

**UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF COLUMBIA**

**Holding a Criminal Term  
Grand Jury Sworn in on November 3, 2016**

<b>UNITED STATES OF AMERICA</b>	:	<b>Crim. No.: 17-00142</b>
	:	
	:	<b>Grand Jury Original</b>
<b>v.</b>	:	
	:	<b>Charges:</b>
	:	
	:	<b>18 U.S.C. § 1343 (Wire Fraud)</b>
<b>MICHAEL SANG HAN,</b>	:	
	:	<b>15 U.S.C. §§ 78j(b) and 78ff, and</b>
<b>Defendant.</b>	:	<b>17 C.F.R. § 240.10b-5 (Securities Fraud)</b>
	:	
	:	<b>18 U.S.C. § 1957 (Monetary Transactions</b>
	:	<b>in Property Derived from Specified</b>
	:	<b>Unlawful Activity)</b>
	:	
	:	<b>26 U.S.C. § 7201 (Tax Evasion)</b>
	:	
	:	<b>D.C. Code §§ 22-3221(a), 22-3222(a)</b>
	:	<b>(First Degree Fraud)</b>
	:	
	:	<b>Forfeiture: 18 U.S.C. §§ 981(a)(1)(C),</b>
	:	<b>982(a)(1), &amp; 28 U.S.C. § 2461(c)</b>

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**SUPERSEDING INDICTMENT**

The Grand Jury charges:

At various times relevant to this Indictment, in the District of Columbia ("the District") and elsewhere:

**RELEVANT PERSONS AND ENTITIES**

1. Defendant MICHAEL SANG HAN, at various times during the relevant period, resided in the District; McLean, Virginia; and Palm Beach, Florida. From in or about February

2004, through in or about, at least, November 2011, he was Chairman, Chief Executive Officer, and President of Envion Inc. and Envion Industries, LLC. (referred to herein as “Envion”).

2. Envion purported to be a privately-held, science and technology company. At various times during the relevant period, Envion operated out of the District; Vienna, Virginia; and West Palm Beach, Florida. Although Envion operated out of the District prior to April 1, 2009, it was not incorporated in the District until April 1, 2009. HAN claimed that Envion owned, and possessed a U.S. patent for, the “EZ Oil Generator” (“Oil Generator”), a machine that could purportedly convert waste plastics into oil.

3. Company 1 is a Chinese company that owned, and possessed Chinese patents for, the Oil Generator.

4. Person A is a Chinese national and the president of Company 1.

5. Investor 1 resides in Virginia, but has an office in the District. His email account is managed by an administrative assistant based in the District who opens and sends all emails in the account from the office within the District. The office’s server is maintained in Virginia. Accordingly, any emails sent by, or received in, Investor 1’s account travel between the District and Virginia.

6. Investor 2 resides in Maryland.

7. A private placement memorandum is a document that companies can provide to potential investors when they are selling securities that are exempted from the general requirement that securities must be registered under federal and state law. If a company issues a private placement memorandum, the document should explain the terms of the investment and the risk associated with the investment. Information in a private placement memorandum cannot be false or misleading.

8. The Internal Revenue Service “IRS,” an agency within the U.S. Department of Treasury, was responsible for administering and enforcing revenue laws and regulations regarding the ascertainment, computation, assessment and collection of taxes by citizens and residents of the U.S.

9. Every citizen and resident who received gross income in excess of the minimum filing amount established by law must file a true and correct income tax return for that year, that reports income and credits, among other items. A U.S. Individual Income Tax Return, Form 1040 (“Form 1040”) was a type of annual tax return used by individuals.

10. In general, all domestic corporations in existence for any part of a tax year must file an income tax return for that year, whether or not they have any taxable income. A U.S. Income Tax Return for a Corporation, Form 1120 (“Form 1120”) was a type of annual tax return used by a corporation to report income and expenses, among other items.

#### The Scheme to Defraud

11. From at least in or about March 2004 through at least in or about November 2011, MICHAEL SANG HAN perpetrated a scheme to defraud by inducing Investor 1 and Investor 2, through a series of false representations, to invest, and maintain their investments, in Envion. Specifically, HAN falsely claimed, at various times during the course of the scheme, that Envion possessed a U.S. patent for the technology and that Envion possessed the means to manufacture and to sell the Oil Generator. Moreover, HAN falsely claimed that any funds invested in Envion would be used to support Envion’s business, and he failed to disclose that he intended to use substantial portions of the funds invested for his personal benefit and that, for investments that occurred later in the scheme, he had used substantial portions of earlier investments for his personal benefit and to enrich himself.

