## **A. The Public Health Risks Posed by the Lab Are Unknown and, at This Point, Unknowable**

With the exception of Ebola, the labeled pathogens (which CDC accepted at face value) are inconsistent with the operation of a bioweapons program. Most fall into Risk Groups 2 and 3, which may pose a high risk to individuals (i.e., infecting specific people with HIV, tuberculosis, or malaria through targeted attacks or contamination of a specific area) but are unlikely to cause a mass casualty event.

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<sup>91</sup> See, e.g., analysis in II.D, *supra*. The Select Committee's investigative authorities are limited with respect to the potential investigatory steps related to financial records.

<sup>92</sup> The Select Committee notes that the Criminal Complaint charged Zhu with "manufacturing and distributing misbranded medical devices" in violation of 21 U.S.C. §§ 331(a) and (c). Charging instruments are charged in the conjunctive ("and") but proven in the disjunctive ("or"). See [Justice Manual, 227. Conjunctive and Disjunctive Elements](#). In addition, the Select Committee is unaware of whether Zhu had the devices manufactured abroad or elsewhere..

<sup>93</sup> Press Release, Department of Justice, [Arrest Made in Central California Biolab Investigation](#), (Oct. 19, 2023); *United States v. Jia Bei Zhu*, No. 1:23-MJ-00123-SKO, (E.D. Cal. Oct. 18, 2023) ([Criminal Complaint](#)).

While Risk Group 2 or 3 pathogens are unlikely to infect a city, they could still pose a substantial risk to the community. A blood supply infected with HIV, for example, or immunocompromised communities like nursing homes suddenly falling ill with tuberculosis, could spark a localized panic.

In addition, individuals can use even simple pathogens to great effect to harm a large population. For instance, in the 1984 Rajneeshee bioterror attack—the largest bioterror attack in U.S. history—attackers sickened more than 700 Oregonians by spreading salmonella they had purchased at a U.S. lab on a few local salad bars.<sup>94</sup> The pathogens found at the Reedley Biolab, such as the many different types of *E. coli* strains or a potentially antibiotic-resistant strain of Tuberculosis, could be used to an even deadlier effect.



Figure 39 – Congressional record discussing the Rajneeshee bioterror attack.

The Reedley Biolab also presented an ongoing transmissibility risk to the wider community. The Reedley Biolab’s precautions, if any, fell well below the standard of care for facilities containing these types of diseases. This in turn means that any worker there—including the workers forced to care for the transgenic mice that, per the other employees’ own statements, were infected with diseases like COVID-19—could become a vector for a pathogenic outbreak within the community. In addition to respiratory-based pathogens, there are ongoing risks that a worker could suffer infection from blood-based pathogens through cuts or

<sup>94</sup> Scott Keyes, *A Strange but True Tale of Voter Fraud and Bioterrorism*, The Atlantic (June 10, 2014).

other openings in the skin. First responders could also be at risk, should they arrive on scene due to a fire or other emergency, and, if they are infected, lead to a broader outbreak. Lab-based infections occur even in professional laboratories with well-trained staff, and the risks to the community were much higher here.

## **B. The United States Lacks Effective Safeguards and Tripwires for Pathogenic Research**

A disturbing realization is that *no one* knows whether there are other unknown biolabs in the United States because there is no monitoring system in place. Zhu, UMI, and other confederates at the Reedley Biolab were able to buy pathogens from accredited and respected U.S. laboratories. Zhu is a wanted fugitive in Canada and serial fraudster. UMI and its successor organizations like Prestige Biotech are little more than a corporate filing and a website. There does not appear to be any voluntary vetting of the purchase of pathogens or the equipment and materials needed to increase the lethality of pathogens. That is dangerous and requires reform.

