

SEALED

BY THE ORDER OF THE COURT

UNITED STATES DISTRICT COURT

for the

District of Hawaii

FILED IN THE
UNITED STATES DISTRICT COURT
DISTRICT OF HAWAII
Jan 24, 2019
SUE BEITIA, CLERK

United States of America)

v.)

Master Halbert)

Case No.)

MAG. NO. 19-00089 KJM)

Defendant(s)

CRIMINAL COMPLAINT

I, the complainant in this case, state that the following is true to the best of my knowledge and belief.

On or about the date(s) of 2006-2016 in the county of Honolulu in the
Hawaii District of Hawaii, the defendant(s) violated:

Code Section

Offense Description

Title 18, United States Code,
Section 1956(h)

Conspiracy to Launder Monetary Instruments

This criminal complaint is based on these facts:

Continued on the attached sheet.

Sworn to under oath before me telephonically
and attestation acknowledged pursuant to
FRCP 4.1(b)(2).



Complainant's signature

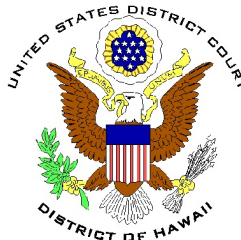
SPECIAL AGENT ARYN NOHARA

Printed name and title

Sworn to before me and signed in my presence.

Date: January 24, 2019 at 2:36 p.m.

City and state: Honolulu, Hawaii



Kenneth J. Mansfield
United States Magistrate Judge

AFFIDAVIT IN SUPPORT OF CRIMINAL COMPLAINT AND ARREST WARRANT

I, Aryn Nohara, being duly sworn, affirm and state:

INTRODUCTION

1. I am a Special Agent with the Federal Bureau of Investigation (FBI), and have been so employed since June 2012. I am currently assigned to a white collar crime squad at the FBI Honolulu Field Office in Kapolei, Hawaii. My current duties include investigating public corruption, fraud against the government, and complex financial fraud crimes. In the course of my duties, I have prepared and executed dozens of search and arrest warrants.

2. This affidavit is being submitted in support of a criminal complaint and an arrest warrant charging **MASTER HALBERT (“HALBERT”)** with conspiracy to launder monetary instruments, in violation of Title 18, United States Code, Section 1956(h), that is: to transport, transmit and transfer a monetary instrument and funds to a place in the United States from and through a place outside the United States, and from a place in the United States to and through a place outside the United States, with the intent to promote the carrying on of specified unlawful activity, namely, the bribery of **HALBERT** by Frank James Lyon (“Lyon”) and others, in violation of the Foreign Corrupt Practices Act (“FCPA”), Title 15, United States Code, Section 78dd-2, in violation of Title 18, United States Code, Section 1956(a)(2)(A).

3. The facts and information contained in this affidavit are based on my investigation, personal knowledge and observations, my review of records and documents obtained during this investigation, and information received from other individuals, including witnesses and other law enforcement officers, as well as my training and experience. Because this affidavit is submitted for the limited purpose of establishing probable cause in support of a

criminal complaint and an arrest warrant, it does not set forth each and every fact that I have learned during the course of this investigation.

FACTS TO SUPPORT PROBABLE CAUSE

4. At all relevant times, **HALBERT** was a citizen of the Federated States of Micronesia (“FSM”) who resided in the FSM. **HALBERT** was a government official in the FSM Department of Transportation, Communications and Infrastructure who administered FSM’s aviation programs, including the management of its airports. As such, **HALBERT** was a “foreign official” as that term is defined in the FCPA, Title 15, United States Code, Section 78dd-2(h)(2)(A).

5. Frank James Lyon, also known as Jim Lyon, was a United States citizen and resident. Lyon was a “domestic concern” as that term is defined in the Foreign Corrupt Practices Act (“FCPA”), Title 15, United States Code, Section 78dd-2(h)(1), and a “United States person” as that term is defined in the FCPA, Title 15, United States Code, Section 78dd-2(i).

6. “Engineering Company,” an entity whose identity is known to the United States, was a privately-held United States engineering and consulting company headquartered in Honolulu, Hawaii and organized under the laws of Hawaii. Engineering Company was partially owned and controlled by Lyon. In or around and between 2006 and 2016, Engineering Company obtained contracts valued at approximately \$7.8 million with the FSM government, including for an airport improvement project funded in large part by the United States Federal Aviation Administration (“FAA AIP Contract”) and for project management. Engineering Company was a “domestic concern” as that term is defined in the FCPA, Title 15, United States Code, Section 78dd-2(h)(1), and a “United States person” as that term is defined in the FCPA, Title 15, United States Code, Section 78dd-2(i).

