
UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

UNITED STATES OF AMERICA : **CRIMINAL COMPLAINT**
 :
 v. :
 :
 JOHN Y. LEE, a/k/a :
 "Yong Kook Lee" : Mag. No. 07-

I, Tim Phalon, being duly sworn, state the following is true and correct to the best of my knowledge and belief. From in or about January 2002, until in or about June 2007, in Bergen County, in the District of New Jersey, and elsewhere, defendant JOHN Y. LEE, a/k/a "Yong Kook Lee" did:

knowingly and intentionally devise and intend to devise a scheme and artifice to defraud, and for obtaining money and property by means of materially false and fraudulent pretenses, representations, and promises, transmitted and caused to be transmitted by means of wire, radio, or television communication in interstate or foreign commerce, a writing, sign, signal, picture, and sound for the purpose of executing such scheme or artifice,

In violation of Title 18, United States Code, Sections 1343 & 2.

I further state that I am a Special Agent with the Federal Bureau of Investigation and that this complaint is based on the following facts:

SEE ATTACHMENT A.

Tim Phalon, Special Agent
Federal Bureau of Investigation

Sworn to before me and subscribed in my presence,
July 18, 2007, at Newark, New Jersey

HONORABLE ESTHER SALAS
UNITED STATES MAGISTRATE JUDGE

HONORABLE ESTHER SALAS

ATTACHMENT A

I, Tim Phalon, a Special Agent with the Federal Bureau of Investigation, having conducted an investigation and having spoken with other individuals, have knowledge of the following facts:

INTRODUCTION

1. At various times relevant to this Complaint:
 - a. Defendant JOHN Y. LEE was a resident of West New York, New Jersey, and served as the Director of Samsung America, Inc.'s ("SAI") Korea Export Department.
 - b. SAI, based in Ridgefield Park, New Jersey, was a global trading and investment company and American subsidiary of the Korean conglomerate Samsung Corporation ("SC"). SAI engaged in various businesses including: a) the trading of international commodities such as metals, steel and textiles; b) product marketing and distribution; and c) venture capital.
 - c. Corning Inc. ("Corning"), a New York Corporation with its principal place of business in Corning, New York, engaged in various businesses including the production of: a) specialty glass; b) optical products for the telecommunications industry; c) environmental technologies; and d) materials for use in life science laboratories.
 - d. Samsung Corning Co. Ltd., a joint venture between SA and Corning, which was based in Seoul, South Korea, developed flat screen technologies and other electronic materials.
 - e. Samsung Corning Precision Glass Co. Ltd. ("SCP"), a joint venture between Samsung Corning Co. Ltd. and Corning, which was based in Seoul, South Korea, produced specialized glass products for flat screen technologies.
 - f. Engelhard Corporation ("Engelhard"), a Delaware Corporation with its principal place of business in Iselin, New Jersey, engaged in various businesses, including the refining of raw materials for use in numerous industries. Engelhard supplied SCP with precious metals during the late 1990s. When Engelhard supplied SCP with such metals, SAI would initially pay Engelhard for them, and SCP would reimburse SAI for such payments.
 - g. Engelhard Supple Co. ("ESC") was a fictitious entity based in West New York, New Jersey created by defendant JOHN Y. LEE.

The Scheme To Defraud

2. From in or about January 2002 until in or about June 2007, in Bergen County, in the District of New Jersey, and elsewhere, defendant JOHN Y. LEE knowingly and intentionally devised and intended to devise a scheme and artifice to defraud, and for obtaining money and property by means of materially false and fraudulent pretenses, representations, and promises, transmitted and caused to be transmitted by means of wire, radio, or television communication in interstate or foreign commerce, a writing, sign, signal, picture, and sound for the purpose of executing such scheme or artifice.

The Object of the Scheme to Defraud

3. The primary object of the scheme and artifice to defraud was for defendant JOHN Y. LEE to fraudulently obtain approximately \$1.5 million from SAI by submitting false and fraudulent invoices, purchase orders and other documents to SAI.