The federal government and state authorities have implemented identification and reporting requirements related to acquiring other potentially dangerous substances. Federal law, for instance, requires that anyone purchasing items containing pseudoephedrine—a key ingredient in methamphetamine—has to provide a valid photo ID while the selling organization needs to keep a record of the purchase.<sup>95</sup> There are similar restrictions on the purchase of bulk fertilizer and certain types of chemicals.<sup>96</sup> However, there is no current requirement for acquiring pathogens (aside from Select Agents) or materials that allow for pathogenic research. Just as we require Americans to show a valid photo ID subject to government review in these instances, it is altogether reasonable to have similar policies in place for dangerous pathogens and equipment that can allow for malicious research relating to the same.

Similarly, the United States currently “does not conduct oversight of privately funded research, including enhancement of potential pandemic pathogens, if those pathogens are not select agents.”<sup>97</sup> That means that pathogenic and other related research that could have benign or malicious intent—known as Dual Use Research of Concern (DURC)—are not currently under any oversight policies if they do not receive federal funding or conduct research with any harmful pathogen outside the 15 expressly listed in the policy.<sup>98</sup> In addition, the CDC Division of Select Agents and Toxins program has no oversight on laboratories engaging in pathogenic research if their research does not involve Select Agents

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<sup>95</sup> Combat Methamphetamine Epidemic Act of 2005, Pub. L. No. 109-177, tit. VII (2006).

<sup>96</sup> See, e.g., 18 U.S.C. § 842 (unlawful acts relating to explosive materials).

<sup>97</sup> [GAO-23-105455: Public Health Preparedness, GAO \(Jan. 2023\)](#).

<sup>98</sup> *Id.*

and toxins.<sup>99</sup> This is a substantial gap that, along with the presence of illegal biolabs, local communities are currently trying to address on their own.<sup>100</sup> There needs to be a comprehensive federal regulatory regime that safeguards Americans while still promoting responsible research.

### C. The CDC's Response was Unacceptable

The CDC's response was inadequate and raises serious questions about its standard practices. It is unacceptable that the CDC, according to accounts of local officials, refused to take a phone call from city and county officials concerned about a biolab found in their region.<sup>101</sup> Even if the CDC normally works through state agencies, it could have given the necessary contact information to local officials. It should not require a Member of Congress – in this case, Congressman Jim Costa – to personally call the CDC or any other federal agency for them to provide meaningful support.

The CDC's refusal to test any samples is likewise baffling.<sup>102</sup> The CDC observed in its own reporting that “[t]housands of vials had unclear labeling, coded labeling, or no identifications,” that biohazard signs were around many of these unlabeled vials, and that the labeled vials included Risk Group 2 and 3 pathogens.<sup>103</sup> Despite the probability that the unlabeled or coded vials contained additional unknown and dangerous pathogens, CDC officials refused to take any further investigative steps.<sup>104</sup> The fact that they seemingly took the word of biolab operators and noted fraudsters and concluded that the named labels are wholly correct is also strange. It is entirely within the realm of probability that the vials of *Toxoplasmi gondii*, for instance, were filled with an entirely different and potentially far more dangerous pathogen. Because of this, the Select Committee—and, more importantly, the American people—can never resolve what pathogens Zhu and the Reedley Biolab possessed.

The CDC's continuing refusal to test pathogens despite reasonable requests and the offer to pay from local officials facing a concerned populace simply does not make sense.<sup>105</sup> Despite the CDC official's statement to City Manager Zieba, there does not appear to be any law prohibiting the CDC from testing unlabeled

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<sup>99</sup> *Id.*

<sup>100</sup> See generally Brianna Willis, [Fresno lab transparency ordinance passes first vote by city council](#), ABC News (Aug. 24, 2023).

<sup>101</sup> Select Committee conversation with local officials.

<sup>102</sup> See Footnote 40, *infra*.

<sup>103</sup> [In Re: Property Locate at 850 "I" Street, Reedley, California 93654](#), No. 23CECG00912, (Cal. Super. Ct. Jun. 15, 2023) at Ex. D – CDC Letter.

<sup>104</sup> See Footnotes 40 and 32, *infra* (referencing email correspondence and local official accounts).

