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CLERK U.S. DISTRICT COURT
CENTRAL DIST. OF CALIF.
LOS ANGELES

UNITED STATES DISTRICT COURT
FOR THE CENTRAL DISTRICT OF CALIFORNIA

January 2015 Grand Jury

UNITED STATES OF AMERICA,
Plaintiff,
v.
STEPHEN YOUNG KANG,
Defendant.

CR No. 15

CR15-0478

I N D I C T M E N T

[18 U.S.C. § 1343: Wire Fraud;
18 U.S.C. § 1957: Engaging in
Monetary Transactions in Property
Derived from Specified Unlawful
Activity]

The Grand Jury charges:

COUNTS ONE THROUGH TWENTY

[18 U.S.C. § 1343]

A. INTRODUCTORY ALLEGATIONS

1. At all times relevant to this Indictment:

a. Defendant STEPHEN YOUNG KANG ("defendant KANG")
resided in Newport Beach, California, in Orange County, within the
Central District of California.

b. Defendant KANG was an attorney licensed to practice
law in the State of California and the State of Texas.

c. Defendant KANG exercised control over the following
bank accounts:

1 i. Wells Fargo Bank Account Number xxxxxx6600 in the
2 name of Stephen Kang, Attorney at Law ("Kang Account 6600");

3 ii. Wells Fargo Bank Account Number xxxxxx8639 in the
4 name of Gulf Technologies, Inc. ("Gulf Account 8639"); and

5 iii. Amegy Bank Account Number xxx2567 in the name of
6 SGK Holdings Inc. ("SGK Account 2567").

7 d. C.K. and S.K. are a married couple that resided in
8 Laguna Woods, California.

9 e. Ottogi America, Inc. ("Ottogi") was a California
10 corporation, with its principal place of business in Gardena,
11 California.

12 f. To obtain an EB-5 immigration visa, an individual must
13 invest \$1,000,000 in a commercial enterprise in the United States (or
14 \$500,000 in a targeted high unemployment or rural area) that would
15 create or preserve ten permanent full-time jobs for qualified United
16 States workers.

17 B. THE SCHEME TO DEFRAUD

18 2. Beginning in or about July 2011, and continuing through in
19 or about at least October 2014, in Los Angeles and Orange Counties,
20 within the Central District of California, and elsewhere, defendant
21 KANG, knowingly and with intent to defraud, devised, participated in,
22 and executed a scheme to defraud clients to whom defendant KANG had
23 agreed to provide legal or investment services, including, but not
24 limited to, C.K., S.K., and Ottogi, as to material matters, and to
25 obtain money and property from such victims by means of material
26 false and fraudulent pretenses, representations, and promises, and
27 the concealment of material facts.

1 3. The scheme to defraud operated, in substance, in the
2 following manner:

3 a. In or about July 2011, defendant KANG agreed to
4 provide legal and investment services to C.K. and S.K. in connection
5 with the filing of an EB-5 immigration visa application. Defendant
6 KANG represented to C.K. and S.K. that he would assist with the EB-5
7 visa process and invest C.K. and S.K.'s money in a manner that would
8 facilitate the filing of the EB-5 visa application.

9 b. In reliance on defendant KANG's representation that he
10 would invest C.K. and S.K.'s money in manner that would facilitate
11 the EB-5 visa process and in accordance with defendant KANG's
12 instructions, between in or about July 2011 and in or about December
13 2011, C.K. and S.K. wired a total of approximately \$1,015,000 to SGK
14 Account 2567.

15 c. In truth and in fact, defendant did not invest C.K.
16 and S.K.'s money in a manner that would facilitate the filing of C.K.
17 and S.K.'s EB-5 visa application. Instead, defendant KANG used all
18 or part of C.K. and S.K.'s money for his own personal and business
19 expenses, and to pay other individuals who had invested money with
20 defendant KANG.

21 d. To conceal the fact that he had diverted C.K. and
22 S.K.'s investment for his own purposes and to pay other individuals
23 who invested money with defendant KANG, when C.K. and S.K. demanded a
24 return of their investment funds, defendant KANG used money he
25 received from other clients, including Ottogi, to repay a portion of
26 C.K. and S.K.'s investment.

