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UNITED STATES OF AMERICA

UNITED STATES DISTRICT COURT

FOR THE CENTRAL DISTRICT OF CALIFORNIA

22 UNITED STATES OF AMERICA, ) No. CV \_  
23 )  
24 Plaintiff, )  
25 )  
26 vs. ) VERIFIED COMPLAINT FOR  
27 ) FORFEITURE  
28 ) IN REM  
THE PROCEEDS FROM THE SALE OF A )  
CONDOMINIUM LOCATED AT THE )  
RITZ-CARLTON IN LOS ANGELES, ) [18 U.S.C. § 981(a)(1)(A),  
CALIFORNIA; REAL PROPERTY ) 18 U.S.C. § 981(a)(1)(C)]  
LOCATED AT 620 W. ORANGEWOOD )

AVENUE IN ANAHEIM, CALIFORNIA; )  
 REAL PROPERTY LOCATED AT 19545 )  
 E. CIENEGA AVENUE IN COVINA, )  
 CALIFORNIA; REAL PROPERTY )  
 LOCATED IN IRVINE, CALIFORNIA; )  
 THE ASSETS OF THE ANAHEIM )  
 EXPRESS INN; ONE 2007 PORSCHE )  
 BOXSTER; AND 4,275 SHARES IN )  
 SOLUTION STRATEGIES )  
 INTERNATIONAL, INC., )  
 Defendants. )

Plaintiff United States of America, by and through its undersigned attorneys, in a case of forfeiture *in rem*, alleges, based on information and belief, that:

I.

**NATURE OF THE ACTION**

1. This is an action *in rem* to forfeit three real properties in the Central District of California (referred to collectively as the "Defendant Real Properties"), a Porsche Boxster, shares in a consulting business, the assets of a motel, and approximately \$1 million in funds connected to the massive corruption schemes of Janet Lim Napoles - who, through nearly a decade of bribes, kickbacks, and embezzlement, is believed to have stolen over \$200 million from the Philippines' government intended for development assistance and disaster relief aid for the people of the Philippines.

1           2. As alleged herein, between approximately 2004 through  
2 2012, Janet Lim Napoles ("Napoles"), a citizen of the  
3 Philippines, arranged for Philippine politicians and government  
4 officials to award over \$200 million in government contracts to  
5 non-governmental organizations (NGOs) ("Napoles NGOs") under her  
6 control in exchange for kickbacks. In order to maintain  
7 control, she appointed her family members, employees, and  
8 household staff as officers of the NGOs, sometimes without their  
9 knowledge. Her NGOs then either failed entirely to provide the  
10 services they had promised, overcharged, or under-delivered,  
11 while Napoles diverted to her own personal use and benefit money  
12 intended for expenditures for the public good, often draining  
13 accounts in cash within days of government disbursements to her  
14 NGOs.  
15

16  
17           3. Napoles engaged in three principal schemes: (a) The  
18 "pork-barrel" or PDAF scam: Between approximately 2004 and 2012,  
19 Napoles paid kickbacks to Philippine legislators and their staff  
20 in exchange for the award of contracts for projects paid from  
21 Priority Development Assistance Funds (PDAF), which were not  
22 implemented as promised, and sometimes not at all; (b) The  
23 Malampaya Fund scam: In 2009, at Napoles's direction, employees  
24 of her NGOs forged letters from mayors and falsified reports of  
25 NGO service delivery in order to obtain approximately \$20  
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1 million from the Philippines' Malampaya Fund, under the false  
2 promise that the funds would be used for typhoon recovery work;  
3 and (c) The Fertilizer Fund scam: In or about 2004, Napoles  
4 paid kickbacks to government officials for the award of  
5 government supply contracts for fertilizer sold at inflated  
6 prices and/or sub-standard quality. Through these criminal  
7 schemes, and in violation of Philippine law, Napoles obtained  
8 tens of millions of dollars for her own benefit, at a time when  
9 she and her family had little or no legitimate income.  
10

11 4. As set forth in more detail below, over the period from  
12 roughly 2006 to 2012, Napoles caused approximately \$12 million  
13 of stolen Philippine government funds to be transferred to the  
14 United States. At her direction, government-awarded funds were  
15 often withdrawn from Napoles NGO accounts in cash and  
16 transferred to the United States, usually through the use of  
17 money changers and remittance services, concealing the true  
18 source of the funds. These monies were usually wired to bank  
19 accounts in the United States that had been opened in the names  
20 of Napoles's family members and two California corporations  
21 controlled by the Napoles family and created in 2006, shortly  
22 before the first of the defendant properties was acquired:  
23 Western Investment Corporation ("Western Investment") and  
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1 Western Ventures Management, Inc. ("Western Ventures  
2 Management").

3 5. In 2013, the Philippines' National Bureau of  
4 Investigation ("NBI") rescued former Napoles employee Benhur Luy  
5 from a Napoles-owned condominium in Manila after he had been  
6 kidnapped and illegally detained by Napoles against his will for  
7 several months. Luy, a cousin of Napoles, had worked for her as  
8 a finance officer, tracking many of her corrupt transactions.  
9 Napoles detained Luy in 2012, having suspected him of engaging  
10 in side transactions. After his rescue, Luy, as well as other  
11 former Napoles employees, began cooperating with the Philippine  
12 government's investigation and provided details of how Napoles's  
13 scams operated.  
14

15 6. Napoles was subsequently convicted on April 14, 2015 of  
16 Serious Illegal Detention and received a sentence of life  
17 imprisonment, or between 20 years and one day up to 40 years.  
18 Her brother, Reynald Lim ("Lim"), who was charged with the same  
19 offense, remains a fugitive. The Philippines government has  
20 also charged Napoles and certain of her family members with  
21 misappropriating government funds and paying kickbacks in the  
22 PDAF scam.  
23

24 7. The defendants were acquired with or represent the  
25 proceeds of at least \$12.5 million in public funds that were  
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1 looted and subsequently laundered into the United States during  
2 the period from in or about 2004 to in or about 2012 through  
3 schemes described herein. As property constituting, derived  
4 from, or traceable to the proceeds of "specified unlawful  
5 activity," or a conspiracy to commit specified unlawful  
6 activity, and as property involved in money laundering  
7 violations of 18 U.S.C. §§ 1956 and 1957, the defendants are  
8 subject to forfeiture under 18 U.S.C. § 981(a)(1)(C) and (A).  
9

## 10 II.

### 11 THE DEFENDANTS

#### 12 A. Defendant Real Properties

##### 13 a. The Anaheim Motel

14  
15 8. The Defendant Anaheim Motel, as more fully described in  
16 Attachment A, is titled in the name of Western Investment,  
17 located at 620 W. Orangewood Ave., Anaheim, California, 92802,  
18 and includes all appurtenances, improvements, and attachments  
19 thereon, as well as all leases, rents, and profits derived  
20 therefrom. The Anaheim Motel is currently operated as a motel  
21 called the Anaheim Express Inn. It was acquired in 2006, and is  
22 managed for Western Investment by a management company.  
23

##### 24 b. The Covina Real Property

25  
26 9. The Defendant Covina Real Property, as more fully  
27 described in Attachment B, is titled in the name of Western  
28

1 Ventures Management, located at 19545 E. Cienega Ave., Covina,  
2 California, 91724, and includes all appurtenances, improvements,  
3 and attachments thereon, as well as all leases, rents, and  
4 profits derived therefrom. In the past, the Covina Real  
5 Property was operated as a day care or school, but, as of the  
6 date of filing of this complaint, there was no day care, school,  
7 or other organization operating from the property.  
8

9  
10 **c. The Irvine House**

11 10. The Defendant Irvine House, as more fully described in  
12 Attachment C, is currently titled in the name of Ana Marie D.  
13 Lim, located in Irvine, California,<sup>1</sup> and includes all  
14 appurtenances, improvements, and attachments thereon, as well as  
15 all leases, rents, and profits derived therefrom. It was  
16 acquired in 2007, and originally titled in the name of Reynald  
17 and Ana Marie Lim.  
18

19  
20 **B. The Ritz-Carlton Proceeds**

21 **a. \$984,173.40 In Proceeds From the Sale of A Condominium**  
22 **at the Ritz-Carlton Residences in Los Angeles,**  
23 **California ("Ritz-Carlton Proceeds")**

24 11. The Defendant Ritz-Carlton Proceeds are \$984,173.40 in  
25 proceeds from the June 2014 sale of Unit 37I at the Ritz-Carlton  
26

27  
28 <sup>1</sup> Pursuant to Local Rule 5.2-1, residential addresses have  
been omitted from this complaint.

1 Residences in Los Angeles, California, which was purchased in  
2 2011 by Janet Napoles for her 21-year-old daughter, Jeane  
3 Napoles (the "Ritz-Carlton Residence"). The Ritz-Carlton  
4 Proceeds are more fully described as all funds seized pursuant  
5 to a seizure warrant issued on August 6, 2014, by the U.S.  
6 District Court for the Central District of California from the  
7 following four accounts:  
8

- 9 - \$156,286.19 seized on August 6, 2014, from Bank of  
10 America Checking Account number 325031121361, held in the  
11 name of Jeane Napoles ("Jeane Napoles Bank of America 1361  
12 Checking Account");  
13
- 14 - Approximately \$106,468.11 seized on August 6, 2014, from  
15 Citibank Flexible Checking Account number 205786502, held  
16 in the name of ImFashionNinja LLC ("ImFashionNinja Checking  
17 Account");<sup>2</sup>  
18
- 19 - Approximately \$565,854.39 seized on August 6, 2014, from  
20 Citibank Business IMMA Account number 205786510, held in  
21

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22 <sup>2</sup> At the time of the service of the seizure warrant on  
23 August 6, 2014, the account balances in the ImFashionNinja  
24 Checking Account, the ImFashionNinja IMMA Account, and the Jeane  
25 Napoles Citibank Checking Account were \$106,468.11, \$564,854.39,  
26 and \$156,693.29, respectively, for a total of \$829,015.79. On  
27 August 15, 2014, the United States received a single cashier's  
28 check from Citibank for the seized funds from all three  
accounts. That check was in the amount of \$827,887.21, which is  
\$1,128.58 less than the account balances as of the date of  
service of the seizure warrant. Thus, the Ritz-Carlton Proceeds  
include \$827,887.21 from the three Citibank accounts from which  
funds were seized.



1 the name of ImFashioNinja LLC ("ImFashioNinja IMMA  
2 Account"); and

3 - Approximately \$156,693.29 seized on August 6, 2014, from  
4 Citibank Checking Account number 42012282622, held in the  
5 name of Jeane Napoles ("Jeane Napoles Citibank Checking  
6 Account").  
7

8 12. The Ritz-Carlton Proceeds are currently in the custody  
9 of the United States Marshals Service and shall remain subject  
10 to the Court's jurisdiction during the pendency of this action.

11 **C. Defendant Business Assets**

12 13. The Defendant Business Assets are more fully described  
13 as: all assets related to the Anaheim Motel, including but not  
14 limited to all chattels and intangible assets, inventory, and  
15 equipment owned, held or maintained by Western Ventures  
16 Management, Western Investment, or the Anaheim Motel, including  
17 any and all funds in accounts owned, held or maintained by  
18 Western Ventures Management, Western Investment, or the Anaheim  
19 Motel, or for the benefit of Western Ventures Management,  
20 Western Investment, or the Anaheim Motel, at financial  
21 institutions, including but not limited to the following:  
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24 a. All funds and/or securities held in Chase Money Market  
25 Account/Business Savings Account # 3072393506 (in the name  
26 of Western Investment's hotel management company);  
27  
28

1 b. All funds and/or securities held in Chase Operating  
2 Account # 563766539 (in the name of Western Investment's  
3 hotel management company);

4 c. All funds and/or securities held in Chase Managers  
5 Account # 563767867 (in the name of Western Investment's  
6 hotel management company).  
7

8 **D. Defendant Porsche**

9 14. The Defendant Porsche is identified as a 2007 Porsche  
10 Boxster, Vehicle Identification Number WPOCA29897U710807,  
11 license plate 6AKA322, registered to Jo Christine Napoles at the  
12 address of the Irvine House. As of October 30, 2014, the  
13 Defendant Porsche was located at the Irvine House.  
14

15 **E. Defendant Solution Strategies Shares**

16 15. The Defendant Solution Strategies Shares are described  
17 as follows: 4,275 shares of stock of Solution Strategies  
18 International, Incorporated ("Solution Strategies"), a  
19 California corporation, held in the name of Janet Lim Napoles.  
20 Solution Strategies is a consulting company headquartered in  
21 California. Napoles's share represents 19% of the company.  
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III.

JURISDICTION AND VENUE

16. The United States brings this action *in rem* to forfeit and condemn the defendant assets. This Court has jurisdiction over an action commenced by the United States under 28 U.S.C. § 1345, and over an action for forfeiture under 28 U.S.C. § 1355(a).

17. This Court has *in rem* jurisdiction over the defendant assets under 28 U.S.C. § 1355(b).

18. Venue is proper in this district pursuant to 28 U.S.C. § 1355(b)(1) because acts or omissions giving rise to the forfeiture occurred in this district.

IV.

STATUTORY BASES FOR FORFEITURE

19. The defendants are subject to forfeiture pursuant to 18 U.S.C. § 981(a)(1)(C) because they are property constituting or derived from proceeds traceable to an offense constituting a "specified unlawful activity" or a conspiracy commit such an offense. "Specified unlawful activity" is defined in 18 U.S.C. § 1956(c)(7)(A) and (c)(7)(B)(iv) to include, among other things, (i) foreign offenses involving "the misappropriation, theft, or embezzlement of public funds by or for the benefit of

1 a public official"; (ii) foreign offenses involving bribery of a  
2 public official; (iii) transportation of stolen or fraudulently  
3 obtained money (18 U.S.C. § 2314); and (iv) receipt of stolen  
4 money (18 U.S.C. § 2315).

5       20. The defendants are also subject to forfeiture pursuant  
6 to 18 U.S.C. § 981(a)(1)(A) because they constitute property  
7 involved in one or more transactions or attempted transactions  
8 in violation of 18 U.S.C. § 1957, or are property traceable to  
9 such assets. Section 1957 prohibits the conducting of a  
10 monetary transaction with property known to be the proceeds of  
11 unlawful activity with a value greater than \$10,000, i.e., the  
12 proceeds of (i) a foreign offense involving the  
13 misappropriation, theft, or embezzlement of public funds by or  
14 for the benefit of a public official; (ii) a foreign offense  
15 involving bribery of a public official; (iii) transportation of  
16 stolen or fraudulently obtained money (18 U.S.C. § 2314); or  
17 (iv) receipt of stolen money (18 U.S.C. § 2315). See 18 U.S.C.  
18 §§ 1956(c)(7)(B)(iv), and 1956(c)(7)(A) (incorporating by  
19 reference offenses enumerated in 18 U.S.C. § 1961(1)).

20       21. The defendants are also subject to forfeiture pursuant  
21 to 18 U.S.C. § 981(a)(1)(A) because they constitute property  
22 involved in one or more transactions or attempted transactions  
23 in violation of 18 U.S.C. § 1956(a)(1)(B), or are property  
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1 traceable to such assets. Section 1956(a)(1)(B) prohibits the  
2 conducting of a financial transaction with property known to be  
3 the proceeds of unlawful activity with the intent to conceal the  
4 nature, location, source, ownership, or control of such  
5 proceeds, i.e., (i) a foreign offense involving the  
6 misappropriation, theft, or embezzlement of public funds by or  
7 for the benefit of a public official; (ii) a foreign offense  
8 involving bribery of a public official; (iii) transportation of  
9 stolen or fraudulently obtained money (18 U.S.C. § 2314); or  
10 (iv) receipt of stolen money (18 U.S.C. § 2315). See 18 U.S.C.  
11 §§ 1956(c)(7)(B)(iv), and 1956(c)(7)(A) (incorporating by  
12 reference offenses enumerated in 18 U.S.C. § 1961(1)).