12. In truth and in fact, as MICHAEL SANG HAN well knew, HAN did not possess a U.S. patent for the Oil Generator, and even though he had agreed to purchase the foreign patents that Company 1 possessed, he failed to pay the agreed upon amounts for the purchase. Moreover, Envion lacked the capacity to manufacture and to deliver the Oil Generator.

13. The investments by Investor 1 and Investor 2 constituted nearly all of the funds Envion received during the relevant period, and MICHAEL SANG HAN derived the overwhelming majority of the funds in his personal accounts from Envion. Throughout the relevant period, HAN used investor funds to personally enrich himself, and to pay for his lavish lifestyle. Without Investor 1's and Investor 2's investments, HAN would not have been able to maintain the lifestyle he maintained for the duration of the relevant period.

14. As a direct result of this scheme, from at least in or about March 2004 through at least in or about April 24, 2012, MICHAEL SANG HAN induced Investor 1 and Investor 2 to invest nearly \$40 million in Envion. HAN failed to return any portion of the principal these two investors invested. HAN diverted millions of dollars from these investments, using in excess of \$6 million for his personal real estate expenses alone.

*Envion Failed to Pay for Patents or Technology Rights for the Oil Generator*

15. Around or after February 2004, MICHAEL SANG HAN began talking to Person A about acquiring Company 1's assets and certain patents that Company 1 had for the Oil Generator. Significantly, while Company 1 had several non-U.S. patents for the Oil Generator, the Oil Generator was not patented in the United States.

16. In and around December 2004, MICHAEL SANG HAN and representatives of Company 1 began finalizing the terms of an agreement between Envion and Company 1 for the Oil Generator. The terms, as contemplated by the parties at that time, included Envion paying an

asset purchase price of \$1 million and a patent transfer fee of \$1.5 million. In addition, Company 1 would obtain 35 percent of Envion's shares.

17. In and around February 2005, MICHAEL SANG HAN and representatives of Company 1 began discussing an arrangement under which Envion would pay a down payment for these non-U.S. patents; immediately take possession of these patents; and pay the balance due through a series of installment payments.

18. In and around February 2005, Person A traveled to the United States to execute a memorandum of understanding between Envion and Company 1. In addition, Person A provided MICHAEL SANG HAN with the non-U.S. patents for the Oil Generator in exchange for a down payment and a commitment from HAN that he would pay the balance owed through a series of 74 installment payments of \$20,000 that HAN was supposed to begin paying in March 2005.

19. On or about March 5, 2005, MICHAEL SANG HAN failed to pay the first of these \$20,000 installment payments. And HAN failed, between March 2005 and May 2011, to pay the 74 installment payments of \$20,000 that were, under the agreement, due during this period.

20. From in and around February 2005 through in or around August 2008, despite entering into this memorandum of understanding with Company 1, Envion not only lacked the technology to manufacture the Oil Generator, it also did not even possess a single Oil Generator.

*2003 – August 2008: Investor 1 and Investor 2 Invested in Envion Based on Han's False Claims that Envion Owned the Oil Generator and Possessed Patents for It*

**Investor 1**

21. In and around 2003, MICHAEL SANG HAN met Investor 1. HAN, even before he executed the memorandum of understanding, falsely represented to Investor 1 that Envion owned the Oil Generator and possessed patents for it.

22. In and around January and February 2004, MICHAEL SANG HAN continued to falsely represent to Investor 1 that Envion possessed the technology to manufacture the Oil Generator and possessed patents for the technology.

23. On or about March 4, 2004, Investor 1, relying on MICHAEL SANG HAN's false statements, invested \$500,000 in Envion. This investment was the first of many investments by Investor 1.

24. In and around October 2005, MICHAEL SANG HAN provided Investor 1 with a private placement memorandum for Envion. The private placement memorandum falsely represented, among other things, that: i) Envion held a December 2003 U.S. patent, bearing number 60481826, related to the Oil Generator; ii) Envion owned the Oil Generator technology; iii) Envion had a manufacturing plant and a research-and-development facility based in China; and iv) the proceeds raised in connection with the private placement memorandum would be used to "[e]xecute business model for global distribution of technology." The document failed to disclose that Envion lacked the capacity to produce the Oil Generator; at that time, Envion did not even have a single Oil Generator in its possession; and Company 1 continued to operate as an independent company and was the only company that had the capacity to manufacture the Oil Generator.