27 e. Starting as early as October 2012 and continuing
28 through at least August 2014, defendant KANG agreed to act as

1 Ottogi's legal representative in connection with the purchase of
2 certain real estate lots (the "target lots") in Gardena, California
3 on Ottogi's behalf. To facilitate defendant KANG's legal
4 representation of Ottogi, defendant KANG caused Ottogi executives to
5 execute power of attorney agreements, which provided defendant KANG
6 and N.H. (an attorney in Houston, Texas) with authority to use Ottogi
7 funds in connection with the purchase of the target lots on Ottogi's
8 behalf.

9 f. In reliance on defendant KANG's representations to
10 Ottogi and in accordance with the terms of the power of attorney
11 agreements defendant KANG caused Ottogi's executives to execute,
12 between October 2012 and March 2014, Ottogi wired a total of
13 approximately \$3.7 million from Ottogi's bank accounts in Los
14 Angeles, California, into Prosperity Bank Account Number xxxxxx3161,
15 which was an Interest on Lawyer's Trust Account ("IOLTA") located in
16 Texas in the name of TEXAS ACCESS TO JUSTICE FDN and associated with
17 the law office of N.H. (the "Prosperity Trust Account 3161"). Based
18 on defendant KANG's representations, Ottogi believed that the funds
19 transferred to Prosperity Trust Account 3161 would be used for the
20 purchase of the target lots on Ottogi's behalf.

21 g. In truth and in fact, defendant KANG did not use the
22 money Ottogi transferred into Prosperity Trust Account 3161 to
23 purchase the target lots on Ottogi's behalf and did not purchase the
24 target lots on Ottogi's behalf. Instead, after Ottogi wired money
25 into the Prosperity Trust Account 3161, defendant KANG caused the
26 vast majority of Ottogi's money to be transferred from Prosperity
27 Trust Account 3161 to other bank accounts that defendant KANG
28 controlled. Defendant KANG then used all or part of the Ottogi money

1 that was diverted into the accounts he controlled for his own
 2 personal and business expenses, and to pay other individuals who had
 3 invested money with defendant KANG. Defendant KANG also caused
 4 Ottogi funds to be directly transferred from Prosperity Trust Account
 5 3161 to C.K. to repay a portion of the EB-5 visa-related investment
 6 money C.K. and S.K. provided to defendant KANG.

7 C. THE USE OF THE WIRES

8 4. On or about the following dates, in Los Angeles and Orange
 9 Counties, within the Central District of California, and elsewhere,
 10 defendant KANG, for the purpose of executing the above-described
 11 scheme to defraud, transmitted and caused the transmission of the
 12 following items by means of wire communication in interstate and
 13 foreign commerce:

<u>COUNT</u>	<u>DATE</u>	<u>ACT</u>
ONE	7/28/2011	Wire transfer of \$30,000 from C.K. in Irvine, California, to SGK Account 2567 in Houston, Texas
TWO	10/26/2012	Wire transfer of \$350,000 from Ottogi in Los Angeles, California, to Prosperity Trust Account 3161 in Houston, Texas
THREE	10/29/2012	Wire transfer of \$255,000 from Prosperity Trust Account 3161 in Houston, Texas to Gulf Account 8639 in San Clemente, California
FOUR	11/2/2012	Wire transfer of \$980,000 from Ottogi in Los Angeles, California, to Prosperity Trust Account 3161 in Houston, Texas
FIVE	11/5/2012	Wire transfer of \$435,000 from Prosperity Trust Account 3161 in Houston, Texas, to Gulf Account 8639 in San Clemente, California
SIX	11/14/2012	Wire transfer of \$210,000 from Prosperity Trust Account 3161 in Houston, Texas, to Gulf Account 8639 in San Clemente, California
SEVEN	11/19/2012	Wire transfer of \$150,000 from Prosperity Trust Account 3161 in Houston, Texas, to Gulf Account 8639 in San Clemente, California