15 22. The defendants are further subject to forfeiture  
16 pursuant to 18 U.S.C. § 981(a)(1)(A) because they constitute  
17 property involved in one or more transactions or attempted  
18 transactions in violation of 18 U.S.C. § 1956(a)(2), or are  
19 property traceable to such assets. Among other conduct, Section  
20 1956(a)(2) prohibits transferring funds known to be the proceeds  
21 of unlawful activity from a place outside the United States to a  
22 place in the United States, with knowledge that the transfer is  
23 designed in whole or in part to conceal the nature, location,  
24 source, ownership, or control of proceeds of a specified  
25 unlawful activity. Specified unlawful activity again includes  
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1 (i) a foreign offense involving the misappropriation, theft, or  
2 embezzlement of public funds by or for the benefit of a public  
3 official; (ii) a foreign offense involving bribery of a public  
4 official; (iii) transportation of stolen or fraudulently  
5 obtained money (18 U.S.C. § 2314); or (iv) receipt of stolen  
6 money (18 U.S.C. § 2315). See 18 U.S.C. §§ 1956(c)(7)(B)(iv),  
7 and 1956(c)(7)(A) (incorporating by reference offenses  
8 enumerated in 18 U.S.C. § 1961(1)).  
9

10 23. In addition, the defendants are subject to forfeiture  
11 pursuant to 18 U.S.C. § 981(a)(1)(A) because they constitute  
12 property involved in a conspiracy to violate 18 U.S.C. § 1956 or  
13 18 U.S.C. § 1957, in violation of 18 U.S.C. § 1956(h).  
14

15 24. The foreign offenses referenced above are criminalized  
16 under the law of the Philippines by at least Republic Act Nos.  
17 3019 (the Anti-Graft and Corrupt Practices Act), 7080 (Plunder)  
18 and Article 212 of the Revised Penal Code (Corruption of Public  
19 Officials). These provisions are set forth in Attachment D.  
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## 22 V.

### 23 FACTS

24 25. On information and belief, the United States alleges  
25 the following facts.  
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1  
2 **A. Relevant Individuals, Entities, and Terms**

3       26. The following individuals, entities, and terms are  
4 particularly relevant to this complaint.

5       **1. Janet Lim Napoles ("Napoles").** Janet Napoles is  
6 the Philippine businesswoman behind the PDAF scam  
7 and other schemes to steal millions of dollars from  
8 the Philippine government. Napoles has been  
9 convicted of illegal detention and has been charged  
10 in the Philippines with various corruption  
11 offenses related to conduct alleged herein. Napoles is married to Jaime Napoles, and has four children: Jo Christine, James Christopher, Jeane Catherine, and John Christian Napoles.

12       **2. Reynald and Ana Marie Lim.** Reynald Lim, Janet  
13 Napoles's brother, is currently wanted in the  
14 Philippines based on criminal charges for his role  
15 in kidnapping whistleblower Benhur Luy. He holds  
16 both United States and Philippine passports. Until  
17 they departed for the Philippines in or around  
18 December 2012, Lim and his wife, Ana Marie Lim,  
19 lived in the Irvine House. He was listed as the  
20 registered agent and an officer for Western  
21 Ventures Management and Western Investment, the  
22 Napoles family companies that purchased and owned  
23 two of the defendants, the Anaheim Motel and the  
Covina Real Property. Reynald and Ana Marie Lim  
(using the aliases Reynaldo L. Francisco and Ana  
Marie B. Dulguime) were convicted in the  
Philippines in 2010 of falsifying public documents  
in connection with procurement fraud involving the  
delivery of Kevlar helmets to the Philippine  
marines.

24       **3. Jo Christine Napoles.** Jo Christine Napoles, the  
25 older daughter of Janet Napoles, was born in 1984.  
26 She was an officer of Western Ventures Management  
27 and Western Investment, which began acquiring some  
28 of the defendant property when she was 22 years  
old. Jo Christine Napoles also purchased the  
Defendant Porsche using stolen funds. In June,

1           2014, she was charged by the government in the  
2           Philippines in connection with the PDAF scam.

3           **4. James Napoles.** James Napoles, the older son of  
4           Janet Napoles, was born in 1985. A citizen of the  
5           Philippines, James Napoles was named as an officer  
6           in Western Investment and Western Ventures  
7           Management, which began acquiring certain  
8           defendant property when he was 21 years old. In  
9           June, 2014, he was charged by the government of  
10          the Philippines in connection with the PDAF scam.

11          **5. Jeane Napoles.** Jeane Napoles is the younger  
12          daughter of Janet Napoles, born in 1990. After  
13          graduating from high school, in June 2009, Jeane  
14          Napoles began an Associate of Arts degree program  
15          at the Fashion Institute of Merchandising and  
16          Design in Los Angeles in July, 2010, but withdrew  
17          in October, 2012. In 2011, at the age of 21, she  
18          moved into a condominium in the Ritz-Carlton in  
19          Los Angeles that was purchased by her mother using  
20          stolen funds. Jeane Napoles used the proceeds of  
21          the sale of the condominium in June 2014 to attempt  
22          to launch and run a fashion business called  
23          ImFashionNinja. On August 27, 2014, Jeane Napoles  
24          left the United States. She has been charged in  
25          the Philippines with tax evasion.

26          **6. Benhur Luy.** Benhur Luy, a cousin of Napoles, was  
27          in charge of financial records for Napoles's  
28          company JLN Corporation and other entities from  
29          2002 until December of 2012, when Napoles and Lim  
30          detained Luy. Napoles also appointed Luy president  
31          of one of the NGOs she controlled. After being  
32          rescued from detention in March, 2013, Luy began  
33          cooperating with the government in its  
34          investigation of Napoles's scams.

35          **7. The principal money remitters: Edzen Enterprises,**  
36          **Key West Trading, Hector Ang, and Michael Ty.** At  
37          all times relevant to the complaint, Edzen  
38          Enterprises and Key West Trading, both based in  
39          Manila, Philippines, were the principal money-  
40          remitters and foreign exchange dealers used by  
41          Janet Napoles to send stolen funds from the  
42          Philippines to the United States. Key West was,



at all times relevant to the complaint, owned by Hector Ang, who used both his personal and Key West bank accounts to operate his business. Edzen Enterprises was operated by an individual named Stephen Teung. Napoles also used an individual in the Philippines named Michael Ty to send stolen funds to the United States. On March 25 2014, the accounts of Hector Ang, Michael Ty, and Edzen Enterprises were frozen based on their connection to the PDAF scam.

**8. Western Investment and Western Ventures Management.** At all times relevant to the complaint, Western Investment and Western Ventures Management were California companies established by the Napoles family and controlled by Janet Napoles. Napoles caused millions of dollars of her criminal proceeds to be transferred to these companies in order to buy some of the defendant properties in their names. Their officers included Napoles's brother Reynald Lim and her children James and Jo Christine.

**B. Napoles's Theft of Public Funds through the PDAF Scam**

27. Napoles's longest-running scheme is known as the PDAF scam or the "pork barrel scam," through which Napoles and her associates are believed to have siphoned off approximately Php 10 billion Philippine pesos ("Php") (approximately USD \$225 million) in government funds over an eight-year period, Php 3 billion (approximately USD \$67.5 million) of which went to Napoles.<sup>3</sup>

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<sup>3</sup> Conversions from Philippine pesos to U.S. dollars are approximate, and are based on the January 1, 2014, exchange rate of 44.4 Philippine pesos per U.S. dollar.

1           28. At all times relevant to the complaint, PDAF was a  
2 lump-sum appropriation under the control of individual members  
3 of the Senate and House of Representatives in the Philippines,  
4 who had discretion to assign PDAF to particular development  
5 projects. Members of the Philippine legislature could use PDAF  
6 to fund programs such as small-scale infrastructure or community  
7 development projects.  
8

9           29. Philippine law provides that PDAF funds must be  
10 allocated to specific types of projects, following procurement  
11 and public bidding procedures, accountable implementing agencies  
12 and audit reviews, among other safeguards.  
13

14           30. In exchange for kickbacks, legislators promised to and  
15 did designate certain Napoles NGOs as the recipients of funds  
16 for the ostensible purpose of implementing development projects  
17 previously authorized by the Philippine Department of Budget and  
18 Management ("DBM"). Napoles agreed to and did pay legislators  
19 kickbacks equaling approximately 40-60% of the cash value of  
20 each project. She also paid approximately 5% to the  
21 legislator's staff and 10% to agency officials who released  
22 funds to her NGOs as directed. Napoles then under-delivered on  
23 or overcharged for the projects, and often completely failed to  
24 implement them, pocketing the remaining funds for herself.  
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**a. The Napoles NGOs were Awarded Millions of Dollars' Worth of PDAF Monies in Exchange for Millions of Dollars' Worth of Kickbacks**

31. To obtain PDAF monies, senators submitted lists of proposed projects to the Senate President and Finance Committee Chair, and members of the House of Representatives submitted lists to the House Appropriation Committee, requesting the release of PDAF funds. The DBM, in turn, issued special allotment release orders ("SAROs") to the legislators, who then endorsed Napoles NGOs as "project partners" to particular government implementing agencies for each project. Although PDAF projects were intended to be implemented by designated government agencies, as project partners, the Napoles NGOs were approved to receive PDAF funds to acquire and provide items such as agricultural tools, vegetable seeds, fertilizer, uniforms, and other supplies that could be used to start small businesses.

32. The DBM would later issue a Notice of Cash Allocation, triggering the release of government funds to the Napoles NGO. Napoles NGOs received PDAF funds by check, which Napoles's employees deposited into the Napoles NGOs' accounts. Once the Napoles NGOs received the money to implement projects, Napoles began to quickly withdraw these monies from the NGOs' accounts (usually in cash) to pay kickbacks and for her own personal use.

33. Napoles would sometimes advance as much as 50% of the kickback once the legislator requested a release of the PDAF funds from the relevant legislative committee. Once the kickback was paid, the lawmaker would send a letter furnishing the name of the Napoles NGO to the implementing agency. The remaining balance of the agreed kickbacks were paid later, after the SARO or Notice of Cash Allocation was issued, or after the NGO received funds.

34. For example, during 2007 and 2009 alone, three Senators - Juan Ponce Enrile, Ramon M. Revilla, Jr. (a/k/a Bong Revilla), Jose P. Ejercito Estrada (a/k/a Joseph Estrada, a/k/a Jinggoy Estrada) (collectively, "the Senators") - unlawfully caused at least approximately \$26 million in PDAF money to be distributed to Napoles's NGOs, including:

**TABLE 1 - PDAF Awarded by Senators to Napoles NGOs, 2007-2009**

Senator	2007-2009 PDAF Given to Designated Agencies and Napoles NGOs	Designated Implementing Agencies	Designated Napoles NGOs
Enrile	Php 345,000,000 (\$7.77 million)	National Agribusiness Corporation (NABCOR); National Livelihood Development Corporation	Agri and Economic Program for Farmers Foundation, Inc. (AEPFFI); Agricultura Para Sa Magbubukid Foundation, Inc. (APMFI); Countrywide Agri and Rural Economic

		(NLDC); Technology Resource Center (TRC)	Development Foundation, Inc. (CARED); Masaganang Ani Para Sa Magsasaka Foundation, Inc. (MAMFI); People's Organization for Progress and Development Foundation, Inc. (POPDFI); Social Development Program for Farmers Foundation, Inc. (SDPFFI)
Estrada	Php 278,000,000 (\$6.26 million)	Same	MAMFI; SDPFFI
Revilla	Php 517,000,000 (\$11.64 million)	Same	AEPFFI; APMFI; MAMFI; Philippine Social Development Fund, Inc. (PSDFI); SDPFFI

35. Napoles caused payments to be made to each of these three senators in exchange for the abuse of their official position to award PDAF funds to her NGOs. Napoles's kickback payments to the Senators and their staff began in 2004 and continued through 2012, in at least the following amounts:

**TABLE 2 - Kickbacks to Senators and Staff**

Year	Kickback (Php)	Recipient
2004	1,500,000.00	Senator Enrile and staff
2004	1,500,000.00	Senator Estrada and staff
2005	14,622,000.00	Senator Enrile and staff
2005	16,170,000.00	Senator Estrada and staff
2006	13,300,000.00	Senator Enrile and staff
2006	12,750,000.00	Senator Estrada and staff
2006	10,000,000.00	Senator Revilla and staff
2007	27,112,500.00	Senator Enrile and staff
2007	16,250,000.00	Senator Estrada and staff
2007	61,000,000.00	Senator Revilla and staff

2008	62,550,000.00	Senator Enrile and staff
2008	51,250,000.00	Senator Estrada and staff
2008	80,000,000.00	Senator Revilla and staff
2009	23,750,000.00	Senator Enrile and staff
2009	2,200,000.00	Senator Estrada and staff
2009	40,000,000.00	Senator Revilla and staff
2010	30,000,000.00	Senator Enrile and staff
2010	73,923,750.00	Senator Estrada and staff
2010	33,512,500.00	Senator Revilla and staff
2012	9,750,000.00	Senator Estrada and staff

36. Records maintained by Napoles's former finance officer Luy show cash payments of kickbacks funded directly by withdrawals from NGO accounts. Rather than create records that included the Senators' real names, Napoles's employees often used code names assigned to particular officials in documents they used to keep track of the kickbacks paid. Reynald Lim or Jo Christine Napoles inspected many of Luy's reports tracking the payment of kickbacks.

37. Most of the kickbacks to lawmakers and their staff were paid in cash at Napoles's office. In one instance, cash given to Ruby Tuason (an intermediary for Senator Estrada) was so heavy that Napoles's secretary had to help Tuason move it all. Tuason then delivered cash to Senator Estrada at his home or his office. Some of the cash came from a vault at Napoles's office maintained by Luy.

1           38. Some kickbacks, such as those paid to GiGi Reyes,  
2 Senator Enrile's Chief of Staff, and those paid to Pauline  
3 Labayen, Senator Estrada's Deputy Chief of Staff, were delivered  
4 to the recipients' homes.

5           39. Senator Estrada's bank records reflect cash deposits  
6 occurring shortly after cash withdrawals from the accounts of  
7 Napoles NGOs. For example, on April 20, 2010, the Napoles NGO  
8 MAMFI withdrew Php 6 million. Senator Estrada made cash  
9 deposits of Php 2 million on April 20, 2010, and Php 4 million  
10 on April 21, 2010.

11  
12           40. Domestic employees at Napoles's house were ordered to  
13 count millions of pesos in cash that Napoles stored at her  
14 residence. As the huge amounts of cash withdrawn from the  
15 Napoles NGO accounts accumulated, Napoles faced space  
16 constraints. One of Napoles's maids recalled stacking cash in a  
17 bathtub in a Napoles home.

18  
19           41. Napoles also caused some funds to be transferred from  
20 her NGOs to accounts for other companies she controlled, and  
21 paid kickbacks from those accounts. For example, between  
22 September, 2009, and November, 2011, the Napoles NGO SDPFFI  
23 transferred Php 123 million (approximately \$2.8 million) to  
24 accounts Napoles controlled in the names of JLN Corporation, JLN  
25 Global Properties Development Corporation, and Jo Christine  
26  
27  
28

1 Napoles. As another example, between October, 2010, and June,  
2 2011, MAMFI transferred Php 22.3 million (approximately  
3 \$500,000) to JLN Corporation accounts. Kickbacks were then  
4 transferred from Napoles company accounts (such as JLN  
5 Corporation and Jo-Chris Trading) to at least one of the  
6 Senators, Senator Estrada, and to two intermediaries who  
7 transferred funds to Senator Estrada.  
8

9 **b. Napoles Created Fake NGOs to Receive Government Funds**

10 42. According to several former employees, Napoles created  
11 "bogus" NGOs that were "dummies" to siphon PDAF funds from the  
12 Philippine government.  
13

14 43. Napoles used the names of her relatives and employees  
15 - including her household workers - as the officers and  
16 directors of the Napoles NGOs. Some individuals were appointed  
17 to these positions without their knowledge; in such cases,  
18 Napoles had their signatures on the NGO incorporation papers  
19 forged.  
20

21 44. At Napoles's direction, her former janitor and finance  
22 clerk, Marina Sula, assisted in forming some of the Napoles  
23 NGOs, including MAMFI. Napoles instructed her to write down  
24 "anybody whom [she] could think of" to serve as NGO  
25 incorporators and officers. Sula made up one name entirely,  
26 drew other names from public telephone directories, and included  
27  
28



1 some individuals who were deceased. Sula also included forged  
2 signatures on documents used to incorporate some of the Napoles  
3 NGOs.