25. Between on or about November 11, 2004, and on or about August 1, 2008, MICHAEL SANG HAN induced Investor 1 to invest the following additional amounts in Envion:

<b>Date of Investment</b>	<b>Amount of Investment</b>
11/11/04	\$400,000
3/29/05	\$300,000
6/3/05	\$175,000
6/7/05	\$95,000

2/21/06	\$350,000
6/29/06	\$250,000
8/4/06	\$250,000
4/1/07	\$168,000
7/23/07	\$150,000
10/15/07	\$300,000
8/1/08	\$900,000
12/20/08	\$200,000

### **Investor 2**

26. In or around December 2006, Investor 1 introduced Investor 2 to MICHAEL SANG HAN. HAN represented during meetings with Investor 2, that Envion owned the rights to the Oil Generator.

27. Between on or about June 20, 2007, and on or about August 1, 2008, MICHAEL SANG HAN, through his false representations that Envion owned the rights to the Oil Generator, induced Investor 2 to invest the following amounts in Envion:

<b>Date of Check/ Promissory Note</b>	<b>Investment Amount in Promissory Note</b>
6/20/07	\$200,000
9/14/07	\$200,000
12/5/07	\$210,000
2/27/08	\$1,000,000
8/1/08	\$2,000,000

### **Other Investors Solicited**

28. Between in and around 2003 and in and around August 2008, MICHAEL SANG HAN solicited others to invest in Envion and caused different versions of Envion's private placement memorandum to be generated, but he was unable to secure any investors other than Investor 1 and Investor 2.

### **Use of Investments for Personal Enrichment**

29. Between on or about March 4, 2004, and on or about August 1, 2008, MICHAEL SANG HAN transferred and caused to be transferred, at least \$3.5 million of the approximately \$7.6 million Investor 1 and Investor 2 invested in Envion, during that period, to personal accounts HAN maintained. A substantial portion, if not all, of the \$3.5 million in funds transferred were used for personal expenses. Personal expenditures during this period included:

- a) Approximately \$1.4 million to pay down balances on personal credit cards;
- b) Approximately \$282,000 in debit card purchases from his personal account, including approximately \$59,000 in charges at night clubs and approximately \$61,000 in charges for home furnishing and home improvements; and
- c) Approximately \$391,000 in cash withdrawals.

30. These personal expenditures frequently involved MICHAEL SANG HAN transferring all, or substantially all, of Investor 1's and Investor 2's investments from Envion to one of HAN's personal accounts shortly after the investments were made. By way of example, on or about December 5, 2007, Investor 2 invested \$210,000 in Envion. HAN caused the \$210,000 investment to be deposited in an Envion account that had a balance of \$7,297.30 immediately before the deposit. In less than one week, HAN made and caused to be made three withdrawals from this Envion account that totaled \$210,000: a \$50,000 withdrawal on December 5, 2007; a \$40,000 withdrawal on December 7, 2007; and a \$120,000 withdrawal on December 11, 2007. The balance in the Envion account returned to \$7,297.30—the same balance in the account prior to Investor 2's investment. The exact same day that each of these withdrawals occurred, there was a corresponding deposit, *in the exact same amount*, in one of HAN's personal accounts. HAN used the funds in this personal account to engage in a series of transactions in December 2007, including:

- a) making approximately \$17,000 in cash withdrawals;

- b) using approximately \$30,000 to pay down balances on personal credit cards; and
- c) purchasing approximately \$6,500 in goods at a luxury watch and fine jewelry store.

While there were funds in this personal account before HAN caused the \$210,000 to be deposited in it, there were, without Investor 2's investment, insufficient funds in the account for HAN to engage in the above-referenced transactions in December 2007.

*August 2008 – April 2010: Envion Unsuccessfully Attempted to Gain Control over Company 1's Rights to the Oil Generator*

31. On or about August 27, 2008—more than four years after Investor 1's first investment—Envion entered into a contract with Company 1 to purchase the first, and only, Oil Generator that Envion ever possessed. The purchase price was \$2 million. MICHAEL SANG HAN executed the deal on behalf of Envion. The agreement referred to Envion as Company 1's customer and conferred no rights to the Oil Generator technology, patents, or trade secrets.