1	EIGHT	1/3/2013	Wire transfer of \$1,010,000 from Ottogi in Los Angeles, California, to Prosperity Trust Account 3161 in Houston, Texas
2			
3	NINE	1/4/2013	Wire transfer of \$150,000 from Prosperity Trust Account 3161 in Houston, Texas, to Gulf Account 8639 in San Clemente, California
4			
5	TEN	1/11/2013	Wire transfer of \$200,000 from Prosperity Trust Account 3161 in Houston, Texas, to Gulf Account 8639 in San Clemente, California
6			
7	ELEVEN	1/28/2013	Wire transfer of \$170,000 from Prosperity Trust Account 3161 in Houston, Texas, to Gulf Account 8639 in San Clemente, California
8			
9	TWELVE	2/12/2013	Wire transfer of \$200,000 from Prosperity Trust Account 3161 in Houston, Texas, to C.K. in Irvine, California
10	THIRTEEN	2/12/2013	Wire transfer of \$150,000 from Prosperity Trust Account 3161 in Houston, Texas, to Gulf Account 8639 in San Clemente, California
11			
12	FOURTEEN	5/29/2013	Wire transfer of \$406,000 from Ottogi in Los Angeles, California, to Prosperity Trust Account 3161 in Houston, Texas
13			
14	FIFTEEN	5/29/2013	Wire transfer of \$100,000 from Ottogi in Los Angeles, California, to Prosperity Trust Account 3161 in Houston, Texas
15	SIXTEEN	5/30/2013	Wire transfer of \$500,000 from Prosperity Trust Account 3161 in Houston, Texas, to Gulf Account 8639 in San Clemente, California
16			
17	SEVENTEEN	2/5/2014	Wire transfer of \$300,000 from Ottogi in Los Angeles, California, to Prosperity Trust Account 3161 in Houston, Texas
18			
19	EIGHTEEN	2/7/2014	Wire transfer of \$150,000 from Prosperity Trust Account 3161 in Houston, Texas, to Kang Account 6600 in San Clemente, California
20			
21	NINETEEN	3/11/2014	Wire transfer of \$570,000 from Ottogi in Los Angeles, California, to Prosperity Trust Account 3161 in Houston, Texas
22			
23	TWENTY	3/12/2014	Wire transfer of \$460,000 from Prosperity Trust Account 3161 in Houston, Texas, to Kang Account 6600 in San Clemente, California
24			
25			
26			
27			
28			

COUNTS TWENTY-ONE THROUGH TWENTY-FIVE

[18 U.S.C. § 1957]

5. The Grand Jury realleges and incorporates by reference paragraphs 1 through 4 of this Indictment as though fully set forth herein.

6. On or about the following dates, in Los Angeles and Orange Counties, within the Central District of California, and elsewhere, defendant KANG, knowing that the funds involved represented the proceeds of some form of unlawful activity, engaged in the following monetary transactions, affecting interstate commerce, in criminally derived property of a value greater than \$10,000, such property having been derived from a specified unlawful activity, namely, wire fraud in violation of Title 18, United States Code, Section 1343:

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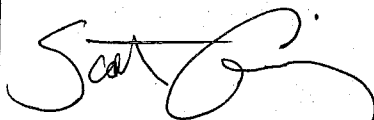
<u>COUNT</u>	<u>DATE</u>	<u>TRANSACTION</u>
TWENTY-ONE	11/27/2012	Withdrawal of \$15,350 from SGK Account 2567 by check number 1711, payable to G.F.
TWENTY-TWO	2/20/2013	Withdrawal of \$12,900 from SGK Account 2567 by check number 1722, payable to G.F.
TWENTY-THREE	2/10/2014	Withdrawal of \$11,800 from Kang Account 6600 by check number 4269, payable to E.M.
TWENTY-FOUR	3/13/2014	Withdrawal of \$10,800 from Kang Account 6600 by check number 4297, payable to E.M.
TWENTY-FIVE	3/14/2014	Withdrawal of \$15,000 from Kang Account 6600 by check number 4305, payable to M Bar Restaurant

A TRUE BILL

/s/
Foreperson

EILEEN M. DECKER
United States Attorney

LAWRENCE S. MIDDLETON
Assistant United States Attorney
Chief, Criminal Division



SCOTT M. GARRINGER
Assistant United States Attorney
Deputy Chief, Criminal Division

RUTH C. PINKEL
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