4 45. For SDPFFI, another Napoles NGO, Luy, who served as  
5 the NGO's president, listed names of classmates, friends, and  
6 fellow churchgoers as SDPFFI's co-incorporators, without their  
7 knowledge. At Napoles's instruction, and without ever notifying  
8 the named incorporators, Luy and two other Napoles employees  
9 forged the signatures of these individuals on SDPFFI's  
10 incorporation papers.  
11

12 46. Napoles also caused Nova Kay Batal-Macalintal, her  
13 former personal assistant, to be listed as the president of  
14 Tanglaw Para Sa Magsasaka, another Napoles NGO, without Nova  
15 Kay Batal-Macalintal's knowledge or consent.  
16

17 47. Napoles further caused the Napoles NGOs to register  
18 false business addresses with the Philippine authorities.  
19 Although actually operated from the corporate offices of her  
20 JLN Corporation in Pasig City, Philippines, some Napoles NGOs  
21 falsely reported that they operated at various residential  
22 addresses owned by Janet Napoles or occupied by Napoles's  
23 employees, creating the phony appearance of an office as  
24 needed. For instance, in connection with SDPFFI, one of the  
25 Napoles NGOs, Luy attested:  
26  
27  
28

1 The foundation does not really conduct its main  
2 business . . . in the registered business address. During  
3 accreditation and inspection by the concerned government  
4 agency, we simply furnish and equip the registered  
5 foundation with office supplies and/or equipment and  
6 various documents. . . . Thereafter, the same is abandoned  
7 and the operation is resumed and carried on at the JLN  
8 Corporation Office.

9 48. To control PDAF funds awarded to the Napoles NGOs,  
10 Napoles directed her NGOs to open bank accounts at Philippine  
11 banks, including Metropolitan Bank and Land Bank, and routinely  
12 required the presidents of her NGOs to sign blank bank account  
13 withdrawal slips. She usually maintained control over the  
14 withdrawal slips, as well as the passbooks, for these NGO  
15 accounts. In addition, she gave her chauffeur/security  
16 employees Eulogio Rodriguez and John Raymond de Asis authority  
17 to withdraw money from at least one NGO's account, even though  
18 neither Rodriguez nor de Asis had any role in that NGO.

19 49. For example, on December 12, 2012, Napoles used a pre-  
20 signed withdrawal slip to withdraw Php 10,000,000  
21 (approximately \$225,000) from the Napoles NGO POPDFI's account  
22 at Land Bank - Greenhills Branch. Napoles authorized her  
23 chauffeur, Eulogio Rodriguez, to make the withdrawal. On other  
24 occasions, Napoles instructed Suñas, POPDFI's president, to  
25 make withdrawals of Php 10 million, Php 5 million, and Php 25  
26 million and to deliver these funds to Napoles's office.  
27  
28

**c. Napoles Falsified Records of Her NGOs' Completion of PDAF Projects**

50. The projects proposed and purportedly approved by legislators to be implemented by Napoles's NGOs required, for example, the development and distribution to needy people in various communities of agricultural and livelihood production kits, materials that could be used to grow or make things which could be sold for money, but few production kits were received by the intended beneficiaries. In fact, many municipal officials were not aware of the existence of the projects in their communities at all.

51. Prior to 2007, Napoles implemented some of the PDAF projects - although usually charging inflated prices or delivering substandard materials. By 2007, however, the Napoles NGOs had stopped making deliveries in the awarded projects. By approximately 2011, facing stricter rules when implementing projects for local governments, Napoles began again to actually implement some of the projects delegated to her NGOs.

52. To conceal the scheme, the progress reports submitted by the Napoles NGOs to the Philippine government - styled as Reports of Disbursements, Accomplishment Reports, Delivery Reports, Certificates of Acceptance and Inspection, and Lists of Beneficiaries - were fabricated at Napoles's direction. For instance, although the Napoles NGOs were required to provide

1 documentation identifying each farmer who benefitted from PDAF  
2 money, Napoles's employees admitted they were directed by  
3 Napoles to create and submit fraudulent acceptance or delivery  
4 reports containing forged signatures and inaccurate  
5 information. In some cases, Napoles's NGOs claimed in required  
6 reports to the Philippines government that they provided PDAF  
7 benefits to individuals who were deceased or did not exist.  
8

9 53. According to several former Napoles employees,  
10 including Luy and Suñas, even where Napoles's NGOs did  
11 implement projects, Napoles's employees would, at her  
12 direction, submit reports falsifying the reported costs of  
13 materials and project expenses to cover up the kickbacks and  
14 pad Napoles's profits.  
15

16 54. In another attempt to cover up her wrongdoing, after  
17 Luy was rescued from detention in March, 2013, Napoles  
18 instructed her employees to start shredding incriminating  
19 documents.  
20

21 **C. Philippine Courts and Law Enforcement Authorities Found**  
22 **Probable Cause that Napoles Violated Philippines Laws in**  
23 **Connection with the PDAF Scam**

24 55. On March 28, 2014, the Office of the Ombudsman, the  
25 Philippines' anti-corruption authority, issued three joint  
26 resolutions containing detailed factual findings (the  
27 "Resolutions"), each roughly 120 pages in length, which are  
28

1 predicates to filing criminal charges under Philippine law. The  
2 Resolutions concluded that probable cause existed to charge  
3 Janet Napoles and over 30 others with plundering state assets  
4 and with violating the Anti-Graft and Corrupt Practices Act.  
5 The Ombudsman concluded that Janet Napoles bribed Senator Enrile  
6 from 2004 until 2010, Senator Estrada from 2004 until 2012, and  
7 Senator Revilla from 2006 until 2010. According to the  
8 Resolutions, Napoles misappropriated approximately Php 1.14  
9 billion (approximately \$26,156,160) from the three Senators'  
10 PDAF between 2007 and 2009 alone.  
11

12         56. The Resolutions find that, instead of spending these  
13 funds on public works projects (as the PDAF program was  
14 intended), Napoles paid out 40-60% of the PDAF program funds she  
15 received as kickbacks to officials in exchange for having  
16 millions of dollars' worth of PDAF funds awarded to various NGOs  
17 she controlled. Napoles diverted most of the remaining funds  
18 from the NGOs for her personal use.  
19  
20

21         57. After considering and rejecting Napoles's motion to  
22 the Ombudsman to reconsider the Resolutions, the Ombudsman filed  
23 Informations on June 6, 2014, charging Napoles, several public  
24 officials, including Senators Enrile, Estrada, and Revilla, and  
25 other private individuals, with the Philippine crime of plunder  
26 in connection with the PDAF scam. These same individuals, along  
27  
28

1 with other Philippine officials and Napoles's children James and  
2 Jo Christine, were also charged with violating the Philippines'  
3 Anti-Graft and Corrupt Practices Act.

4 58. The Informations filed by the Ombudsman were assigned  
5 to three different divisions of the Philippines' anti-corruption  
6 court, the Sandiganbayan. Each of the three divisions of the  
7 Sandiganbayan has found that there is evidence establishing  
8 probable cause to support the charges against Napoles.  
9

10 59. On or about February 5, 2015, the Philippines' Office  
11 of the Ombudsman filed charges alleging that Napoles paid bribes  
12 to other Philippine officials in connection with the PDAF scam:  
13 Samuel Dangwa, Rodolfo Plaza, Constantino Jaraula, and Rizalina  
14 Seachon-Lanete, all current or former members of the Philippine  
15 Congress.  
16

17 60. Similarly, on or about July 1, 2015, the Ombudsman's  
18 Office found probable cause to indict Napoles, former  
19 Congressmen Ruffy Biazon (later Commissioner of Customs),  
20 Rodolfo Valencia, Marc Douglas Cagas, Arrel Olano, and Arthur  
21 Pingoy Jr., Zenaida Ducut (later Energy Regulatory Commission  
22 Chief), Budget Undersecretary Mario Relampagos, and other  
23 officials from the Philippine government agencies National  
24 Agribusiness Corp. and Technology Resource Center in connection  
25 with the payment and receipt of kickbacks through the PDAF scam.  
26  
27  
28

1       **D. The Malampaya Fund Scam**

2               **a. Overview of the Malampaya Fund Scam**

3               61. From in or about July, 2009, through in or about  
4 November, 2010, at the same time that she operated the PDAF  
5 scam, Napoles stole approximately Php 900 million Philippine  
6 pesos (approximately \$20.27 million) set aside by the Philippine  
7 government to aid farmers affected by two typhoons. In October,  
8 2013, the Philippines' NBI found sufficient evidence to  
9 recommend charging Napoles and others, including a senator and  
10 officials of the Philippines' Department of Agrarian Reform  
11 (DAR) with plunder, graft, and corruption in connection with the  
12 theft of the Php 900 million.  
13

14               62. In this scheme, Napoles's NGOs received grants from  
15 the Philippines' Malampaya Fund (funded by government royalties  
16 from natural gas production), promising to use these public  
17 funds for typhoon relief. At her direction, Napoles's employees  
18 created a web of forged documents and paid kickbacks to  
19 officials to obtain the money. In fact, no typhoon relief  
20 projects ever took place.  
21

22               63. The funds were authorized to be used to address the  
23 devastating aftermath of tropical cyclones Ondoy and Pepeng,  
24 which struck the Philippines in rapid succession in September  
25 2009. At the time, these were the two costliest tropical  
26  
27  
28

1 cyclones in the history of the Philippines. More than one  
2 thousand people died, and over 200,000 houses were damaged.  
3 Damage to agriculture was estimated at Php 27.2 billion  
4 (approximately \$612.6 million). On October 8, 2009, government  
5 officials approved the use of the Malampaya Fund for relief  
6 works and services for areas affected by natural disasters.  
7

8 64. As with the PDAF scam, Napoles used NGOs she  
9 controlled to apply for and obtain government contracts financed  
10 by DAR's allotment from the Malampaya Fund. The NGOs'  
11 presidents were JLN employees, Napoles household employees or  
12 relatives. The NGOs used included Gintong Pangkabuhayan  
13 Foundation, Inc., of which Eulogio Rodriguez, a chauffeur for  
14 Napoles, was president.  
15

16 65. Napoles did not deliver the promised typhoon relief  
17 projects as required. Instead, virtually all of the funds  
18 appear to have been used to benefit Napoles personally and to  
19 make corrupt payments to Philippine public officials.  
20

21 **b. Napoles Directed the Submissions of Fraudulent**  
22 **Applications to Provide Typhoon Relief**

23 66. After the typhoons hit the Philippines, Napoles  
24 directed certain JLN Corporation employees to fabricate letters  
25 from local mayors requesting disaster assistance from the  
26 Malampaya Fund. In drafting these fraudulent letters, Napoles  
27  
28



1 employees copied letters previously submitted to the DAR  
2 relating to other projects.

3         67. JLN employees also fabricated fraudulent "Memoranda of  
4 Agreement" (MOAs) between various NGOs controlled by Napoles,  
5 local governmental units in the Philippines, and the Philippine  
6 Department of Agrarian Reform, agreeing to provide agricultural  
7 relief to affected farmers. In drafting these documents, JLN  
8 employees forged the signatures of local mayors without their  
9 knowledge or consent. Using these fraudulent MOAs, Philippine  
10 government officials issued approximately 97 checks to the  
11 Napoles-controlled NGOs.  
12  
13

14         68. The DAR's awards of money from the Malampaya Fund to  
15 the Napoles NGOs violated numerous Philippine procurement rules.  
16 For example, the Napoles-controlled NGOs were selected without  
17 public bidding. As another example, DAR officials kept  
18 releasing money to the Napoles NGOs without receiving documents  
19 showing that the NGOs had used the money they had already  
20 received or accomplished any of the project objectives.  
21

22         69. More fundamentally, none of the Malampaya Fund  
23 projects were earmarked to be implemented by NGOs - so the  
24 government officials never should have awarded contracts with  
25 the Napoles NGOs in the first place.  
26  
27  
28

**c. Napoles Stole Approximately \$20 Million Intended for Typhoon Relief**

70. As in the PDAF scam, Napoles maintained control over the bank account passbooks and pre-signed withdrawal slips for the NGOs that received money from the Malampaya Fund. After public funds were deposited in various NGO accounts she controlled, Napoles had the funds withdrawn for her personal use.

71. At her direction, money was withdrawn in cash from these NGO accounts and delivered to Napoles's residence or her office before being deposited into Napoles's personal and business bank accounts.

72. Napoles received approximately Php 900 million from the Malampaya Fund (approximately \$20.27 million) in 2009 through her NGOs. Out of the Php 900 million awarded, Napoles paid approximately Php 337,775,000 in kickbacks to public officials as follows (approximately \$7.61 million):

TABLE 3 - Malampaya Fund Kickbacks Paid by Napoles

Kickback (Php)	Approx USD Equivalent	Recipient	Official Position
75,000,000	\$1,689,190	Nasser Pangandaman	Secretary for Agrarian Reform
14,000,000	\$315,315	Teresita Panlilio	Department Finance Official
6,000,000	\$135,135	Narciso Nieto	Undersecretary for Agrarian Reform
242,775,000	\$5,467,905	Ruby Tuason	Assistant to Senator Estrada

73. To conceal the theft, Napoles's employees, acting at her direction, prepared and submitted to the government false fund utilization and liquidation reports. In these reports, Napoles employees represented falsely that the relevant NGOs had delivered disaster assistance to affected communities. They also again forged the signatures of mayors whose communities were supposed to have received assistance from the Napoles NGOs. Napoles herself forged some of the signatures on these documents.

74. Napoles's employees also fabricated the names of farmers who benefitted from the assistance of Napoles's NGOs. One name identified as a local farmer and beneficiary was actually that of an associate justice of the Philippine Supreme Court, who is not also a farmer eligible to receive these benefits.

**E. The Fertilizer Fund Scam**

75. In 2004, the same year the PDAF scam began, Napoles used NGOs and trading companies she controlled (called Jo-Chris Trading and TNU) to obtain government funding allocated to fertilizer delivery to eligible Philippine farmers. In exchange for awards of contracts from regional offices of the Department of Agrarian Reform to these entities, Napoles paid kickbacks estimated to be up to Php 5 million (approximately \$112,600) to members of Congress and up to Php 2.5 million for mayors (approximately \$56,300).

76. Unlike in the Malampaya Fund project, where she completely failed to deliver any aid, Napoles did, in fact, deliver fertilizer. However, she inflated the price charged to the government for fertilizer by as much as ten-fold. For example, for a unit of fertilizer with a cost of approximately 80 pesos, Napoles charged the government approximately 800 pesos to cover the kickbacks to officials and unlawful profits for herself. In addition, much of the fertilizer Napoles delivered was counterfeit.

**F. Napoles Does Not Have Legitimate Income Sufficient to Account for Her Tens of Millions of Dollars in Purchases and Expenditures**

77. During the relevant period, Napoles and her family had insignificant sources of income not traceable to her illegal

1 activity - far less than the amounts involved in the purchases  
2 of the defendant properties.

3 78. In total, Napoles funded at least \$12 million in  
4 property purchases in the United States between 2006 and 2012 -  
5 in addition to the numerous properties she acquired and held in  
6 the Philippines at the same time.  
7

8 79. During a single ten-month period, from September 2006  
9 to July 2007, Napoles paid about \$4.85 million for down payments  
10 and mortgage payments for the Anaheim Motel, Covina Real  
11 Property, and Irvine House.  
12

13 80. In addition, less than two and a half years after she  
14 provided \$4.85 million for the down payments for the Defendant  
15 Real Properties, Napoles paid over \$5 million dollars to pay off  
16 the mortgages on the three Defendant Real Properties. By the  
17 end of October, 2009, the \$3.5 million mortgage for the Anaheim  
18 Motel, the \$960,000 mortgage for the Covina Real Property, and  
19 the \$875,000 mortgage for the Irvine House had been paid in  
20 full. Less than two years later, in 2011, Napoles bought the  
21 \$1.28 million Ritz-Carlton Residence, and, in 2011-2012, she  
22 invested another \$1 million in Solution Strategies, a California  
23 consulting business.  
24  
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1           81. In addition to the defendant properties named in this  
2 complaint, Napoles acquired approximately 40 properties in the  
3 Philippines during the period of the PDAF scam.