32. In and around December 2008, MICHAEL SANG HAN and others began negotiating an asset purchase agreement between Envion and Company 1 that would have conveyed all rights, title, and interest in Company 1's assets from Company 1 to Envion. Envion was to pay \$45 million under this asset purchase agreement and was supposed to transfer five percent of Envion's stock (at a \$250 million valuation) to Company 1.

33. From in and around December 2008 through in and around August 2009, MICHAEL SANG HAN and others worked on finalizing an asset purchase agreement that would have given Envion the types of rights that HAN had been falsely claiming since, at least, March 2004 that Envion possessed.

34. In and around August 2009, MICHAEL SANG HAN executed two versions of the asset purchase agreement. One version falsely purported to have been executed in February 2004 and the other version falsely purported to have been executed in December 2008.

35. Between in and around August 2009 and in and around November 2011, MICHAEL SANG HAN and Envion failed to pay Company 1 any amount remotely near the \$45 million needed for Envion to obtain the rights that HAN had been falsely claiming since at least March 2004 that Envion possessed.

36. On or about May 19, 2010—approximately six years after Investor 1’s first investment—Envion had still not completed the sale of even a single Oil Generator unit. In an email discussing problems with the dealings between Envion and Company 1, MICHAEL SANG HAN wrote, “This is serious now. Investors are extremely mad @ me for lying. I don’t know what to do.”

37. MICHAEL SANG HAN failed to share any of these concerns with Investor 1 and Investor 2. Instead, HAN continued to solicit Investor 1 and Investor 2 under the false pretense that Envion owned the rights to the Oil Generator. Moreover, HAN failed to disclose to either Investor 1 or Investor 2 that he had used a substantial portion of their earlier investments for his personal enrichment. Between on or about December 21, 2008, and on or about July 6, 2010, HAN induced the following Investments:

**Investor 1**

<b>Date of Investment</b>	<b>Amount of Investment</b>
5/7/09	\$1,500,000
7/20/09	\$2,000,000
10/21/09	\$3,000,000
4/21/10	\$1,800,000

**Investor 2**

<b>Date of Investment</b>	<b>Amount of Investment</b>
12/21/08	\$400,000
2/15/09	\$500,000
4/13/09	\$250,000
6/3/09	\$500,000
7/6/10	\$2,300,000

**Use of Investments for Personal Enrichment**

38. Between on or about December 21, 2008, and on or about July 6, 2010, MICHAEL SANG HAN transferred and caused to be transferred, at least \$3.3 million of the approximately \$12.2 million Investor 1 and Investor 2 invested in Envion, during that period, to personal accounts HAN maintained. A substantial portion, if not all, of the funds transferred were used for personal expenses, including:

- a) Approximately \$500,000 in debit card purchases, including over \$88,000 at night clubs and \$51,000 at a musical equipment shop for a high-end piano;
- b) Cash withdrawals of approximately \$332,000; and
- c) Approximately \$223,000 to pay down balances on his personal credit cards.

*October 2010 – August 2011: MICHAEL SANG HAN Induced Investor 1 to Invest an Additional \$20 Million and Negotiated a Global Promissory Note with Investor 1*

39. On or before October 25, 2010, MICHAEL SANG HAN asked Investor 1 to invest an additional \$40 million with Envion. Investor 1 responded that \$40 million was more than Investor 1 was willing to invest, but that Investor 1 would be willing to invest an additional \$20 million with Envion.

40. On or about October 25, 2010, Investor 1, relying on MICHAEL SANG HAN's false and misleading statements about Envion, caused a facsimile to be sent from the District to Maryland that instructed a financial institution that maintained an account for Investor 1 to wire

\$20 million from the account to an account that HAN identified. The account HAN identified was one of his personal accounts, not a business account.