7. “Co-Conspirator 1” was a United States citizen who resided in the Federated States of Micronesia (“FSM”). Co-Conspirator 1 was a “domestic concern” as that term is defined in the FCPA, Title 15, United States Code, Section 78dd-2(h)(1), and a “United States person” as that term is defined in the FCPA, Title 15, United States Code, Section 78dd-2(i).

8. On or about January 22, 2019, Lyon pleaded guilty to a one-count Information in the United States District Court for the District of Hawaii charging him with a dual-object conspiracy: (1) to violate the FCPA, Title 15, United States Code, Section 78dd-2; and (2) to commit federal program fraud, in violation of Title 18, United States Code, Section 666(a)(2).

9. On or about January 22, 2019, Lyon entered into a cooperation plea agreement and has provided information to the government pursuant to that agreement. The government may move the sentencing court for a reduction in Lyon’s sentence if he substantially assists the government’s investigation and is truthful.

10. In connection with his plea, Lyon admitted to paying bribes to FSM government officials, including **HALBERT**, to obtain and retain contracts and to obtain contract payments for Engineering Company from the FSM.

11. Information gathered in the investigation, including bank records, travel records, and witness statements, reveals that Lyon entered into an agreement with **HALBERT** to bribe **HALBERT** in exchange for **HALBERT**’s assistance in securing contracts for Engineering Company and Lyon. Lyon and **HALBERT** agreed that these bribes would be transported from the United States to FSM. In furtherance of, and to promote, the corrupt agreement, Lyon withdrew thousands of dollars in cash from his personal bank account in the District of Hawaii on numerous occasions in order to pay cash bribes to **HALBERT** in the District of Hawaii, the

FSM and elsewhere, and Lyon and **HALBERT** transported and delivered the cash bribes from the District of Hawaii to the FSM.

12. For example, on or about May 3, 2010, **HALBERT** sent an email to Lyon and Co-Conspirator 1 regarding an FSM auditor's concerns about the purchase of a vehicle.

HALBERT wrote, "I know I should protect myself and [not] put this in writing or discuss this in e-mail or any form of communication that can provide as a concrete evident [*sic*] and come back and used against me but its ok, if you want to take me down no problem." **HALBERT** wrote and threatened that if Lyon and Co-Conspirator 1 were not willing to back him up in confronting the auditor, then **HALBERT** did "not think [they] should do business together again."

13. On or about June 2, 2011, **HALBERT** sent an email to Co-Conspirator 1, stating, "I am sorry to do this but I really your [*sic*] help again. We came with \$3000 and we have already used half of that in food and shopping. Can you and Jim [Lyon] give me \$1,500.00 and this should last us for the rest of the trip."

14. On or about June 2, 2011, **HALBERT** sent an email to Co-Conspirator 1, with the subject line "travel fund," stating, "Jim [Lyon] is ok. delete this after raeding." [*sic*]

15. On or about December 1, 2011, **HALBERT** emailed Co-Conspirator 1, "Can you ask Jim for some money? I need \$1000 and if ok, you can give it to me when we get to Hawaii."

16. In connection with his plea, Lyon admitted that in or around 2012, Lyon and his co-conspirators purchased an automobile for **HALBERT**'s personal use in order to obtain and retain business for Lyon and Engineering Company.

17. Information gathered in the investigation, including witness statements, reveals that Lyon, together with his co-conspirators, purchased the automobile in the United States and

Lyon and others caused the automobile to be shipped internationally to the FSM for **HALBERT's** personal use.

18. On or about July 8, 2013, **HALBERT** sent an email to Lyon directing Lyon to go look at a Ford truck in the District of Hawaii to potentially purchase for **HALBERT**.

19. On or about May 7, 2014, **HALBERT** sent an email to Co-Conspirator 1, with the subject line, "Per dium," [*sic*] stating, "Please bring my money at home. Can you ask Jim if you can add another \$1000.00." The circumstances of this communication, coupled with other evidence uncovered in the case, demonstrate that **HALBERT** was asking Lyon to deliver a cash bribe payment from the District of Hawaii to **HALBERT** in FSM.

20. In or around June 2015, **HALBERT** and Lyon instructed Co-Conspirator 1 to draft a request for qualification document seeking bids for an FSM project management contract ("PMU Contract"), including drafting selection criteria to favor Engineering Company in order to obtain an improper business advantage and win the PMU Contract.