4           82. Napoles's former employees, including employees who  
5 handled her finances, have confirmed that Napoles's only source  
6 of income, at all times relevant to the complaint, was  
7 government contracts.  
8

9           83. Napoles's husband, Jaime, is a retired naval officer,  
10 who did not earn any substantial separate, legitimate income.  
11 As described below, he failed to report income and pay taxes in  
12 most of the years of the scams.  
13

14           84. Before she started the PDAF scam in 2004, Napoles  
15 operated a barber shop and butcher shop from a naval base in the  
16 Philippines, but these small businesses had few customers and  
17 generated little revenue.  
18

19           85. Between 2004 and 2012, while acquiring millions of  
20 dollars' worth of properties, Napoles and her husband declared a  
21 total of less than \$7,000 worth of income in the Philippines.

22           86. Based on their substantial purchases in the  
23 Philippines during the period of the PDAF scam, Napoles and her  
24 husband have been charged in the Philippines with failing to pay  
25 over Php 60 million in taxes (approximately \$1.35 million).  
26  
27  
28

1           87. Shortly before surrendering to Philippine authorities,  
2 Napoles asked the two principal owners of Solution Strategies to  
3 tell the Philippine media that she had made money from Solution  
4 Strategies' legitimate business operations. Because Napoles in  
5 fact made no money from Solution Strategies, the company's  
6 principal owners declined to do so.  
7

8           88. Following Solution Strategies' refusal to lie about  
9 Napoles's earnings, Napoles next falsely claimed to Philippine  
10 media representatives that she earned her money from the coal  
11 business. This claim is false. Napoles did not incorporate any  
12 coal companies until 2010 - well into the PDAF scam - and they  
13 earned minimal, if any, profits.  
14

15           89. Napoles in fact earned little legitimate income from  
16 any company during the period of the PDAF scam. From 1997 to  
17 2013, approximately 24 companies were incorporated in the  
18 Philippines by Napoles, her husband Jaime, or her children James  
19 and Jo Christine. Twelve shared the same address. As of 2012,  
20 only half were still operational, and only three had complied  
21 with the Philippines' Security and Exchange Commission's  
22 requirement to file annual financial statements: RLG Solutions  
23 Corp., a "security systems and IT" company formed February 15,  
24 2012; JCLN Global Properties Development Corp., a real estate  
25  
26  
27  
28

1 company formed June 3, 2005; and JLN Corporation, a "marine  
2 supplies and equipment" company, formed April 27, 1999.

3 90. The combined income reported from these companies  
4 during the eight-year run of the PDAF scam did not even exceed  
5 \$100,000. In 2012, RLG declared zero revenue and Php 383,340.94  
6 in losses (about \$8,630). Between 2006 and 2012, JCLN Global  
7 Properties declared annual net incomes of between Php 69,839.99  
8 and Php 544,699.30 (about \$1,573-\$12,268). From 2004 to 2011,  
9 JLN Corporation declared annual net incomes of between Php  
10 21,085.82 and Php 100,395.48 (\$470-\$2,260).

11 91. Even if they had legitimate income, Napoles's  
12 companies did not have sufficient assets to fund millions of  
13 dollars in purchases by Napoles. Prior to 2007, JLN Corporation  
14 had less than Php 20 million in assets - under \$500,000.  
15 Between 2007 and 2011, the level of assets climbed, but only to  
16 Php 28.67 million - less than \$650,000. Before 2012, JCLN  
17 Global Properties' asset levels stayed at Php 21.04 million or  
18 below - again, less than \$500,000.

19 **G. Laundering the Stolen Funds from the Philippines to the**  
20 **United States**

21 92. During the period from at least in or about 2006 to in  
22 or about 2012, Napoles and her associates laundered more than  
23 \$12 million in criminal proceeds into the United States, often  
24 using foreign currency exchangers to wire funds out of the  
25  
26  
27  
28



1 Philippines to family members and corporate entities formed in  
2 the United States, who held assets. The family members and  
3 corporate entities who received the wires often then transferred  
4 funds between multiple accounts.

5 **a. Napoles Used Money Remitters, Such as Key West Trading**  
6 **and Edzen Enterprises, to Send Criminal Proceeds to**  
7 **the United States**

8 93. As set forth above, in most cases, Napoles caused her  
9 NGOs and businesses to withdraw the proceeds of her fraudulent  
10 schemes from her NGOs' and business accounts in cash. A portion  
11 of those funds were used to pay kickbacks to government  
12 officials, while other monies were transported to her office or  
13 her home, deposited into accounts under her control, or  
14 transferred to the United States or elsewhere.

15 94. To move the proceeds of her scams to the United  
16 States, Napoles relied primarily on money changers to convert  
17 Philippine pesos into U.S. dollars and send the dollars to the  
18 United States. The most common money changers and remitters  
19 Napoles used to send criminal proceeds to the United States were  
20 Key West Trading, operated by Hector Ang, and Edzen Enterprises,  
21 operated by Stephen Teung. Other remitters she used included  
22 Michael Ty and Esquire International Financing Corporation.  
23

24 95. To send dollars to the United States, Napoles or one  
25 of her agents or entities would deposit pesos in cash into an  
26  
27  
28

1 account controlled by the money remitter. After receiving funds  
2 from Napoles, the money remitter wired the dollar equivalent of  
3 the peso deposit into the United States to an account designated  
4 by Napoles or persons acting at her direction.

5 96. Financial records and records Napoles' former finance  
6 officer demonstrate Napoles's use of wire remitters to transfer  
7 criminal proceeds to the United States to purchase the defendant  
8 properties. For example, on September 21, 2006, Hector Ang  
9 converted Php 25,180,000 in PDAF funds into USD \$500,000. On  
10 September 22, 2006, Ang's company Key West Trading wired USD  
11 \$499,975 into a U.S. bank account at Hanmi Bank in the name of  
12 the Napoles family company Western Investment. As set forth  
13 below in Table 5, Western Investment, in turn, used this money  
14 to fund part of the down payment for the purchase of the Anaheim  
15 Motel.  
16  
17

18 97. Napoles also used these wire remitters to pay off the  
19 mortgage for the Anaheim Motel with the proceeds of her crimes.  
20 For example, on September 4, 2009, the Napoles NGO SDPFFI  
21 received a check for Php 20 million in PDAF funds from the  
22 Philippine government agency NLDC. On September 10, 2009, a  
23 second Napoles NGO, AEPFFI, received another PDAF check from  
24 NLDC for Php 22,500,000. On September 14, 2009, SDPFFI  
25 transferred Php 1,750,000 to the money changer, Hector Ang, and  
26  
27  
28

1 AEPFFI transferred an additional Php 22,500,000 to Ang. Ang  
2 converted these transfers to USD \$500,000. As set forth below  
3 in Table 6, that same day, Ang's company, Key West Trading,  
4 wired approximately USD \$499,980 to Hanmi Bank to pay off part  
5 of the mortgage on the Anaheim Motel.

6  
7 98. As another example, on September 10, 2009, a Napoles  
8 NGO, MAMFI, received Php 20 million in PDAF funds from NLDC. On  
9 September 14, 2009, MAMFI gave Php 19,400,000 to Stephen Teung  
10 of Edzen Enterprises, who converted it to USD \$400,000. As  
11 further enumerated in Table 6 below, on September 14, 2009,  
12 Edzen Enterprises transferred approximately USD \$399,978 to  
13 Hanmi Bank, also to pay off part of the mortgage on the Anaheim  
14 Motel.

15  
16 99. Napoles used the same methods and money remitters to  
17 move funds to the United States to acquire other defendant  
18 assets. For example, on April 24, 2007, checks from the  
19 Philippine government totaling Php 24 million were deposited in  
20 the account of Napoles NGO AEPFFI. On April 26, 2007, Hector  
21 Ang converted Php 4,765,000 of PDAF proceeds to generate USD  
22 \$100,000. On April 27, 2007, Key West Trading wired USD \$99,980  
23 into a Bank of America account (account number ending 3382) in  
24 Reynald Lim's name. As alleged below, Lim then funneled the  
25  
26  
27  
28

1 money through two additional bank accounts in the United States  
2 before using it toward the down payment for the Irvine House.

3 100. Similarly, on May 24, 2007, Hector Ang converted Php  
4 23,251,000 in PDAF proceeds to generate USD \$503,159. On May  
5 29, 2007, Ang's company Key West wired approximately USD  
6 \$199,975 to an account in the name of Western Ventures  
7 Management at Hanmi Bank (account number ending 0829). This  
8 transfer was comingled with other stolen funds to fund the down  
9 payment for the purchase of the Covina Real Property. As  
10 alleged below, on June 8, 2007, Western Ventures Management  
11 wrote a \$422,807.99 check from the same Hanmi account (account  
12 number ending 0829) to fund the down payment for that property.  
13  
14

15 101. On March 25, 2014, the Philippines' Anti-Money  
16 Laundering Council issued an Asset Preservation Order freezing  
17 accounts in Edzen Enterprises' and Hector Ang's names (along  
18 with an account in the name of another wire remitter used by  
19 Napoles, Michael Ty) based on a finding of probable cause that  
20 the accounts were related to acts of plunder or bribery.  
21

22 102. While Napoles most commonly used money remitters to  
23 transfer criminal proceeds into the United States, she also  
24 occasionally sent some of her criminal proceeds to the United  
25 States directly from accounts in her own name. For example, on  
26 May 28, 2008, she converted Php 2,628,000 into U.S. dollars  
27  
28

1 through Metropolitan Bank in the Philippines, generating USD  
2 \$60,000. She then sent USD \$49,980 on June 2, 2008, from  
3 Metropolitan Bank in the Philippines to a Wells Fargo bank  
4 account in the United States, held in the name of Western  
5 Investment, a company controlled by her family.

6 **b. Napoles Sent Criminal Proceeds to U.S. Accounts in**  
7 **Others' Names**

8 103. Many U.S. bank accounts designated by Napoles to  
9 receive her criminal proceeds were held in the names of Napoles  
10 family members. They included a Wells Fargo account in the name  
11 of Jo Christine Napoles, a Bank of America account in Reynald  
12 Lim's name, a Wells Fargo account in the name of Napoles's  
13 nephew Jose Emmanuel Lim, and an account in Jeane Napoles's name  
14 at Union Bank.  
15

16 104. Napoles also directed numerous transfers of criminal  
17 proceeds (often through money remitters such as Key West and  
18 Edzen Enterprises) to two corporations she controlled through  
19 her family members, Western Investment and Western Ventures  
20 Management, or to accounts in the name of property they owned,  
21 such as the Anaheim Motel.  
22

23 105. Both Western Ventures Management and Western  
24 Investment were incorporated in California in 2006, shortly  
25 before Napoles began to acquire the Anaheim Motel and Covina  
26 Real Property.  
27  
28

1           106. At all times relevant to the complaint, members of  
2 Naples's family have been officers and directors of Western  
3 Investment. At all times relevant to this complaint, Naples's  
4 brother Reynald Lim was the registered agent for Western  
5 Investment and named as its Chief Financial Officer. Naples's  
6 daughter Jo Christine, also charged in the Philippines in  
7 connection with the PDAF scam, was the company's president.  
8 Western Investment's only known asset is the Anaheim Motel.

10           107. Western Ventures Management is also a Naples family  
11 company. Until sometime in 2014, Reynald Lim was the registered  
12 agent for the company, as well as a Vice President and a  
13 Director, and Naples's son James, also charged in the  
14 Philippines in connection with the PDAF scam, was the president.  
15 Jo Christine Naples was listed as the secretary; she was later  
16 succeeded by James Naples.

18           108. To conceal her connection to her investments in the  
19 United States using stolen funds, Janet Naples's name does not  
20 appear on any of the incorporation documents or the documents  
21 registered with the State of California as an officer, director,  
22 shareholders or employee. Nor is she a signatory on the  
23 corporations' bank accounts.

25           109. While not officially associated with the businesses,  
26 Naples provided the funding for and made the significant  
27

1 economic decisions involving the Western Investment and Western  
2 Ventures Management companies.

3 110. Napoles was also responsible for hiring Solution  
4 Strategies to perform consulting services for the two properties  
5 owned by Western Ventures Management and Western Investment, the  
6 Anaheim Motel and the Covina Real Property.  
7

8 111. Indeed, Napoles has confirmed publicly on at least  
9 one occasion that she and her family own the Anaheim Motel, and  
10 also presented herself to certain business associates (the  
11 owners of Solution Strategies) as the owner of the properties.  
12

13 **H. The Purchase of the Defendant Properties with Criminal**  
14 **Proceeds**

15 112. Napoles used at least approximately \$12 million of  
16 her criminal proceeds to invest and pay expenses associated with  
17 her family in the United States.

18 **a. The Purchase of Anaheim Motel With the Proceeds of**  
19 **Napoles's Scams**

20 113. The Anaheim Motel was purchased by Western  
21 Investment, the Napoles family-controlled company, on September  
22 25, 2006, for \$7 million, including a \$3.55 million down payment  
23 and a \$3.5 million mortgage from Hamni Bank. The deed  
24 transferring title to Western Investment was recorded on  
25 December 6, 2006. Western Investment paid off the mortgage on  
26 December 4, 2009.  
27  
28

1           114. Located near Disneyland, the Anaheim Motel was  
2 previously operated as a Days Inn during part of the period  
3 relevant to the complaint. It is currently operated as the  
4 Anaheim Express Inn.

5           115. As detailed below, nearly all of the funds used for  
6 the down payment and to pay the motel's mortgage are traceable  
7 to Napoles, either directly or through accounts in the names of  
8 members of her family who had insufficient independent funds to  
9 make the payments. Millions of dollars came from Key West  
10 Trading and Edzen Enterprises, the money remitters that Napoles  
11 used to launder the money she stole from the Philippine  
12 government.  
13  
14

15                   **i. The Down Payment for the Anaheim Motel Was Funded**  
16                   **With Napoles's Criminal Proceeds**

17           116. Between approximately September 22 and December 4,  
18 2006, accounts in the name of Western Investment received at  
19 least \$3,499,843.40 in wires from persons and entities linked to  
20 Napoles and the wire remitters she used to transfer funds from  
21 the Philippines, including Key West Trading, Janet Napoles, JC  
22 Holdings, and Reynald Lim. These funds were used to make the  
23 down payment to purchase the Anaheim Motel.  
24

25           117. Described in the chart below, Western Investment  
26 received approximately \$2.3 million of the \$3.55 million down  
27 payment for the Anaheim Motel from Key West Trading, one of the  
28



principal wire remitters Napoles used to transfer criminal proceeds abroad, into its account ending in 0837 at Hamni Bank "Western Investment Corp. Hanmi Account 0837"):

**TABLE 4 - Wire Transfers of Stolen Funds to Western Investment Hanmi Account 0837**

Date	Origin of Wire Transfer	Amount
9/22/2006	Key West Trading, Rizal Commercial Bank (Philippines)	\$499,975
10/2/2006	Key West Trading, Banco de Oro Universal Bank (Philippines)	\$299,980
10/3/2006	Key West Trading, Rizal Commercial Bank (Philippines)	\$499,975
10/3/2006	Key West Trading, Banco de Oro Universal Bank (Philippines)	\$499,980
10/5/2006	Key West Trading, Rizal Commercial Bank (Philippines)	\$499,975
TOTAL		\$2,299,884.00

118. At least approximately \$1,099,965 of the remaining \$1.25 million used for the down payment is also traceable to Napoles. Specifically:

- (i) On October 6, 2006, an account in Janet Napoles's name at United Coconut Planters' Bank in the Philippines sent a wire to Western Investment Corp. Hanmi Account 0837 for \$599,970.