41. On and shortly after October 25, 2010, MICHAEL SANG HAN immediately began using substantial portions of the \$20 million for his personal use, not for expenses related to Envion as HAN represented the funds would be used when he solicited Investor 1. At the time of the transfer, the personal account that received the \$20 million had a balance of approximately \$23,370.57. HAN immediately transferred approximately \$18.9 million from this personal account to another personal account. At the time of this transfer, this second personal account had a balance of *zero* dollars. HAN used the overwhelming majority of this \$18.9 million to fund personal expenditures, including:

- a) Purchasing, on or about March 21, 2011, an approximately \$3,096,678 home in Palm Beach, Florida;
- b) Paying a contractor, from on or about February 25, 2011, through on or about November 17, 2011, approximately \$1,919,493 for improvements to the Palm Beach Florida, home;
- c) Paying a second contractor, from on or about February 17, 2011, through on or about December 13, 2011, approximately \$895,173 for improvements to the same Palm Beach, Florida home;
- d) Purchasing, on or about March 23, 2011, a 2011 BMW 328i convertible for approximately \$56,000;
- e) Purchasing, on or about June 30, 2011, a 2008 Ferrari 430 Scuderi for approximately \$226,000 (purchased in the name of another company HAN operated);
- f) Purchasing, on or about August 2, 2011, a 2011 Range Rover for approximately \$57,682;
- g) Using over \$800,000 to pay down balances on his personal credit card. The purchases that led to these balances included over \$175,000 in home goods and furnishings, \$15,000 in jewelry, and \$36,000 on night clubs and sporting events;
- h) Issuing approximately \$201,000 in checks to himself; and

i) Withdrawing approximately \$215,000 in cash.

42. On or about December 10, 2010, MICHAEL SANG HAN, via an email sent across state lines to the District, forwarded a promissory note for the \$20 million investment.

43. On or about July 26, 2011, Investor 1 sent an email from the District across state lines to MICHAEL SANG HAN requesting that the parties execute a single promissory note intended to cover the entire amount Investor 1 invested and that would replace all promissory notes that had been previously executed.

44. On or about August 4, 2011, MICHAEL SANG HAN and Investor 1 executed a global promissory note for \$32,393,000.

**COUNTS ONE AND TWO**  
**Wire Fraud**  
**(18 U.S.C. § 1343)**

45. Paragraphs 1 through 44 of this Indictment are realleged and incorporated by reference as if fully set forth herein.

46. Defendant MICHAEL SANG HAN, to execute the scheme to defraud and to obtain money described above, did cause to be transmitted in interstate commerce and foreign commerce, by means of wire communications, the following signals and sounds:

Count	Approximate Date	Wire Communication
1.	10/25/2010	Interstate facsimile from the District directing the transfer of \$20 million to MICHAEL SANG HAN.
2.	12/10/2010	Interstate email sent to the District forwarding a promissory note for the October 25, 2010, \$20 million investment.

**(Wire Fraud, in violation of Title 18, United States Code, Section 1343)**

**COUNT THREE**  
**Securities Fraud**  
**(15 U.S.C. §§ 78j(b) and 78ff; 17 C.F.R. § 240.10b-5)**

47. Paragraphs 1 through 44 of this Indictment are realleged and incorporated by reference as if fully set forth herein.

48. From at least in or about March 2004 through at least in or about November 2011, in the District and elsewhere, defendant MICHAEL SANG HAN unlawfully, willfully and knowingly, by use of means and instrumentalities of interstate commerce and the mails, directly and indirectly did use and employ manipulative and deceptive devices and contrivances in connection with the purchase and sale of a security, in contravention of Rule 10b-5 (Title 17, Code of Federal Regulation, Section 240.10b-5) of the Rules and Regulations promulgated by the United States Securities and Exchange Commission, and did (a) employ a device, scheme and artifice to defraud, (b) make untrue statements of material facts and omit to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, and (c) engage in acts, practices and a course of business which would and did operate as a fraud and deceit upon persons in connection with the purchase and sale of Envion securities.

**(Securities Fraud, in violation of Title 15, United States Code,  
Sections 78j(b) and 78ff; Title 17, Code of Federal Regulations, Section 240.10b-5)**

**COUNTS FOUR THROUGH NINE**  
**Monetary Transactions in Property Derived from Specified Unlawful Activity**  
**(18 U.S.C. § 1957)**

49. The allegations set forth in paragraphs 1 through 44 of this Indictment are realleged and incorporated by reference herein.

50. From at least in or about March 2004 through at least in or about November 2011, in the District and elsewhere, defendant MICHAEL SANG HAN knowingly engaged and

attempted to engage in monetary transactions, further described below, in criminally derived property of a value greater than \$10,000, which property was derived from a specified unlawful activity, that is, wire fraud.

