

JUSTICE NEWS

Department of Justice

Office of Public Affairs

FOR IMMEDIATE RELEASE

Tuesday, January 10, 2017

Four Individuals Charged for Alleged Involvement in Foreign Bribery Scheme Involving \$800 Million International Real Estate Deal

Court documents were unsealed today charging four individuals for their roles in a scheme to pay \$2.5 million in bribes to facilitate the \$800 million sale of a commercial building in Vietnam to a Middle Eastern sovereign wealth fund.

Assistant Attorney General Leslie R. Caldwell of the Justice Department's Criminal Division, U.S. Attorney Preet Bharara of the Southern District of New York and Assistant Director in Charge William F. Sweeney Jr. of the FBI's New York Field Office made the announcement.

"This alleged conduct proves the adage that there is truly no honor among thieves," said Assistant Attorney General Caldwell. "The indictment alleges that two defendants wanted to bribe a government official; instead they were defrauded by their co-defendant. Today's charges are another example of the Criminal Division's commitment to rooting out all manner of corruption."

"The father-son defendants, Ban Ki Sang and Joo Hyun Bahn, allegedly conspired to bribe a foreign official to close an \$800 million deal for a 72-story skyscraper in Vietnam, a deal that would have led to a multimillion-dollar commission for the Manhattan real estate broker son and much needed capital for the father's construction company in Korea," said U.S. Attorney Bharara. "But these alleged schemers were themselves double-crossed, as the man who purportedly set up the bribery scheme, Malcolm Harris, took the bribe money and pocketed it. This alleged bribery and fraud scheme offends all who believe in honest and transparent business, and it stands as a reminder that those who bring international corruption to New York City, as alleged here, will face the scrutiny of American law enforcement."

"When Ban, a senior executive at Landmark 72, realized the debts owed to his company's creditors were mounting, he sought the support of his son Bahn, a broker for a real estate firm in Manhattan," said Assistant Director in Charge Sweeney. "The plan was for Bahn to secure an investor for Landmark 72, and the brokerage agreement they entered into would ultimately secure Bahn a lucrative profit. But instead of lawfully obtaining financing for the deal, they allegedly entered into an illegal agreement with Harris to bribe a foreign official into purchasing the property. In the end, they were hoodwinked by their very own criminal activity."

Joo Hyun Bahn, aka Dennis Bahn, 38, of Tenafly, New Jersey, and his father, Ban Ki Sang (Ban), 69, of Seoul, South Korea, are each charged with one count of conspiracy to violate the Foreign Corrupt Practices Act (FCPA), three counts of violating the FCPA, one count of

conspiracy to commit money laundering and one count of money laundering. In addition, Bahn and Malcolm Harris, 52, of New York City, are each charged with one count of wire fraud, one count of conducting monetary transactions in illegal funds and aggravated identity theft. San Woo, aka John Woo, 35, of Edgewater, New Jersey, was charged separately by complaint with one count of conspiracy to violate the FCPA. Bahn was arrested in Tenaflly earlier this morning, and Woo was arrested at JFK Airport. Bahn and Woo are expected to be presented later today before U.S. Magistrate Judge Kevin Nathaniel Fox of the Southern District of New York. Ban and Harris remain at large.

According to the indictment and the complaint, from in or about March 2013 through in or about May 2015, Ban was a senior executive at Keangnam Enterprises Co. Ltd. (Keangnam), a South Korean construction company that built and owned Landmark 72, a building complex in Hanoi, Vietnam. In early 2013, Keangnam was experiencing a liquidity crisis; the debts owed to the company's creditors were maturing and Keangnam needed to raise capital. Ban allegedly convinced Keangnam to hire his son Bahn to secure an investor for Landmark 72. Thereafter, Keangnam entered into an exclusive brokerage agreement with Bahn, who worked as a broker at a commercial real estate firm in New York City, and his firm. Pursuant to the agreement, Bahn stood to earn a multimillion-dollar commission from Keangnam if he was successful in securing an investor.

Instead of obtaining financing through legitimate channels, Bahn and Ban allegedly conspired to pay bribes to a foreign official of a Middle Eastern country, in order to induce the official to use his influence to convince his country's sovereign wealth fund to acquire Landmark 72 for approximately \$800 million. Harris, who held himself out as an agent of the foreign official despite not actually having such a relationship, allegedly deceived Bahn and Ban by sending numerous emails that were purportedly sent by the foreign official. According to the indictment, in or about April 2014, Bahn and Ban agreed to pay, through Harris, \$2.5 million in bribes to the official, including \$500,000 upfront and \$2 million upon the close of the sale of Landmark 72. Woo helped Bahn and Ban obtain the \$500,000 that was used as the upfront bribe payment. Bahn and Ban arranged the transfer of the \$500,000 to Harris for him to pay to the foreign official, unaware that Harris did not have the relationship he claimed with the foreign official. Instead, Harris stole the \$500,000, spending the money on lavish personal expenses, including rent for a luxury penthouse apartment in Williamsburg, Brooklyn.

According to the indictment, over the course of 2014 and 2015, Keangnam's liquidity crisis worsened. Believing that the planned bribery would result in the sale of Landmark 72, and not wanting to lose his commission, Bahn allegedly engaged in a fraudulent scheme to trick Keangnam and its creditors into believing the sovereign wealth fund was close to acquiring Landmark 72. In furtherance of the fraudulent scheme, Bahn repeatedly lied to Keangnam and its creditors about the status of the Landmark 72 deal, knowing that Keangnam and its creditors would rely upon the misrepresentations. In addition, Bahn forged emails from the foreign official and other documents to make the sale of Landmark 72 to the sovereign wealth fund appear imminent to Keangnam and its creditors. Ultimately, when the sale of Landmark 72 to the sovereign wealth fund failed to materialize, Keangnam was forced to enter court receivership in South Korea. Bahn is also alleged to have stolen approximately \$225,000 of the \$500,000 that Keangnam had advanced Bahn's firm to cover brokerage expenses.

The charges contained in the indictment and the complaint are merely accusations, and the defendants are presumed innocent unless and until proven guilty.

FBI's New York Field Office International Corruption Squad investigated the case. The Department of Justice's Office of International Affairs is providing assistance in this investigation. Trial Attorney Dennis R. Kihm of the Criminal Division's Fraud Section and Assistant U.S. Attorney Daniel Noble of the Southern District of New York's Complex Frauds and Cybercrime Unit are prosecuting the case.

The Criminal Division's Fraud Section is responsible for investigating and prosecuting all FCPA matters. Additional information about the department's FCPA enforcement efforts can be found at www.justice.gov/criminal/fraud/fcpa.

17-029

Criminal Division
USAO - New York, Southern

Updated January 10, 2017