1 (ii) On October 30, 2006, a company named JC Holdings wired  
2 \$499,995 from Metropolitan Bank to Western Investment  
3 Corporation's Hanmi Account. Several of Naples's  
4 children have the initials "JC" - Jo Christine, James  
5 Christopher, or Jeane Catherine.<sup>4</sup>

6 (iii) Naples's brother Reynald Lim (who later helped  
7 detain Benhur Luy) also wired \$99,995 into the Western  
8 Investment Corp. Hanmi Account 0837 on December 4,  
9 2006. Despite living in California in 2006, Lim had  
10 zero wages for 2005 or 2006, according to the  
11 California Employment Development Department. Lim's  
12 only sources of income at the time were his wife's  
13 modest salary as a nurse and money he received through  
14 his sister's fraud and corruption.  
15  
16

17 119. After receiving these funds, Western Investment used  
18 checks drawn on two Hanmi Bank accounts and signed by Jo  
19 Christine Naples, who was 22 years old at the time, to make the  
20 \$3.55 million down payment to purchase the Anaheim Motel via an  
21 escrow company called Best Escrow.  
22

23 120. As summarized below, three transactions totaling  
24 \$3,055,000 of this down payment were paid from Western  
25  
26

---

27 <sup>4</sup> Naples named several companies using family initials,  
28 including JLN Corporation and JCLN Global Properties Development Corporation.

Investment's Hanmi Account 0837. In addition, on November 1, 2006, Western Investments transferred \$500,000 from its Hanmi Account 0837 to a second account in the name of Western Investment at Hanmi Bank with an account number ending in 1329, which paid the remaining \$500,000 toward the down payment for the Anaheim Motel about one month later:

**TABLE 5 - Checks Used to Purchase Anaheim Motel**

Date	Amount	Hanmi Account Source	Payee	Memo on Check
9/25/06	\$100,000	Western Investment Hanmi Account 0837	Best Escrow	"DEPOSIT FOR ESCROW"
12/4/06	\$2,900,000	Western Investment Hanmi Account 0837	CASH	"BEST ESCROW - DOWNPAYMENT"
12/4/06	\$55,000	Western Investment Hanmi Account 0837	CASH	"BEST ESCROW - DOWNPAYMENT"
12/4/06	\$500,000	Western Investment Hanmi Account 1329	CASH	"BEST ESCROW - DOWNPAYMENT"

**ii. Mortgage Payments for the Anaheim Motel Were Funded with the Napoles's Criminal Proceeds**

121. By December 4, 2009, Western Investment had also used Janet Napoles's criminal proceeds to pay off the \$3.5 million mortgage it had obtained just three years earlier from Hanmi Bank for the balance of the purchase price of the Anaheim Motel.

1 122. U.S. bank accounts not in Napoles's name received  
2 numerous transfers from the money changers Key West Trading,  
3 Edzen Enterprises, and Michael Ty in the Philippines, and then  
4 used the funds to pay off the mortgage. As alleged in  
5 paragraphs 93-102 above, Napoles often used these money  
6 remitters to convert the funds she received from the Philippine  
7 government into U.S. dollars and send the funds to the United  
8 States. The U.S. bank accounts to which Napoles funneled her  
9 criminal proceeds received additional transfers from Napoles's  
10 Philippine bank accounts, during a period in which she had no  
11 significant legitimate sources of income, as also alleged above.  
12  
13

14 123. Between April, 2007, and August, 2009, over \$3  
15 million was transferred from Napoles accounts in Philippines or  
16 through money changers Key West Trading, Edzen Enterprises, and  
17 Michael Ty to accounts controlled by Napoles and her associates  
18 in the United States. These accounts included a Hanmi account  
19 in the name of Western Ventures Management, Inc. DBA Days Inn  
20 Maingate/Convention Center ("Western Ventures Management Hanmi  
21 0829 Account"); an account in the name of Western Ventures  
22 Management dba Days Inn (the "Days Inn 9788 Wells Fargo  
23 Account"); a Wells Fargo account in the name of Western  
24 Investment Corp., dba Days Inn (the "Days Inn 4107 Wells Fargo  
25 Account"); an account in the name of Western Ventures Management  
26  
27  
28

at Hanmi Bank, account number ending 1261, and a Wells Fargo account in the name of Anaheim Luxury Suites.

124. The \$3 million transferred from the Philippines funded approximately \$825,000 in mortgage payments made roughly once a month between June 5, 2007, and September 2, 2009. On occasion, the accounts receiving transfers from the Philippines transferred funds to other accounts in the names of Western Ventures Management or the Days Inn, which then made the mortgage payments.

125. After making fairly regular mortgage payments between June, 2007 and September 2, 2009, Western Investment quickly paid off the balance of the mortgage between September 14, 2009 and October 8, 2009. During this three-week period, over \$3 million, mostly wire transfers from Key West Trading and Edzen Enterprises in the Philippines, went directly to Hanmi Bank, the mortgage holder:

**TABLE 6 - Stolen Funds Used to Pay Off Remaining Balance on Anaheim Motel Mortgage**

Date	Type	Origin	Amount
9/14/2009	Wire	Key West Trading, Banco de Oro Universal Bank(Philippines)	\$499,980
9/14/2009	Wire	Edzen Enterprises, Rizal Commercial Bank(Philippines)	\$399,978
9/16/2009	Wire	Days Inn 4107 Wells Fargo Account	\$900,000

10/7/2009	Wire	Edzen Enterprises, Rizal Commercial Bank (Philippines)	\$499,978
10/8/2009	Wire	Key West Trading, Banco de Oro Universal Bank (Philippines)	\$799,980
TOTAL			\$3,099,916

126. Before making the \$900,000 wire transfer to Hanmi Bank on September 16, 2009, the Days Inn 4107 Wells Fargo account had received approximately \$1.4 million worth of transfers, nearly all from Napoles's accounts, Key West Trading (directly and via a Western Ventures Management Wells Fargo account), and Edzen Enterprises accounts in the Philippines. Specifically, the Days Inn 4107 Wells Fargo account received wires including \$39,975 from Jo Christine Napoles (Metropolitan Bank, Philippines) on July 8, 2009; \$299,975 from Janet Lim Napoles (Metropolitan Bank, Philippines) on August 4, 2009; \$499,980 from Key West Trading (Banco de Oro Universal Bank, Philippines) on September 11, 2009; \$400,000 from Janet Napoles (HSBC Manila, Philippines) on September 11, 2009; \$109,973 from Janet Napoles or Jo Christine Napoles (Metropolitan Bank, Manila) on September 17, 2009; and \$49,975 from Janet Napoles (Metropolitan Bank, Manila) on September 17, 2009.<sup>5</sup>

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<sup>5</sup> This \$299,975 that the Days Inn 4107 Wells Fargo Account received from Janet Lim Napoles (Metropolitan Bank, Philippines) on August 4, 2009 is included in the approximate \$3 million in transfers received between April 2007 and August 2009, which was

1           127. In summary, Napoles, both directly and through Edzen  
2 Enterprises and Key West Trading, sent several million dollars  
3 to the United States to purchase the Anaheim Motel.  
4 Specifically, \$3.5 million of the down payment and over \$3.8  
5 million in mortgage payments are traceable to the proceeds of  
6 Napoles's scams.  
7

8                   **b. The Covina Real Property Was Purchased with Napoles's**  
9                   **Criminal Proceeds**

10           128. In early June 2007, Napoles purchased the Covina Real  
11 Property (including the pre-school/day care business) for \$1.4  
12 million, broken down into \$1.2 million for the property and  
13 \$200,000 for the business. Western Ventures Management made  
14 \$440,000 in down payments and received two loans from Hanmi Bank  
15 for the remainder of the purchase price (\$960,000) on June 8,  
16 2007. On June 15, 2007, a deed was recorded granting the Covina  
17 Real Property to Western Ventures Management. These loans were  
18 fully paid off by the end of October, 2009.  
19

20           129. As of the filing of this complaint, no school or day  
21 care was in operation.  
22

23           130. As set forth below, the Covina Real Property was  
24 purchased with the proceeds of and was involved in laundering  
25 the money that Napoles stole from the Philippines. Nearly all  
26  
27 \_\_\_\_\_  
28 used to make the \$825,000 in roughly monthly mortgage payments.

1 of the down payment for this property is traceable to wires that  
2 Western Ventures Management received from Key West Trading, and  
3 thus, to the proceeds of Napoles's scams. Many mortgage  
4 payments are similarly traceable to Key West, Edzen Enterprises,  
5 and Janet Napoles's Philippine funds.

6  
7 131. Despite a lack of legitimate income, Napoles made the  
8 \$440,000 down payment for the Covina Real Property just months  
9 after paying \$3.55 million in down payments for the Anaheim  
10 Motel. Similarly, Napoles and her associates paid off the  
11 \$960,000 loans on the Covina Real Property at the same time that  
12 she paid off the \$3.5 million mortgage for the Anaheim Motel.  
13

14 132. After Napoles lost access to government funds and  
15 surrendered to Philippine authorities in August, 2013, the  
16 Napoles family began to try to obtain money from the Covina Real  
17 Property by selling or mortgaging it.  
18

19 133. In December, 2014, Western Ventures Management took  
20 out a \$267,000 mortgage on the Covina Real Property. On April  
21 21, 2015, a notice was filed indicating that Western Ventures  
22 Management had defaulted on the loan.

23 **i. The Down Payment for the Covina Real Property Was**  
24 **Funded By the Proceeds of Napoles's Scams**

25 134. Between November, 2006, and June, 2007, Western  
26 Ventures Management made three payments totaling \$464,807.99 to  
27  
28



1 New Century Escrow, which covered a \$440,000 down payment for  
2 the Covina Real Property and school business.

3 135. On November 17, 2006, Western Ventures Management  
4 wrote two checks from the Western Ventures Management Hanmi 0829  
5 Account to New Century Escrow: one for \$2,000 with a memo  
6 stating "school business," and a second for \$40,000, with a memo  
7 stating "school property." The Western Ventures Management  
8 Hanmi 0829 Account made a third payment on June 8, 2007, writing  
9 a check for \$422,807.99 to cash, with a memo stating that the  
10 funds were for New Century Escrow Cumorah Academy.  
11

12 136. In total, between October, 2006, and May, 2007, the  
13 Western Ventures Management Hanmi 0829 Account received  
14 \$964,870.50 from sources traceable to Napoles's scams, such as  
15 Key West, the money remitter Michael Ty, and Reynald Lim, who  
16 provided \$100,000 despite having no reported wages for 2006.  
17 These funds were used for the Covina Real Property down payment  
18 and other investments. Specifically, the Western Ventures  
19 Management Hanmi 0829 Account received the following transfers:  
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21  
22  
23  
24  
25  
26  
27  
28

**TABLE 7 - Deposits of Stolen Funds into Western Ventures Management Hanmi 0829 Account**

Date	Type	Origin	Amount
10/3/2006	Wire	Key West Trading, Banco de Oro Universal Bank (Philippines)	\$19,975.00
11/3/2006	Wire	Key West Trading, Banco de Oro Universal Bank (Philippines)	\$9,979.50
11/6/2006	Check	Reynald Lim, Bank of America	\$100,000
12/4/2006	Check	Western Investment Corporation, Hanmi Bank 0837	\$35,000
4/3/2007	Wire	Michael Ty (Philippines)	\$99,966
4/11/2007	Wire	Key West Trading, Banco de Oro Universal Bank (Philippines)	\$499,975
5/29/2007	Wire	Key West Trading, Banco de Oro Universal Bank (Philippines)	\$199,975
TOTAL			\$964,870.50

**ii. Naples's Criminal Proceeds Also Funded Mortgage Payments for the Covina Real Property**

137. Between approximately June 2007 and October 2009, Western Ventures Management paid off two loans from Hanmi Bank, one for \$840,000 and one for \$120,000, it had obtained in connection with its purchase of the Covina Real Property and the business of Cumorah Academy, respectively.

138. Western Ventures Management made \$174,214.07 in monthly mortgage payments between September 2007 and September,

1 2009, before paying off the loans. At least \$128,365.25 of the  
2 \$174,214.07 mortgage payments are traceable to one of two  
3 sources.

4 139. First, most of the \$128,365.25 is traceable to  
5 transfers from the Philippines, sent from accounts in the names  
6 of Key West Trading, Edzen Enterprises, and Napoles herself, and  
7 funneled through the Days Inn 4107 Wells Fargo Account. The  
8 Days Inn 4107 Wells Fargo Account issued fourteen checks to an  
9 account in the name of Western Ventures Management, totaling  
10 \$143,432.77, some of which was used to make mortgage payments on  
11 the Covina Real Property.  
12

13 140. Second, Western Ventures Management also used income  
14 from its purchase of the Covina Real Property with criminal  
15 proceeds to further pay down the mortgage on the property.  
16 Specifically, mortgage payments are traceable to the proceeds of  
17 the school/day-care business operated out of the Covina Real  
18 Property. For example, Western Ventures Management made eight  
19 monthly payments between November 8, 2007 and June 8, 2008, from  
20 a Wells Fargo Bank account in the name of Western Ventures  
21 Management dba Cumorah Academy, totaling \$49,417.63. During  
22 this time period, the Wells Fargo Bank account in the name of  
23 Western Ventures Management dba Cumorah Academy received more  
24 than this amount in tuition payments.  
25  
26  
27  
28

**c. The Purchase of Irvine House with Napoles's Criminal Proceeds**

141. On July 18, 2007, Reynald Lim and his wife, Ana Marie Lim, acquired the title to the Irvine House as joint tenants. The purchase price was \$1.4 million. On March 31, 2015 - after Reynald had become a fugitive from Philippine kidnapping charges - a grant deed was filed with Orange County, vesting title to the Irvine House solely in Ana Marie Lim.

142. The Irvine House was purchased in June 2007 with a payment of \$618,200 to Pickford Escrow Company and the proceeds of an \$875,000 mortgage the Lims obtained. The mortgage was paid off in just over two years, by October 26, 2009.

143. As alleged below, the proceeds of Napoles's scams - mostly in the form of wires from Key West Trading in the Philippines - funded the purchase of the Irvine House.

**i. The Down Payment for the Irvine House was Made with Napoles's Criminal Proceeds**

144. Napoles provided approximately \$618,000 for a down payment for the purchase of the \$1.4 million Irvine House, in a series of transactions intended to conceal the source of the funds.

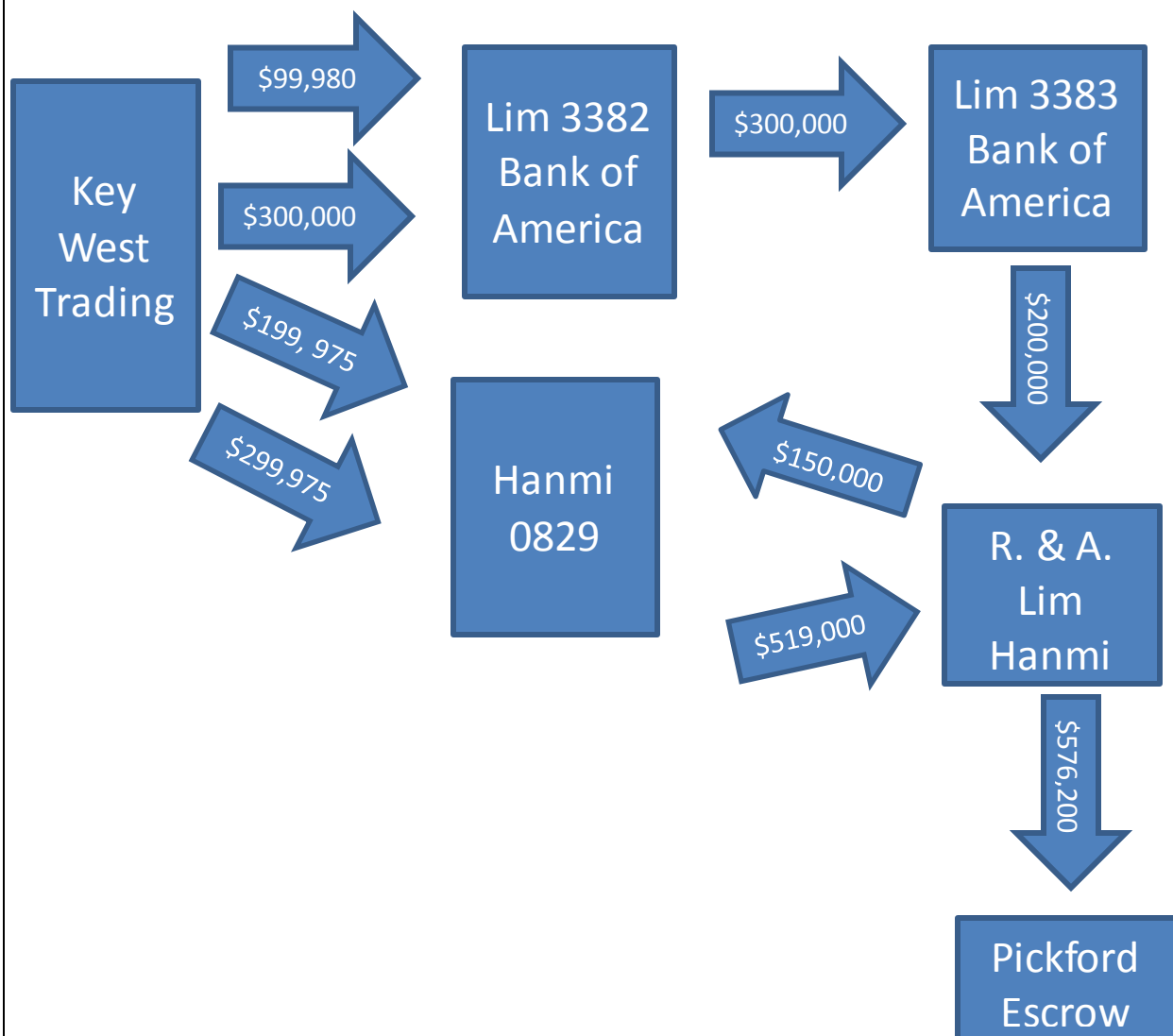
145. Using Napoles's criminal proceeds, Reynald Lim made two payments to Pickford Escrow Company as a down payment for

1 the purchase of the Irvine House: a \$42,000 payment, and a  
2 \$576,200 payment.