<b>Count</b>	<b>Approximate Date</b>	<b>Monetary Transaction</b>
4.	03/21/2011	Purchased an approximately \$3,096,678 home in Palm Beach, Florida
5.	03/23/2011	Purchased a 2011 BMW 328i convertible for approximately \$56,381
6.	03/30/2011	Purchased a 2008 Ferrari 430 Scuderia for approximately \$226,403
7.	07/26/2011	Wired approximately \$222,567.89 for home improvements
8.	08/02/2011	Purchased a 2011 Range Rover for approximately \$57,682
9.	10/31/2011	Wired approximately \$200,000 for home improvements

**(Monetary Transactions in Property Derived from Specified  
Unlawful Activity, in violation of Title 18, United States Code, Section 1957)**

**COUNT TEN  
Tax Evasion (Tax Year 2010)  
(26 U.S.C. § 7201)**

51. The allegations in paragraphs 1 through 44 of this Indictment are realleged and incorporated by reference herein.

52. From in or around January 1, 2010, through on or about November 21, 2011, in the District of Columbia, the State of Maryland, the State of Florida, and elsewhere, the defendant MICHAEL SANG HAN, a resident of the District of Columbia and elsewhere, did willfully attempt to evade and defeat a large part of the income tax due and owing by him to the United States of America for 2010, through various means, including committing the following affirmative acts, among others:

a. defendant HAN directed the entirety of Investor 1's \$20 million investment to Envion into his personal bank accounts, instead of the Envion business bank account;

b. defendant HAN misled, and provided false information to, bookkeepers at Envion regarding the receipt of Investor 1's \$20 million investment in Envion;

c. defendant HAN caused the preparation of false business books and records by Envion, including regarding the receipt and classification of investor funds;

d. defendant HAN concealed his use of investor funds from Envion employees in the District of Columbia, Investor 1, the IRS, and others, when he described, and caused to be described, those funds as an equity sale;

e. defendant HAN directed Envion bookkeepers in the District of Columbia, and elsewhere, to create false entries into Envion's business books and records to classify certain payments made from defendant HAN's personal accounts to Envion as "repayments" for purported prior "loans" defendant HAN allegedly borrowed from Envion, notwithstanding the fact that defendant HAN's actions were intended to conceal the diversion of funds defendant HAN had previously taken from Envion;

f. defendant HAN used Investor 1's \$20 million investment into Envion for, among other items, defendant HAN's own personal expenditures;

g. defendant HAN further concealed from and misled Envion bookkeepers in the District of Columbia, and elsewhere, regarding the use by defendant HAN of Investor 1's investment funds to purchase, among other things, a residence in Palm Beach, Florida;

h. defendant HAN further concealed from and misled Envion bookkeepers in the District of Columbia, and elsewhere, regarding the use of Investor 1's investment funds to purchase, among other things, improvements to the residence home in Palm Beach, Florida, furnishings for the residence in Palm Beach, Florida, and luxury vehicles for defendant HAN's own personal benefit and use;

i. defendant HAN further caused Envion's false business books and records to be provided to Envion's tax preparers for the preparation of the 2010 Envion corporate income tax return;

j. On or about September 14, 2011, defendant HAN filed and caused to be filed, a false federal corporate income tax return (Form 1120) on behalf of Envion for tax year 2010, that included, among other falsities: false loan information, and concealed the nature of Investor 1's investment;

k. On or about November 21, 2011, defendant HAN filed and caused to be filed, a false federal individual income tax return (Form 1040) for the year 2010, that falsely reported, among other falsities: total income.

