

# Federal authorities move to seize homes, break up sprawling illegal marijuana operation

By ARDESHIR TABRIZIAN  
Of the Salem Reporter

Federal authorities say a Texas man organized a sophisticated illegal trafficking operation that turned homes in Oregon into indoor marijuana plantations in places from Clatskanie to Sweet Home, producing marijuana worth millions on the black market.

The operation also involved properties outside Silverton, Dallas and Independence, federal authorities said.

Citing interviews and records, federal court filings described how the Oregon operation used a southeast Portland café as a meeting place to trade information on everything from contractors to convert homes to sale of the marijuana.

On Friday, federal agents arrested Fayao “Paul” Rong, 51, of Houston, on federal marijuana charges. He was indicted in Portland U.S. District Court on Feb. 9. A deputy U.S. marshal in a declaration said Rong was the leader of the drug trafficking organization.

“Rong purchased numerous residential houses in Oregon and converted them with hired help into illegal marijuana indoor grows. His drug trafficking organization grows, harvests and ultimately transports marijuana to distribute in states where it is not legal,” according to Deputy U.S. Marshal James Stratton.

He was released Friday after he appeared before a U.S. magistrate judge in Texas. If convicted, Rong faces a maximum sentence of life in prison and a mandatory minimum of 10 years and a \$10 million fine.

The operation trafficked \$13 million on marijuana in one year, starting in August 2021, according to Stratton’s declaration. Law enforcement officials on



Photo of marijuana seized by the Keizer Police Department on Feb. 1 after searching multiple grow operations in the area.

Submitted photo

Sept. 8 and Sept. 9 executed search warrants at 25 locations.

Marijuana has been legal in Oregon for people 21 and older since 2015. But Oregonians can’t possess more than eight ounces of usable marijuana, and growing it requires a license except for up to four plants per residence for personal use.

Local and federal authorities throughout the state have been working to disrupt commercial-scale marijuana farms set up to serve the lucrative East Coast market. The infiltration of cartels in southern Oregon to run elaborate grow operations has alarmed local authorities and legislators.

But while southern Oregon has drawn attention, other large marijuana operations elsewhere in the state have been disrupted in recent months. Last fall, police said they disrupted an indoor grow operation they said was based in Lebanon.

And on Feb. 1, law enforcement agents searched homes in residential areas of Salem and Keizer, uncovering what they suspect was a multi-million marijuana operation. Some of those cited in that case have ties to Georgia, according to authorities and government records.

Available records do not show any connections between the Keizer-based operation and Rong.

The Rong case was triggered by complaints in April 2020 to the Oregon State Police about marijuana grow operations in Clatsop County. Federal authorities are now seeking the forfeiture of four properties in Clatskanie, about 35 miles east of Astoria on the Columbia River.

“Multiple citizen complaints corroborated law enforcement’s belief that Rong was leading a large black market marijuana operation,” according to a statement Friday from the U.S. Attorney’s Office in Portland. The State Police investigation found excessive electricity use at the properties, which several times led to transformer explosions, according to the statement.

Rong described some elements of the operation after his Houston home was searched last September.

“Rong stated that he met with a loosely organized group of Chinese individuals at a restaurant in Portland,” according to Stratton’s declaration. “Rong described a type of informal cooperative where they periodically met and exchanged information on how best to establish and operate indoor marijuana grows in Oregon.”

Rong’s wife told investigators she was offered \$1,000 to allow her name to be used on documents to buy Oregon properties, the declaration said.

A man police found at a marijuana grow in a Sheridan home told investigators that “he is paid about \$4,000 a month in cash to work at this location” and that “he is paid by someone named ‘Brother Chen’ in cash. He said ‘Brother Chen’ just shows up and pays them,” according to the declaration.

The declaration said that when police searched a southeast Portland home as part of the investigation, they found 328 pounds of processed marijuana that would fetch about \$1 million on the black market.

During the searches last September, investigators seized nearly 33,000 marijuana plants, 1,800 pounds of packaged marijuana, 23 guns, nine vehicles, \$20,000 in money orders and more than \$591,000 in cash, according to the U.S. Attorney’s Office.

The office is seeking a federal court order to forfeit 16 properties used to illegally grow marijuana it estimated were worth \$6.5 million.

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