3 146. Lim made the \$42,000 payment on June 4, 2007 with a  
4 check from a Bank of America account in his name (the "Lim 3383  
5 Bank of America Account") to Pickford Escrow Company. Of the  
6 \$42,000, \$30,000 of the proceeds are traceable to a \$99,980 wire  
7 transfer from Key West, sent via another Bank of America Account  
8 in Lim's name (the "Lim 3382 Bank of America Account.")  
9

10 147. On July 16, 2007, Lim wrote a second check to  
11 Pickford Escrow Company toward the down payment, this time for  
12 \$576,200, from a Hanmi Bank account in the name of Reynald and  
13 Ana Marie Lim (the "Reynald and Ana Marie Lim Hanmi Account").  
14

15 148. The \$576,200 check is traceable to funds received  
16 from Key West Trading, the principal wire remitter used by  
17 Napoles to send her criminal proceeds to the United States, on  
18 April 27, 2007; May 29, 2007; July 12, 2007; and July 13, 2007.  
19 Key West Trading's remittances were then transferred via Lim's  
20 accounts at Bank of America and the Western Ventures Management  
21 Hanmi 0829 Account. The specific tracing is as follows:  
22  
23  
24  
25  
26  
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28



149. To summarize the chart above, the Reynald and Ana Marie Lim Hanmi Account, which made a \$576,000 down payment for the Irvine House, received \$569,000 in funds traceable to Key West Trading (\$50,000 net from transfers from Lim's Bank of America accounts and \$519,000 from the transfers to the Western Ventures Management Hanmi 0829 Account). The Reynald and Ana

1 Marie Lim Hanmi Account received those funds between June 22 and  
2 July 16, 2007.

3  
4 **ii. Mortgage Payments for the Irvine House Were Made  
with Naples's Criminal Proceeds**

5 150. Between August 30, 2007 and October 8, 2009, Reynald  
6 Lim made twenty-six monthly mortgage payments of \$4,990.72 each  
7 from the Lim 3383 Bank of America Account (\$129,758.72 in  
8 total).

10 151. The \$129,758.72 in mortgage payments from the Lim  
11 3383 Bank of America Account are traceable to several sources,  
12 including the Lim 3382 Bank of America Account, Key West  
13 Trading, the Days Inn 4107 Wells Fargo Account, and the Days Inn  
14 9788 Wells Fargo Account.

16 152. The transfers from the Lim 3382 Bank of America  
17 Account, the Days Inn 4107 Wells Fargo Account, and the Days Inn  
18 9788 Wells Fargo Account are in turn largely traceable to the  
19 money remitters Naples used to launder the proceeds of her  
20 scheme, such as Key West, and Naples's Philippine accounts:

- 22 (i) The Lim 3382 account received \$476,918 from Key West  
23 Trading between April 27, 2007, and October 1, 2007;  
24 between May 1, 2007, and October 15, 2007, it  
25 transferred \$420,500 to the Lim 3383 Bank of America  
26 Account;  
27  
28

1 (ii) The Days Inn 9788 Wells Fargo account received  
2 \$769,860 from Key West Trading between October 17,  
3 2007, and March 25, 2008. It wrote checks totaling  
4 \$420,000 to the Lim 3383 Bank of America Account  
5 between October 27, 2007 and July 28, 2008;

6 (iii) Between June 2, 2008 and September 11, 2009, the  
7 Days Inn 4107 Account received \$2,317,587 from several  
8 sources traceable to Napoles's criminal proceeds:  
9 Napoles's Philippine bank accounts at Metropolitan  
10 Bank and HSBC Manila, Key West Trading's account at  
11 Banco de Oro Universal Bank (Philippines), Edzen  
12 Enterprises' account at Rizal Commercial Bank, and the  
13 Days Inn 9788 Wells Fargo Account (which, as noted  
14 above, itself had received \$769,860 from Key West  
15 Trading). Between August 28, 2008 and September 16,  
16 2009, the Days Inn 4107 Account wrote checks totaling  
17 \$83,162 to the Lim 3383 Account.  
18  
19  
20

21 153. On October 8, 2009, the Days Inn 4107 Wells Fargo  
22 Account also made the final lump-sum mortgage payment of  
23 \$693,290.79 to World Savings Bank, which paid off the remaining  
24 balance owed on the mortgage on the Irvine House.<sup>6</sup>  
25

26  
27 <sup>6</sup> This is the same account that received \$1.4 million from  
28 the Philippines between July 8, 2009, and September 17, 2009, as  
alleged above with respect to the Anaheim Motel. It also  
received \$649,980 from Key West Trading on October 7, 2009.



154. During the time when Reynald Lim made the mortgage payments on the Irvine House, he did not have income aside from some employment connected to the Anaheim Motel, which was purchased with proceeds of Napoles's schemes. According to state of California labor records, zero wages were reported for Reynald in 2005 and 2006; between 2007 and 2009, his only income, which remained under \$60,000 per year, was from the Anaheim Motel, which was purchased with stolen funds. Reynald Lim's wife, Ana Marie, also did not earn sufficient income to purchase a \$1.4 million home and pay off the entire mortgage in two and a half years. In addition to receiving some illicit income (from the operations of the Anaheim Motel and the money derived from the Covina Real Property), she worked as a nurse during the period when she and her husband acquired and paid off the mortgage on the Irvine House. Her earnings from these three sources peaked at \$17,696.25 during one quarter of 2008, well below the cost of the Irvine House and the mortgage payments made.

**d. The Ritz-Carlton Proceeds Were Generated By the Sale of the Ritz-Carlton Residence That Was Purchased with Napoles's Criminal Proceeds**

155. In addition to the multi-million dollar cash down payments and mortgage payments being made by Napoles during the period beginning in September, 2006, Napoles also used criminal

1 proceeds from the Philippines to purchase the \$1.28 million  
2 Ritz-Carlton Residence in Los Angeles for her 21-year-old  
3 daughter Jeane Catherine Napoles, then a fashion merchandising  
4 student, to live in. Jeane Napoles sold the Ritz-Carlton  
5 Residence in June, 2014, and deposited the resulting proceeds  
6 (the Ritz-Carlton Proceeds) into four U.S. bank accounts.  
7

8 156. The Ritz-Carlton Proceeds total \$984,173.40,  
9 consisting of the funds remaining in four bank accounts that  
10 received: (i) \$1,063,767.43 in net proceeds from the June 2014  
11 sale of the Ritz-Carlton Residence and (ii) \$33,529.80, which  
12 represent proceeds, in the form of liquidated damages, from a  
13 purchaser who failed to complete the sale of the Ritz-Carlton  
14 Residence.  
15

16 **i. Napoles's Purchase of the Ritz-Carlton Residence**  
17 **with Proceeds of Napoles's Scams**

18 157. Napoles purchased the Ritz-Carlton Residence for  
19 approximately \$1.28 million in July 2011 in the name of her  
20 daughter, Jeane.  
21

22 158. On July 12, 2011, Jeane Napoles issued a \$128,000  
23 check as a down payment for the purchase of the Ritz-Carlton  
24 Residence. The memo on the check stated "37I deposit." "37I"  
25 is the apartment number for the Ritz-Carlton Residence. Bank  
26 records show that this check was funded with \$229,948 in  
27  
28

1 transfers from Janet Napoles to a Bank of America account held  
2 in Jeane Napoles's name, account number ending with 7674.

3 159. On July 14, 2011, wire transfer records show that  
4 Edzen Enterprises wired \$1,151,978.00 from the Philippines to  
5 First American Title Company to complete the purchase of the  
6 Ritz-Carlton Residence.  
7

8 160. As alleged above, Edzen Enterprises is a money  
9 remitter used by Napoles to send her criminal proceeds to the  
10 United States.

11 **ii. Jeane Napoles Declared Under Oath that the Ritz-**  
12 **Carlton Residence Was Bought By Her Parents**

13 161. Jeane Napoles has admitted that her parents were the  
14 true owners of the Ritz-Carlton Residence purchased in her name.  
15 She made this admission in a notarized statement to the  
16 Philippine Consul General in London in January 2014, in response  
17 to allegations that she had undeclared income and owed taxes in  
18 the Philippines, based on her ownership of the Ritz-Carlton  
19 Residence and a property in the Philippines.  
20

21 162. In her affidavit, which notes that Jeane Napoles was  
22 represented by counsel in the tax proceeding, she states, "I do  
23 not earn any income from any source whatsoever." She also  
24 confirms that she had no income in 2011, when she bought the  
25 Ritz-Carlton Residence, and "relied solely on the allowances  
26 provided by my parents." She adds, "I was completely and  
27  
28

1 entirely financially dependent on my parents when said  
2 properties were acquired." Jeane Napoles also claims that the  
3 Ritz-Carlton Residence "was actually bought by my parents and  
4 transferred in my name in trust for my family." She avers, "I  
5 was only made a trustee by my parents, that both properties  
6 belong to my parents and never actually and legally belonged to  
7 me."  
8

9 163. Indeed, Jeane Napoles's background makes it highly  
10 unlikely that she did have legitimate income sufficient to  
11 purchase the Ritz-Carlton Residence. At the time, she had a  
12 high-school degree and was a full-time student pursuing an  
13 Associate of Arts degree in Apparel Manufacturing at the Fashion  
14 Institute of Design and Merchandising in Los Angeles. Moreover,  
15 at the time she took title to the Ritz-Carlton Residence, Jeane  
16 Napoles was present in the United States on an F-1 student visa,  
17 which did not permit her to work.  
18  
19

20 164. While Jeane Napoles's affidavit refers to her  
21 "parents" (emphasis supplied), Jeane Napoles's father, Jaime,  
22 could not have independently provided legitimate income to fund  
23 the purchase of the Ritz-Carlton Residence.  
24

25 165. First, the Ritz-Carlton Residence was purchased with  
26 a check funded by a wire from Janet Napoles (not her husband),  
27 and most of the purchase money was funded by a wire from Edzen  
28

1 Enterprises, which Napoles's former finance officer Luy  
2 explained was used by Napoles to send money from her schemes to  
3 the United States.

4 166. Further, according to public reports, Jaime Napoles,  
5 who resides in and is a citizen of the Philippines, failed to  
6 file any tax returns for 2004, 2006, 2008, 2010, 2011, or 2012,  
7 and his tax return for 2009, filed separately from his wife's,  
8 declared that he had no taxable income.

10 167. In addition, according to Philippine court records,  
11 the funds in Jaime Napoles's bank accounts in the Philippines  
12 have been frozen by a Philippine court, which found probable  
13 cause to believe that the accounts were linked to the PDAF  
14 scandal and that the funds therein were not legitimately  
15 acquired.

17 **iii. The Sale of the Ritz-Carlton Residence Generated**  
18 **the Ritz-Carlton Proceeds**

19 168. News sources reported that the Ritz-Carlton Residence  
20 was first listed for sale in September, 2013, within weeks of  
21 Napoles's arrest by Philippine law enforcement authorities.

23 169. On May 30, 2014, Jeane Napoles signed a Residential  
24 Purchase Agreement to sell the Ritz-Carlton Residence for  
25 \$1,335,000.00. When these prospective buyers cancelled their  
26 purchase, Escrow World (the escrow company for the transaction)  
27 sent cancellation instructions providing for \$33,600.00 to be  
28

1 disbursed to Jeane Napoles as liquidated damages in connection  
2 with this cancellation. On June 13, 2014, Escrow World wired  
3 \$33,529.80 to the Jeane Napoles Citibank Checking Account.

4 170. A deed memorializing the sale of the residence by  
5 Jeane Napoles to a buyer was executed on June 25, 2014. At the  
6 time, Jeane Napoles was attempting to launch an internet start-  
7 up in the fashion industry, called ImFashionNinja. Jeane Napoles  
8 opened two separate accounts at Citibank for ImFashionNinja on  
9 June 18, 2014, just days before the sale of the Ritz-Carlton  
10 Residence closed: the ImFashionNinja Checking Account and the  
11 ImFashionNinja IMMA Account.  
12

13 171. On or about June 25, 2014, Jeane Napoles caused  
14 Escrow World to wire the net sale proceeds to three different  
15 accounts: \$180,000.00 to the Jeane Napoles Bank of America 1361  
16 Checking Account; \$310,000.00 to the Jeane Napoles Citibank  
17 Checking Account; and \$573,767.43 to the ImFashionNinja LLC IMMA  
18 Account.  
19  
20

21 172. On July 1, 2014, Jeane Napoles withdrew \$130,000 from  
22 the Jeane Napoles Citibank Checking account and deposited it  
23 into the ImFashionNinja Checking Account.  
24

25 173. In summary, the proceeds from the sale of the Ritz-  
26 Carlton Residence ended up in the following accounts controlled  
27 by Jeane Napoles:  
28

1 (i) \$180,000.00 in the Jeane Napoles Bank of America 1361  
2 Checking Account;

3 (ii) \$130,000.00 in the ImFashionNinja Checking Account;

4 (iii) \$573,767.43 in the ImFashionNinja IMMA Account; and

5 (iv) \$213,529.80 in the Jeane Napoles Citibank Checking  
6 Account.  
7

8 174. On July 2, 2014, ImFashionNinja LLC applied for an  
9 U.S. E-2 investor visa for Jeane Napoles. The visa application  
10 stated that ImFashionNinja was founded in 2014, and described  
11 Jeane Napoles as its "president and founder." The incorporation  
12 papers attached to the application showed that ImFashionNinja was  
13 incorporated in Delaware on June 10, 2014. The visa application  
14 further stated that Jeane Napoles had invested \$130,000.00 in  
15 ImFashionNinja, and explained that the \$130,000 investment was  
16 funded by the sale of Jeane Napoles's real property. The visa  
17 application for ImFashionNinja did not identify any source of  
18 funding for ImFashionNinja aside from Jeane Napoles's sale of  
19 real property.  
20  
21

22 175. On or about August 6, 2014, seizure warrants for the  
23 Ritz-Carlton Proceeds issued from the United States District  
24 Court for the Central District of California, based on a showing  
25 that there was probable cause to believe that the Ritz-Carlton  
26 Proceeds were the proceeds of foreign offenses involving the  
27  
28

1 bribery of a public official or the misappropriation of public  
2 funds, and were property involved in violations of 18 U.S.C. §  
3 1957, or a conspiracy to commit such offenses.