**(Income Tax Evasion, in violation of Title 26, United States Code, 7201).**

**COUNT ELEVEN**  
**Tax Evasion (Tax Year 2011)**  
**(26 U.S.C. § 7201)**

53. The allegations in paragraphs 1 through 44 of this Indictment are realleged and reincorporated by reference herein.

54. From in or around January 1, 2011, through on or about October 10, 2012, in the District of Columbia, State of Maryland, State of Florida, and elsewhere, the defendant MICHAEL SANG HAN, a resident of the District of Columbia and elsewhere, did willfully attempt to evade and defeat a large part of the income tax due and owing by him to the United States of America for the calendar year 2011, through various means, including committing the following affirmative acts, among others:

a. Beginning January 2011, defendant HAN provided false information and concealed from the Envion bookkeepers the true disposition of investment funds to Envion, thereby causing

the preparation of false business books and records by Envion in the District of Columbia and elsewhere;

b. defendant HAN directed Envion bookkeepers in the District of Columbia, and elsewhere, to create false entries into Envion's business books and records to classify certain payments made from defendant HAN's personal accounts to Envion as "repayments" for purported prior "loans" defendant HAN allegedly borrowed from Envion, notwithstanding the fact that defendant HAN's actions were intended to conceal the diversion of funds defendant HAN had previously taken from Envion;

c. defendant HAN misled and concealed from Envion bookkeepers in the District of Columbia and elsewhere, his use of Investor 1's investment to purchase, among other things, a residence in Palm Beach, Florida;

d. defendant HAN further concealed from and misled Envion bookkeepers regarding the use of Investor 1's investment funds to purchase, among other things, improvements to the residence home in Palm Beach, Florida, furnishings for the residence in Palm Beach, Florida, and luxury vehicles for defendant HAN's own personal benefit and use;

e. defendant HAN caused Envion's false business books and records to be provided to Envion's tax return preparers for the preparation of the 2011 federal corporate income tax return;

f. On or about September 15, 2012, defendant HAN filed and caused to be filed a false federal corporate income tax return on behalf of Envion (Form 1120) for tax year 2011, that included, among other falsities: false expenses, false loan information, and concealed the nature of Investor 1's investment;

g. On or about October 10, 2012, defendant HAN filed and caused to be filed a false federal individual income tax return (Form 1040) for the year 2011, that falsely reported, among other falsities: total income.

**(Income Tax Evasion, in violation of Title 26, United States Code, 7201).**

**COUNT TWELVE**  
**First Degree Fraud**  
**(§§ 22-3221(a), 22-3222(a))**

55. The allegations set forth in paragraphs 1 through 44 of this Indictment are realleged and incorporated by reference herein.

56. From in or around February 2004 through in or around November 2011, in the District of Columbia, defendant MICHAEL SANG HAN engaged in a scheme and systematic course of conduct with intent to defraud and to obtain property of another by means of a materially false and fraudulent pretense, representation, and promise, and thereby obtained property of another of a value of \$1,000 or more and caused another to lose property of a value of \$1,000 or more, that is, approximately \$20 million from Investor 1.

**(First Degree Fraud, in violation of D.C. Code,  
Sections 22-3221(a) and 22-3222(a) (2001 ed.))**

**CRIMINAL FORFEITURE ALLEGATION**

1. Upon conviction of the offenses alleged in Counts One through Three, the defendant shall forfeit to the United States any property, real or personal, which constitutes or is derived from proceeds traceable to this offense, pursuant to 18 U.S.C. § 981(a)(1)(C) and 28 U.S.C. § 2461(c). The United States will seek a forfeiture money judgment against the defendant of at least \$39,898,000.

2. Upon conviction of the offense alleged in Counts Four through Nine, the defendant shall forfeit to the United States any property, real or personal, involved in such offense, or any property traceable to such property, pursuant to 18 U.S.C. § 982(a)(1). The United States will seek a forfeiture money judgment against the defendant of at least \$3,859,712.

3. If any of the property described above as being subject to forfeiture, as a result of any act or omission of the defendant:

- a. cannot be located upon the exercise of due diligence;
- b. has been transferred or sold to, or deposited with, a third party;
- c. has been placed beyond the jurisdiction of the Court;
- d. has been substantially diminished in value; or
- e. has been commingled with other property that cannot be divided without difficulty;

it is the intention of the United States, pursuant to 21 U.S.C. § 853(p), to seek forfeiture of any other property of the defendant up to the value of the property described above.

(**Criminal Forfeiture**, pursuant to Title 18, United States Code, Sections 981(a)(1)(C) and 982(a)(1); Title 21, United States Code, Section 853(p); and Title 28, United States Code, Section 2461(c).)

A TRUE BILL:

FOREPERSON

ATTORNEY FOR THE UNITED STATES IN  
AND FOR THE DISTRICT OF COLUMBIA

A handwritten signature in cursive script, reading "Channing D. Phillips", is written over a horizontal line.