The Means and Methods of the Scheme to Defraud

4. Among the means and methods used by defendant JOHN Y. LEE to carry out his scheme to defraud were those set forth below:
 - a. In or before September 2000, defendant JOHN Y. LEE created the fictitious entity ESC. Defendant LEE named his entity ESC to make it appear that ESC was, in fact, Engelhard.
 - b. Using ESC, defendant JOHN Y. LEE then engaged in an elaborate scheme to embezzle approximately \$1.5 million from SAI by falsely representing to SAI that ESC had provided substantial metal refining services to SCP.
 - c. Among other things, to cause SAI to pay ESC the approximately \$1.5 million, defendant JOHN Y. LEE created numerous fraudulent documents including: a) fake SCP purchase orders; b) fake ESC invoices; and c) fake SAI payment approval forms.
 - d. These documents were fraudulent for a number of reasons, including because: a) they falsely represented that Engelhard had provided metal refining services to SCP during the scheme; b) the fake SCP purchase orders contained the forged signatures of SCP procurement agents, N.K. and Y.C.; c) the fake ESC invoices were placed on what appeared to be legitimate Engelhard letterhead; and d) the fake ESC invoices falsely claimed that Engelhard controlled a bank account at a Bank of America in Summit, New Jersey, account number **** *509 (“the Account”) where SAI should remit payment for the bogus refining services.

- e. In fact: a) Engelhard did not provide any such metal refining services to SCP during the course of the scheme; b) Engelhard did not issue such invoices; and c) defendant JOHN Y. LEE controlled the Account in the name of ESC.
 - f. Indeed, on or about September 18, 2000, defendant JOHN Y. LEE opened the Account in the name of ESC at a Bank of America branch located on Springfield Avenue in Summit, New Jersey. According to documents received from Bank of America, defendant LEE provided Bank of America with an address for ESC that was the same address as defendant LEE's residence in West New York, New Jersey. In addition, to further make ESC falsely appear as though it were Engelhard, defendant LEE provided Bank of America with Engelhard's tax identification number as though that number belonged to ESC.
 - g. Defendant JOHN Y. LEE also engaged in numerous activities to conceal his fraudulent conduct, including: a) defendant LEE created a false balance sheet dated June 27, 2007 on which defendant LEE made it appear as though SCP acknowledged and confirmed to SAI that SCP owed SAI \$811,654.29 for refining services purportedly provided to SCP by Engelhard (the "False Balance Sheet"); b) in or about February 2004, and March 2006, defendant LEE diverted approximately \$80,000 and \$92,000 that SAI had received from legitimate customers to the outstanding balance that SCP purportedly owed SAI for the bogus metal refining services; and c) defendant LEE provided false invoices to SAI's accounting department to cover up these improper diversions of customer payments.
 - h. To make the False Balance Sheet appear legitimate, defendant LEE: a) forged the signature of H.K.; and b) caused the False Balance Sheet to contain a fax header that made it appear as though the False Balance Sheet had been faxed to SAI from a fax machine at SCP's offices in Seoul, South Korea.
 - i. To further conceal his fraudulent activities, defendant JOHN Y. LEE engaged in other conduct including submitting other false documents to SAI's accounting department to make SAI's books and records appear as though SCP had received metal refining services from Engelhard.
5. On or about June 29, 2007, two of SC's financial auditors interviewed H.K., one of the SCP procurement agents in Korea discussed above. During this interview, H.K. stated, in substance and in part, that: a) he had not conducted business with defendant JOHN Y. LEE since approximately 1994; b) he did not sign or create the False Balance Sheet; and c) the fax number that appears on the False Balance Sheet's fax header would not have been used to fax the False Balance Sheet from SCP to SAI.

6. On or about June 29, 2007, July 3, 2007 and July 9, 2007, defendant JOHN Y. LEE admitted his fraudulent conduct to SC auditors orally and/or in writing. Among other things, on these dates, defendant LEE admitted, in substance and in part, that: a) he named his entity ESC to make it appear to SCP and SAI that ESC was, in fact, Engelhard; b) he created ESC to allow him to receive funds from SAI; c) he forged N.K. and Y.C.'s signatures on the fake SCP purchase orders; c) he created the False Balance Sheet; d) he forged H.K.'s signature on the False Balance Sheet; e) he made the False Balance Sheet fax header falsely appear as though the False Balance Sheet had been faxed from SCP in Seoul, South Korea; f) he created the false SCP purchase orders to facilitate his fraudulent scheme; g) he created the false SAI payment forms and submitted them to senior SAI managers to facilitate his fraudulent scheme; h) he received at least approximately \$1 million from his fraudulent activities; i) he spent most, if not all, of the money he embezzled on personal expenses including the payment of various credit card balances, and the payment of a down payment on a townhouse in Fort Lee, New Jersey.

7. On or about, May 2, 2007, for the purpose of executing the scheme and artifice described above, and attempting to do so, in the District of New Jersey and elsewhere, defendant JOHN Y. LEE knowingly and willfully caused SAI to complete the following interstate wire transfer: \$117,277.50 wired from SAI's checking account, account number *****89, maintained at Bank Citibank, N.A. in New York, New York to the Account in Summit, New Jersey.