4 176. The execution of the seizure warrants resulted in the  
5 seizure of a total of \$984,183.40: \$827,887.21 from the  
6 ImFashionNinja Checking Account; the ImFashionNinja IMMA Account,  
7 and the Jeane Napoles Citibank Checking Account, and \$156,296.19  
8 from the Jeane Napoles Bank of America 1361 Checking Account.  
9 These funds remain in the custody of the U.S. government.  
10

11  
12 **e. The Defendant Business Assets were Generated by the**  
13 **Anaheim Motel, which was Acquired with Napoles's**  
14 **Criminal Proceeds**

15 177. In 2011, Solution Strategies recommended to Napoles  
16 that she hire a professional management team for the Anaheim  
17 Motel. Western Investment, through Reynald Lim and Jo Christine  
18 Napoles, then hired a third-party management company. The  
19 management company opened bank accounts on behalf of the Anaheim  
20 Express Inn at JPMorgan Chase and held the money in trust for  
21 Western Investment Corporation, the owner of the Anaheim Motel.  
22

23 178. The management company maintains three bank accounts  
24 for the Anaheim Motel's operations.

25 179. First, it maintains an operating account (JP Morgan  
26 Chase Account 563766539), which is used to deposit checks and  
27 cash, write paychecks and manage payroll.  
28



1 180. Second, it maintains a manager's account (JP Morgan  
2 Chase Account 563767867), used by the hotel manager to pay  
3 expenses.

4 181. Third, it maintains a savings account (JP Morgan  
5 Chase Account 3072393506), used to deposit excess funds from the  
6 operating account and to fund capital improvements.  
7

8 182. All three accounts are funded by revenues from the  
9 Anaheim Motel's operations.

10 183. Thus, all three accounts contain proceeds traceable  
11 to the Anaheim Motel, which, in turn, was acquired with the  
12 proceeds of Napoles's bribery and kickback scams.  
13

14 184. Similarly, all of the Anaheim Motel's assets that  
15 were acquired from the proceeds of its operations are ultimately  
16 traceable to Napoles's criminal proceeds.  
17

18 **f. The Defendant Porsche Was Purchased with Napoles's**  
19 **Criminal Proceeds**

20 185. In addition to spending several million dollars on  
21 real estate in 2006 and 2007, Napoles also provided funds to  
22 purchase the Defendant Porsche for daughter Jo Christine  
23 Napoles. The Defendant Porsche was purchased in Jo Christine  
24 Lim Napoles's name on July 23, 2007, from the Newport Auto  
25 Center in California.  
26  
27  
28

1 186. Jo Christine Napoles purchased the Defendant Porsche  
2 with a \$56,636.89 cashier's check. She charged the remaining  
3 \$1,836 to a MasterCard in the name of Janet Lim Napoles.

4 187. The cashier's check was purchased on July 23, 2007,  
5 with a check written from the Western Ventures Management Hanmi  
6 0829 Account.

7  
8 188. The Western Ventures Management Hanmi 0829 Account  
9 received several large transfers traceable to Key West Trading,  
10 the Philippine money remitter Napoles used to transmit her  
11 criminal proceeds, shortly before the purchase of the Defendant  
12 Porsche. Specifically:

- 13  
14 • On July 11, 2007, a \$150,000 check was written from  
15 the Reynald and Ana Marie Lim Hanmi Account and  
16 deposited in the Western Ventures Management Hanmi  
17 0829 Account. As alleged above with regard to the  
18 Irvine House, this check is traceable to Key West  
19 Trading.
- 20  
21 • On July 12, 2007, the Western Ventures Management  
22 Hanmi 0829 Account received a \$199,975 incoming wire  
23 from Key West (Banco de Oro) in the Philippines.
- 24  
25 • On July 12, 2007, the Western Ventures Management  
26 Hanmi 0829 Account received a \$199,975 incoming wire  
27 from Key West (Banco de Oro) in the Philippines.

- On July 13, 2007, the Western Ventures Management Hanmi 0829 Account received a \$299,975 incoming wire from Key West (Banco de Oro) in the Philippines.
- On July 17, 2007, the Western Ventures Management Hanmi 0829 Account received a \$99,975 wire from Key West (Banco de Oro) in the Philippines.

189. While the Key West transfers above also funded the \$519,000 down payment for the Irvine House, the total amount of the transfers of criminal proceeds from the Philippines by this time- \$799,900 - was more than enough to also fund the \$56,636.89 cashier's check used to purchase the Defendant Porsche.

190. In July 2007, Western Ventures Management Hanmi 0829 Account also received numerous small deposits - mostly payments on behalf of guests staying at the Anaheim Motel - totaling approximately \$86,061.10. As proceeds generated by the Anaheim Motel, which was purchased with the proceeds of Naples's scams, these smaller deposits are also traceable to Naples's illegal conduct.

**g. Naples Used Her Criminal Proceeds to Acquire the Defendant Solution Strategies Shares of Stock**

191. In or about 2011 to 2012, in addition to buying the \$1.28 million defendant Ritz-Carlton Residence, Naples also had

1 cash available to her to wire approximately \$1,000,000 to the  
2 United States to acquire the Defendant Solution Strategies  
3 Shares, which represents a 19% holding in Solution Strategies.

4 192. As with other properties named as defendants in this  
5 action, Napoles made her purchase with stolen public funds,  
6 using the money remitter Edzen Enterprises.  
7

8 193. Solution Strategies, is a consulting company that,  
9 according to its website, focuses on the "world's environment,  
10 economic, and community concerns."

11 194. The majority owners of Solution Strategies are a  
12 married couple who operate the company. In 2011, the couple met  
13 with Napoles in California. Napoles ultimately decided to  
14 invest in Solution Strategies, and brought the couple on  
15 multiple trips to the Philippines to meet with her contacts.  
16 She also engaged the company to help manage the Anaheim Motel  
17 and Covina Real Property.  
18  
19

20 195. Napoles used Edzen Enterprises to send criminal  
21 proceeds to the United States to purchase the shares in Solution  
22 Strategies.

23 196. Napoles initially invested \$500,000 in July, 2011,  
24 pursuant to a Stock Purchase Agreement executed on July 18,  
25 2011, which provided that she would purchase 2000 shares at \$250  
26 a share. On July 20, 2011, Edzen Enterprises' account at Rizal  
27  
28

1 Commercial Bank in the Philippines wired \$499,978 to a Solution  
2 Strategies Union Bank account. Solution Strategies' Stock  
3 Transfer Ledger confirms Napoles's purchase of 2000 shares.

4 197. Napoles purchased an additional 2500 shares of  
5 Solution Strategies at \$200 per share in 2012. To fund her  
6 purchase, she sent two wires totaling nearly \$500,000 in July,  
7 2012. The first wire, for \$299,978, came from Edzen  
8 Enterprises' account at Rizal Commercial Bank on July 11, 2012.  
9 Solution Strategies' Union Bank account received a second wire,  
10 for \$199,975, which Napoles caused Luy to send, using an Edzen  
11 Enterprises account at Banco de Oro (Philippines), on July 17,  
12 2012. At her direction, Luy sent an additional \$9,982 from  
13 Edzen Enterprises to Solution Strategies on September 14, 2012.

14 198. In July, 2012, Napoles transferred 225 of her 4,500  
15 shares in Solution Strategies to the daughter of the two largest  
16 shareholders of the company, leaving Napoles with 4,275 shares  
17 in total, representing 19% of Solution Strategies.  
18  
19  
20

21  
22 **FIRST CLAIM FOR FORFEITURE**

23 (18 U.S.C. § 981(a)(1)(C))

24 199. Paragraphs 1 through 198 above are incorporated by  
25 reference as if fully set forth herein.  
26  
27  
28

1           200. Pursuant to 18 U.S.C. § 981(a)(1)(C), "[a]ny  
2 property, real or personal, which constitutes or is derived from  
3 proceeds traceable to . . . any offense constituting 'specified  
4 unlawful activity,'" or a conspiracy to commit specified  
5 unlawful activity, is subject to forfeiture to the United  
6 States.  
7

8           201. "Specified unlawful activity" is defined in 18 U.S.C.  
9 § 1956(c)(7)(A) and (c)(7)(B)(iv) to include, among other  
10 things, (i) foreign offenses involving "the misappropriation,  
11 theft, or embezzlement of public funds by or for the benefit of  
12 a public official"; (ii) foreign offenses involving bribery of a  
13 public official; (iii) transportation of stolen or fraudulently  
14 obtained money (18 U.S.C. § 2314); and (iv) receipt of stolen  
15 money (18 U.S.C. § 2315).  
16

17           202. As set forth above, the defendant assets are property  
18 that constitute or are derived from proceeds traceable to  
19 bribery of a public official or the misappropriation, theft, or  
20 embezzlement of public funds by or for the benefit of a public  
21 official, in violation of the laws of the Philippines, as well  
22 as the transportation and receipt of property stolen or taken by  
23 fraud.  
24

25           203. The foreign offenses at issue include violations of  
26 Section 3 of the Philippines' Republic Act No. 3019 (Anti-Graft  
27  
28

1 and Corrupt Practices Act), Philippines' Republic Act No. 7080  
2 (Plunder); and Article 212 of the Philippines' Revised Penal  
3 Code (Corruption of Public Officials).

4 204. Therefore, the defendant assets are subject to  
5 forfeiture to the United States pursuant to 18 U.S.C.  
6 § 981(a)(1)(C), on the grounds that they constitute or are  
7 derived from proceeds traceable to a specified unlawful  
8 activity, or a conspiracy to commit a specified unlawful  
9 activity.  
10

11 **SECOND CLAIM FOR FORFEITURE**

12 (18 U.S.C. § 981(a)(1)(A))

13  
14 205. Paragraphs 1 through 198 above are incorporated by  
15 reference as if fully set forth herein.

16 206. Pursuant to 18 U.S.C. § 981(a)(1)(A), "[a]ny  
17 property, real or personal, involved in a transaction or  
18 attempted transaction in violation of section . . . [18 U.S.C. §  
19 1957], or any property traceable to such property" is subject to  
20 forfeiture to the United States.  
21

22 207. 18 U.S.C. § 1957 imposes a criminal penalty on any  
23 person who:

24 knowingly engages or attempts to engage in a monetary  
25 transaction in criminally derived property of a value  
26 greater than \$10,000 and is derived from specified  
27 unlawful activity.  
28

1           208. For purposes of Section 1957, "specified unlawful  
2 activity" is defined in 18 U.S.C. § 1956(c)(7)(A) and  
3 (c)(7)(B)(iv) to include, among other things, (i) foreign  
4 offenses involving "the misappropriation, theft, or embezzlement  
5 of public funds by or for the benefit of a public official";  
6 (ii) foreign offenses involving bribery of a public official;  
7 (iii) transportation of stolen or fraudulently obtained money  
8 (18 U.S.C. § 2314); and (iv) receipt of stolen money (18 U.S.C.  
9 § 2315).  
10

11           209. As set forth above, the defendants were the subjects  
12 of, or traceable to, monetary transactions or attempted  
13 transactions involving criminally derived property of a value  
14 greater than \$10,000 and, for the reasons set forth above, the  
15 funds involved in those transactions were derived from specified  
16 unlawful activity, that is, (i) foreign offenses involving "the  
17 misappropriation, theft, or embezzlement of public funds by or  
18 for the benefit of a public official"; (ii) foreign offenses  
19 involving bribery of a public official; (iii) the transportation  
20 of stolen or fraudulently obtained money (18 U.S.C. § 2314); and  
21 (iv) the receipt of stolen money (18 U.S.C. § 2315). The  
22 foreign offenses at issue are as set forth in paragraph 24  
23 above.  
24  
25  
26  
27  
28



210. Therefore, the defendants are subject to forfeiture to the United States pursuant to 18 U.S.C. § 981(a)(1)(A), on the grounds that they were involved in transactions or attempted transactions in violation of 18 U.S.C. § 1957, or are traceable to such property.

### THIRD CLAIM FOR FORFEITURE

(18 U.S.C. § 981(a)(1)(A))

211. Paragraphs 1 through 198 above are incorporated by reference as if fully set forth herein.

212. Pursuant to 18 U.S.C. § 981(a)(1)(A), "[a]ny property, real or personal, involved in a transaction or attempted transaction in violation of [18 U.S.C. § 1956], or any property traceable to such property" is subject to forfeiture to the United States.

213. 18 U.S.C. § 1956(a)(1) imposes a criminal penalty on any person who:

knowing that the property involved in a financial transaction represents the proceeds of some form of unlawful activity, conducts or attempts to conduct such a financial transaction which in fact involves the proceeds of specified unlawful activity -

. . . .

(B) knowing that the transaction is designed in whole or in part -

(i) to conceal or disguise the nature, the location, the source, the ownership, or the

control of the proceeds of  
specified unlawful activity[.]

214. For purposes of Section 1956, "specified unlawful activity" is defined in 18 U.S.C. § 1956(c)(7)(A) and (c)(7)(B)(iv) to include, among other things, (i) foreign offenses involving "the misappropriation, theft, or embezzlement of public funds by or for the benefit of a public official"; (ii) foreign offenses involving bribery of a public official; (iii) transportation of stolen money (18 U.S.C. § 2314); and (iv) receipt of stolen money (18 U.S.C. § 2315).

215. As set forth above, the defendants were the subject of, or traceable to, financial transactions or attempted financial transactions, and the funds involved in those transactions were derived from specified unlawful activity, that is, (i) foreign offenses involving "the misappropriation, theft, or embezzlement of public funds by or for the benefit of a public official"; (ii) foreign offenses involving bribery of a public official; (iii) the transportation of stolen or fraudulently obtained money (18 U.S.C. § 2314); and (iv) the receipt of stolen money (18 U.S.C. § 2315) The foreign offenses at issue are as set forth in paragraph 24 above.

216. Also, as set forth above, the transactions were designed in whole or in part to conceal or disguise the source,

1 ownership, or control of the proceeds of specified unlawful  
2 activity, in numerous ways.

3 217. Therefore, the defendants are subject to forfeiture  
4 to the United States pursuant to 18 U.S.C. § 981(a)(1)(A), on  
5 the grounds that they were involved in transactions or attempted  
6 transactions in violation of 18 U.S.C. § 1956(a)(1)(B)(i), or  
7 are traceable to such property.  
8

9  
10 **FOURTH CLAIM FOR FORFEITURE**

11 (18 U.S.C. § 981(a)(1)(A))

12 218. Paragraphs 1 through 198 above are incorporated by  
13 reference as if fully set forth herein.

14 219. Pursuant to 18 U.S.C. § 981(a)(1)(A), "[a]ny  
15 property, real or personal, involved in a transaction or  
16 attempted transaction in violation of [18 U.S.C. § 1956], or any  
17 property traceable to such property," is subject to forfeiture  
18 to the United States.  
19

20 220. 18 U.S.C. § 1956(a)(2) imposes a criminal penalty on  
21 any person who:  
22

23 transports, transmits, or transfers, or  
24 attempts to transport, transmit or  
25 transfer a monetary instrument or funds  
26 from a place in the United States to or  
27 through a place outside the United States  
28 or to a place in the United States from  
or through a place outside the United  
States—

1 . . .

2 (B) knowing that the monetary  
3 instrument or funds involved in the  
4 transportation, transmission, or  
5 transfer represent the proceeds of  
6 some form of unlawful activity and  
7 knowing that such transportation,  
8 transmission, or transfer is  
9 designed in whole or in part—

10 (i) to conceal or disguise the  
11 nature, the location, the  
12 source, the ownership, or the  
13 control of the proceeds of  
14 specified unlawful activity[.]

15 § 1956(a)(2)(B)(i).

16 221. For purposes of Section 1956, "Specified unlawful  
17 activity" is defined in 18 U.S.C. § 1956(c)(7)(A) and  
18 (c)(7)(B)(iv) to include, among other things, (i) foreign  
19 offenses involving "the misappropriation, theft, or embezzlement  
20 of public funds by or for the benefit of a public official"; (ii)  
21 foreign offenses involving bribery of a public official; (iii)  
22 transportation of stolen money (18 U.S.C. § 2314); and (iv)  
23 receipt of stolen money (18 U.S.C. § 2315).