21. In or around July 2015, Engineering Company was awarded the PMU Contract by the FSM government.

22. On or about August 27, 2015, **HALBERT** sent an email to Lyon with the subject line, "2014 Chevy Silverado," stating, "Please get this truck. It is my cash so when I need to pay back anyone, I can sell it or this will be my ride forever. If you can, lift it 6 in and put on black rims."

23. In connection with his plea, Lyon admitted that in or around 2015, Lyon and his co-conspirators purchased an additional automobile for **HALBERT's** personal use in order to obtain and retain business.

24. Information gathered in the investigation, including witness statements, reveals that Lyon, together with his co-conspirators, purchased this additional automobile in the United States and caused the automobile to be shipped internationally to the FSM for **HALBERT's** personal use.

25. On or about September 1, 2015, **HALBERT** sent an email to Co-Conspirator 1, asking Co-Conspirator 1 to talk to Lyon about loaning **HALBERT** \$2,500 to open an account, stating, "We will return it once we get compensation, maybe profit if he is nice."

26. On or about November 15, 2015, **HALBERT** sent an email to "Engineering Company Executive," an individual whose identity is known to the United States, requesting that Engineering Company book and pay for a hotel room for **HALBERT** and members of his family for a trip to Guam. The Engineering Company executive responded that "at this time" Engineering Company was approving "only project reimbursable travel requests."

27. On or about November 16, 2015, **HALBERT** emailed three Engineering Company employees, "This is to inform you that I am closing your office starting tomorrow until further notice. You can email [another Engineering Company executive] and Co-Conspirator 1 and inform him of this direction."

28. On or about November 17, 2015, **HALBERT** sent an email to Engineering Company Executive, stating, "I'm greatly offended and hope this is the last time you will contact me. You have no business talking as you don't understand and appreciate how Lyon got this job. . . . You're very disrespectful and insulting. For this, Lyon will never get another job in the FSM. I can make that happen."

29. In or around December 2015, **HALBERT** entered into a Deferred Prosecution Agreement ("DPA") with the FSM for falsifying his educational credentials, which allowed him

to receive a higher salary from the FSM government. The DPA required **HALBERT** to pay restitution to the FSM government.

30. Leading up to the DPA, on or about October 10, 2015, **HALBERT** sent an email to Lyon asking Lyon to “still help me with \$40k.”

31. On or about December 22, 2015, **HALBERT** sent an email to Co-Conspirator 1 with the subject line, “Restitution,” stating, “Please ask Jim if he can give me the whole and I will put it down in full to lower the monthly.”

32. On or about December 22, 2015, Co-Conspirator 1 sent a response email to **HALBERT**, informing **HALBERT** that he had asked, but “they don’t have money now. They are short of money all the time.”

33. On or about December 22, 2015, **HALBERT** sent a response email to Co-Conspirator 1, stating, “I’m shocked...really thought they committed to help. Now I just lost all my confidence.”

34. On or about December 22, 2015, Co-Conspirator 1 sent a response email to **HALBERT**, stating, “They will help you by monthly.”

35. On or about March 21, 2016, **HALBERT** sent an email to Lyon, “You don’t think people in the Government questions why I have a long term contract with Lyon? You don’t understand how hard I work from my side to protect you and your contract.”

36. On or about March 31, 2016, **HALBERT** sent an email to Lyon, stating, “I’m helping you already and you paying me in some ways when I ask. I’m effective this way right?”

37. On or about April 19, 2016, **HALBERT** sent an email to Lyon, stating, “So I will start getting paid by the Government under my contract in two weeks and I might get hired on permanently in 1 month. I want to return the whole amount of my checks and every one of them

until my restitution is fully paid off. Can you put me on your payroll so I have some money every month? Let me know your thought.”

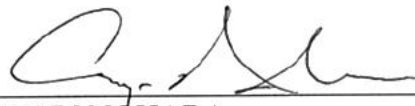
CONCLUSION

38. Based on the foregoing, I believe that probable cause exists to issue a criminal complaint and arrest warrant charging **MASTER HALBERT** with violating Title 18, United States Code, Section 1956(h) (money laundering conspiracy).

I declare under the penalty of perjury that the foregoing is true and correct to the best of my knowledge.

DATED: January 24, 2019, at Honolulu, Hawaii.

Respectfully submitted,



ARYN NOHARA
Special Agent
Federal Bureau of Investigation

Sworn to under oath before me
telephonically and attestation
acknowledged pursuant to FRCP 4.1(b) (2), 2:36 p.m.



Kenneth J. Mansfield
United States Magistrate Judge