<sup>105</sup> *Id.*



samples.<sup>106</sup> If the CDC knew that a specific sample was a Select Agent, it would not need to test it. Even if the CDC were limited to testing Select Agents, it falls well within its authority to test *suspected* Select Agents. Furthermore, if the CDC had a limited capability, other federal government organizations (like the Department of Homeland Security or the Department of Defense) may have had the means to assist. Yet the CDC did not even mention this as a possibility, let alone offer to connect them so that these organizations could conduct their own analysis of whether they should help this community.

Key aspects of the CDC report's recommendations are likewise hard to understand. It speaks of "[i]ssu[ing] an Import Permit advisement letter to Prestige Biotech to ensure they know the Import Permit Regulations for importing infectious substances into the U.S." and "[i]ssu[ing] a Federal Select Agent Program advisement letter to Prestige Biotech informing them of the requirements for possession, use, and transfer of select agents and toxins if the entity decides to possess them."<sup>107</sup> In these and other passages, the CDC acts as if the operators of biolab engaged in fraud are respected and trusted members of the research community. These particular recommendations were not actionable or helpful.<sup>108</sup>

The CDC's insisted that there was "no evidence" that Select Agents were within Reedley Biolab or that Zhu and UMI imported infectious agents and "insufficient evidence at this time" of legal violations. It seems to have made this claim without conducting any investigation beyond reading the labels that were in English on a limited number of the pathogenic samples.

The CDC also clearly did not review any of the many documents or containers found within the Reedley Biolab, as the Select Committee *did* find evidence showing importation of "infectious agents, substances, or vectors" in violation of 42 CFR § 71.54.<sup>109</sup> This importation without a CDC permit would put the violation under the CDC's purview.<sup>110</sup> It would also reveal a potential gap in CDC's efforts

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<sup>106</sup> See, e.g., John Lancaster and Susan Schmidt, [When anthrax-laced letters terrorized Washington and New York](#), The Washington Post (Oct. 24, 2018, 1:02 PM) (describing how CDC officials tested unlabeled suspected anthrax spores).

<sup>107</sup> *Id.*

<sup>108</sup> *Id.* Other CDC recommendations included that "if the material is relocated, the California State Department of Health and the City of Reedley should ensure professionals or subject matter experts move the inventory to ensure there is no potential exposure to individuals or the environment." The CDC also did recommend "add[ing] Prestige Biotech and associated entity names to the CDC Import Permit Program watch list in case the entity attempts to apply for a CDC Import Permit."

<sup>109</sup> [In Re: Property Locate at 850 "I" Street, Reedley, California 93654](#), No. 23CECG00912, (Cal. Super. Ct. Jun. 15, 2023) at Ex. D – CDC Letter.

<sup>110</sup> 42 CFR § 71.54(a) defines "infectious biological agent" and "infectious substances" as follows—  
*Infectious biological agent.* A microorganism (including, but not limited to, bacteria (including rickettsiae), viruses, fungi, or protozoa) or prion, whether naturally occurring, bioengineered, or artificial, or a component of such microorganism or prion that is capable of causing communicable disease in a human.

to identify pathogen importation: when an importer does not tell the CDC, the CDC simply does not seem to have any idea.

Finally, we are concerned by the freezer labeled “Ebola” reported by local officials. It is concerning that, when this was brought to the CDC’s attention, a CDC employee did not take meaningful action in response.

Congress should examine the state of biosafety in our country, and act to identify and remedy gaps in relevant statute or practice.

## CONCLUSION

At a minimum, the Reedley Biolab shows the profound threat that unlicensed and unknown biolabs pose to our country. At worst, this investigation revealed significant gaps in our nation’s defenses and pathogen-related regulations that present a grave national security risk that could be exploited in the future. It is therefore incumbent upon Congress and the Executive Branch to address these vulnerabilities now before it is too late.

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*Infectious substance.* Any material that is known or reasonably expected to contain an infectious biological agent.