24 222. As set forth above, the defendant properties were  
25 involved in the transportation, transmission, or transfer of  
26 funds, or attempted transportation, transmission, or transfer of  
27 funds, affecting interstate or foreign commerce, to a place in  
28 the United States from or through a place outside the United  
States, with proceeds of "some form of unlawful activity," that

1 is (i) foreign offenses involving "the misappropriation, theft,  
2 or embezzlement of public funds by or for the benefit of a  
3 public official"; (ii) foreign offenses involving bribery of a  
4 public official; (iii) the transportation of stolen or  
5 fraudulently obtained money (18 U.S.C. § 2314); and (iv) the  
6 receipt of stolen money (18 U.S.C. § 2315) The foreign offenses  
7 at issue are as set forth in paragraph 24 above.  
8

9       223. As further set forth above, such transfers or  
10 attempted transfers were conducted with the knowledge that the  
11 property involved represented the proceeds of some form of  
12 unlawful activity, and that such transfers or attempted  
13 transfers were designed in whole or in part to conceal or  
14 disguise the nature, location, source, ownership, or control of  
15 the proceeds of specified unlawful activity.  
16

17       224. Accordingly, the defendant properties are subject to  
18 forfeiture to the United States under 18 U.S.C. § 981(a)(1)(A)  
19 on the grounds that they constitute property involved in  
20 transactions or attempted transactions in violation of 18 U.S.C.  
21 § 1956(a)(2)(B)(i), or are traceable to such property.  
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**FIFTH CLAIM FOR FORFEITURE**

(18 U.S.C. § 981(a)(1)(A))

225. Paragraphs 1 through 198 above are incorporated by reference as if fully set forth herein.

226. Pursuant to 18 U.S.C. § 981(a)(1)(A), "[a]ny property, real or personal, involved in a transaction or attempted transaction in violation of [18 U.S.C. §§ 1956 or 1957], or any property traceable to such property," is subject to forfeiture to the United States.

227. Title 18, U.S.C. § 1956(h) imposes a criminal penalty on any person who "conspires to commit any offense defined in [18 U.S.C. §§ 1956 or 1957]."

228. As set forth above, the defendant properties were involved in a conspiracy to conduct, or attempt to conduct, transactions in violation of 18 U.S.C. §§ 1956(a)(1)(B)(i), (a)(2)(B)(i), and/or 1957, affecting foreign commerce, that involved the proceeds of specified unlawful activity, that is, (i) foreign offenses involving "the misappropriation, theft, or embezzlement of public funds by or for the benefit of a public official"; (ii) foreign offenses involving bribery of a public official; (iii) the transportation of stolen or fraudulently obtained money (18 U.S.C. § 2314); and (iv) the receipt of stolen money (18 U.S.C. § 2315). The

1 foreign offenses at issue are as set forth in paragraph 24  
2 above.

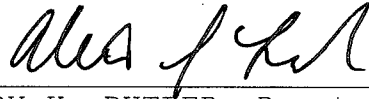
3 229. Accordingly, the defendant properties are subject to  
4 forfeiture to the United States under 18 U.S.C. § 981(a)(1)(A)  
5 on the grounds that they constitute property involved in  
6 transactions or attempted transactions in violation of 18 U.S.C.  
7 § 1956(h), or are traceable to such property.  
8

9  
10 **CLAIM FOR RELIEF**

11 WHEREFORE plaintiff, the United States of America, requests  
12 that judgment be entered in its favor and against the  
13 defendants; process issue to enforce the forfeiture of the  
14 defendants; all persons having an interest in the defendants be  
15 cited to appear and show cause why the forfeiture should not be  
16 decreed; this Court decree forfeiture of the defendants to the  
17 United States of America for disposition according to law; and  
18 that this Court grant the United States such further relief as  
19 this Court may deem just and proper, together with the costs and  
20 disbursements in this action.  
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1 DATED: July 14 , 2015

M. KENDALL DAY, CHIEF  
ASSET FORFEITURE AND MONEY  
LAUNDERING SECTION, Criminal  
Division

2  
3  
4 

5 MARY K. BUTLER, Deputy Chief  
6 DANIEL H. CLAMAN, Principal  
7 Assistant Deputy Chief  
8 ALEXIS J. LOEB, Trial Attorney  
9 Criminal Division  
10 United States Department of  
Justice

11 EILEEN M. DECKER  
12 United States Attorney  
13 ROBERT E. DUGDALE  
14 Assistant United States Attorney  
15 Chief, Criminal Division  
16 STEVEN R. WELK  
17 Assistant United States Attorney  
18 Chief, Asset Forfeiture Section  
19 JONATHAN GALATZAN  
20 Assistant United States Attorney

21 Attorneys for Plaintiff  
22 UNITED STATES OF AMERICA  
23  
24  
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26  
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28



VERIFICATION

I, Lucas Bauers, hereby verify and declare under penalty of perjury that I am a Special Agent with the Federal Bureau of Investigation, that I have read the foregoing Verified Complaint for Forfeiture *in Rem* and know the contents thereof, and that the matters contained in the Verified Complaint are true to the best of my knowledge and belief.

The sources of my knowledge and information and the grounds of my belief are official files and records of the United States, publicly available files and historical information, information supplied to me by other law enforcement officers, experts, and other witnesses, including in the Philippines, as well as my investigation in this case, together with others, as a Special Agent of the Federal Bureau of Investigation.

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

Executed this 14 day of July, 2015, at Los Angeles, CA.



Lucas Bauers  
Special Agent  
Federal Bureau of Investigation

**ATTACHMENT A**

The Defendant Anaheim Motel is titled in the name of Western Investment Corporation, is located at 620 W. Orangewood Ave., Anaheim, California, 92802, bears Assessor Parcel Number 137-124-29, and is described as follows:

Those portions of the Northeast quarter of the Southwest quarter of Section 27, Township 4 South, Range 10 West, in the Rancho San Juan Cajon de Santa Ana and Las Bolsas, in the City of Anaheim, County of Orange, State of California, as shown on a Map recorded in Book 51, Page 10 of the Miscellaneous Maps, Records of Orange County, California, described as follows:

Beginning at the intersection of the northerly prolongation of the East line of Tract 3267, as shown on a Map thereof, recorded in Book 102, Pages 41 and 42 of Miscellaneous Maps, Records of Orange County, with the centerline of Orangewood Avenue, as shown on said Map; thence easterly along said centerline 146.98 feet to a line which is parallel with and distant 210 feet west, measured at right angles from the centerline of Harbor Boulevard, as shown on said Map; thence southerly along said parallel line to a line which is parallel with and 340 feet south, measured at right angles from said centerline of Orangewood Avenue; thence west along the last mentioned parallel line to the east line of said Tract 3267; thence northerly along said East line to the point of beginning.

**ATTACHMENT B**

The Defendant Covina Real Property is titled in the name of Western Ventures Management, Inc., is located at 19545 E. Cienega Ave., Covina, California, 91724, bears Assessor Parcel Number 8404-002-029, and includes all that certain real property in the County of Los Angeles, State of California, and is described as follows:

That portion of lot 24 of Tract No. 19624, in the County of Los Angeles, State of California, as per Map recorded in Book 502 Page(s) 9 and 10 of Maps, in the Office of the County Recorder of said County.

Beginning at the Southwest corner of said lot 24, thence along the North line of Cienega Avenue, as shown on said Map south 89° 59' 30" east 83.95 feet to the Westerly line of the land described in the deed to Leonard C. Brown and Wife, recorded on October 26, 1960 as Instrument No. 880, in Book D1016, Page(s) 920, Official Records of said County, thence along the Westerly line of said land described in the deed to Brown, North 0° 09' 55" west 260 feet to the Northerly line of said lot; thence along the Northerly line of said lot North 89° 59' 30" feet to the Northwest corner of said lot; thence along the Westerly line of said lot South 0° 09' 55" east 260 feet to the point of beginning.

ATTACHMENT C

The Defendant Irvine House is titled in the name of Ana Marie D. Lim, is located at [REDACTED], Irvine, California, 92620, bears Assessor Parcel Number 530-301-60, and is described as follows:

Parcel No. 1: (Phase 5)

Lot(s) 11 of Tract No. 15172, in the City of Irvine, County of Orange, State of California as shown on a Map recorded in Book 739, Page(s) 38 to 40, inclusive, of Miscellaneous Maps, in the Office of the Orange County, California.

Except therefrom all oil, gas, minerals and other hydrocarbon substances lying below the surface of said land, but without the right of surface entry, as reserved or granted in documents of record.

Parcel No. 2:

Nonexclusive easements for access, ingress and egress for use, maintenance, repair, replacement, drainage, encroachment, support and for other purposes, as described in the declaration of covenants, conditions and restrictions and reservations of easements for Meadowood Maintenance Association recorded on June 20, 1995, as Instrument No. 95-0261040, and the supplemental declaration of covenants, conditions and restrictions and

1 reservations for Meadowood Maintenance Association (Delegate  
2 District No. 7/Phase 5, Tract 15172) recorded on August 15,  
3 1996, as Instrument No. 96-0419059, the Declaration of  
4 Covenants, conditions and restrictions and reservations of  
5 easements for Canyonwood recorded July 12, 1995 as Instrument  
6 No. 95-0296532, official records, the notice of annexation and  
7 supplemental declaration of covenants, conditions and  
8 restrictions and reservation of easements for Canyonwood  
9 (Lexington-Phase 5, Tract No. 15172) recorded on August 15,  
10 1996, as instrument No. 95-0211939, all recorded in official  
11 records of Orange County, California, and all hereinafter  
12 collectively referred to as the "Declarations."

**ATTACHMENT D**

**Philippines' Republic Act No. 3019 (Anti-Graft and Corrupt Practices Act)**

REPUBLIC ACT NO. 3019

ANTI-GRAFT AND CORRUPT PRACTICES ACT

*Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:*

**Section 1. Statement of policy.** – It is the policy of the Philippine Government, in line with the principle that a public office is a public trust, to repress certain acts of public officers and private persons alike which constitute graft or corrupt practices or which may lead thereto.

**Section 2. Definition of terms.** – As used in this Act, that term

—  
(a) "Government" includes the national government, the local governments, the government-owned and government-controlled corporations, and all other instrumentalities or agencies of the Republic of the Philippines and their branches.

(b) "Public officer" includes elective and appointive officials and employees, permanent or temporary, whether in the classified or unclassified or exempt service receiving compensation, even nominal, from the government as defined in the preceding subparagraph.

(c) "Receiving any gift" includes the act of accepting directly or indirectly a gift from a person other than a member of the public officer's immediate family, in behalf of himself or of any member of his family or relative within the fourth civil degree, either by consanguinity or affinity, even on the occasion of a family celebration or national festivity like Christmas, if the value of the gift is under the circumstances manifestly excessive.

(d) "Person" includes natural and juridical persons, unless the context indicates otherwise.

**Section 3. Corrupt practices of public officers.** – In addition to acts or omissions of public officers already penalized by existing law, the following shall constitute corrupt practices of any public officer and are hereby declared to be unlawful:

(a) Persuading, inducing or influencing another public officer to perform an act constituting a violation of rules and regulations duly promulgated by competent authority or an offense in connection with the official duties of the latter, or

allowing himself to be persuaded, induced, or influenced to commit such violation or offense.

(b) Directly or indirectly requesting or receiving any gift, present, share, percentage, or benefit, for himself or for any other person, in connection with any contract or transaction between the Government and any other part, wherein the public officer in his official capacity has to intervene under the law.

(c) Directly or indirectly requesting or receiving any gift, present or other pecuniary or material benefit, for himself or for another, from any person for whom the public officer, in any manner or capacity, has secured or obtained, or will secure or obtain, any Government permit or license, in consideration for the help given or to be given, without prejudice to Section thirteen of this Act.

(d) Accepting or having any member of his family accept employment in a private enterprise which has pending official business with him during the pendency thereof or within one year after its termination.

(e) Causing any undue injury to any party, including the Government, or giving any private party any unwarranted benefits, advantage or preference in the discharge of his official administrative or judicial functions through manifest partiality, evident bad faith or gross inexcusable negligence. This provision shall apply to officers and employees of offices or government corporations charged with the grant of licenses or permits or other concessions.

(f) Neglecting or refusing, after due demand or request, without sufficient justification, to act within a reasonable time on any matter pending before him for the purpose of obtaining, directly or indirectly, from any person interested in the matter some pecuniary or material benefit or advantage, or for the purpose of favoring his own interest or giving undue advantage in favor of or discriminating against any other interested party.

(g) Entering, on behalf of the Government, into any contract or transaction manifestly and grossly disadvantageous to the same, whether or not the public officer profited or will profit thereby.

(h) Director or indirectly having financial or pecuniary interest in any business, contract or transaction in connection with which he intervenes or takes part in his official capacity, or in which he is prohibited by the Constitution or by any law from having any interest.

(i) Directly or indirectly becoming interested, for personal gain, or having a material interest in any transaction or act requiring the approval of a board, panel or group of which he is a member, and which exercises discretion in such approval, even

if he votes against the same or does not participate in the action of the board, committee, panel or group.

Interest for personal gain shall be presumed against those public officers responsible for the approval of manifestly unlawful, inequitable, or irregular transaction or acts by the board, panel or group to which they belong.

(j) Knowingly approving or granting any license, permit, privilege or benefit in favor of any person not qualified for or not legally entitled to such license, permit, privilege or advantage, or of a mere representative or dummy of one who is not so qualified or entitled.

(k) Divulging valuable information of a confidential character, acquired by his office or by him on account of his official position to unauthorized persons, or releasing such information in advance of its authorized release date.

The person giving the gift, present, share, percentage or benefit referred to in subparagraphs (b) and (c); or offering or giving to the public officer the employment mentioned in subparagraph (d); or urging the divulging or untimely release of the confidential information referred to in subparagraph (k) of this section shall, together with the offending public officer, be punished under Section nine of this Act and shall be permanently or temporarily disqualified in the discretion of the Court, from transacting business in any form with the Government.

**Section 4. Prohibition on private individuals.** – (a) It shall be unlawful for any person having family or close personal relation with any public official to capitalize or exploit or take advantage of such family or close personal relation by directly or indirectly requesting or receiving any present, gift or material or pecuniary advantage from any other person having some business, transaction, application, request or contract with the government, in which such public official has to intervene. Family relation shall include the spouse or relatives by consanguinity or affinity in the third civil degree. The word "close personal relation" shall include close personal friendship, social and fraternal connections, and professional employment all giving rise to intimacy which assures free access to such public officer.

(b) It shall be unlawful for any person knowingly to induce or cause any public official to commit any of the offenses defined in Section 3 hereof.

**Section 5. Prohibition on certain relatives.** – It shall be unlawful for the spouse or for any relative, by consanguinity or affinity, within the third civil degree, of the President of the



Philippines, the Vice-President of the Philippines, the President of the Senate, or the Speaker of the House of Representatives, to intervene, directly or indirectly, in any business, transaction, contract or application with the Government: *Provided*, That this section shall not apply to any person who, prior to the assumption of office of any of the above officials to whom he is related, has been already dealing with the Government along the same line of business, nor to any transaction, contract or application already existing or pending at the time of such assumption of public office, nor to any application filed by him the approval of which is not discretionary on the part of the official or officials concerned but depends upon compliance with requisites provided by law, or rules or regulations issued pursuant to law, nor to any act lawfully performed in an official capacity or in the exercise of a profession.

**Section 6. Prohibition on Members of Congress.** – It shall be unlawful hereafter for any Member of the Congress during the term for which he has been elected, to acquire or receive any personal pecuniary interest in any specific business enterprise which will be directly and particularly favored or benefited by any law or resolution authored by him previously approved or adopted by the Congress during the same term.

The provision of this section shall apply to any other public officer who recommended the initiation in Congress of the enactment or adoption of any law or resolution, and acquires or receives any such interest during his incumbency.

It shall likewise be unlawful for such member of Congress or other public officer, who, having such interest prior to the approval of such law or resolution authored or recommended by him, continues for thirty days after such approval to retain such interest.

**Section 7. Statement of assets and liabilities.** – Every public officer, within thirty days after the approval of this Act or after assuming office, and within the month of January of every other year thereafter, as well as upon the expiration of his term of office, or upon his resignation or separation from office, shall prepare and file with the office of the corresponding Department Head, or in the case of a Head of Department or chief of an independent office, with the Office of the President, or in the case of members of the Congress and the officials and employees thereof, with the Office of the Secretary of the corresponding House, a true detailed and sworn statement of assets and liabilities, including a statement of the amounts and sources of his income,

the amounts of his personal and family expenses and the amount of income taxes paid for the next preceding calendar year: Provided, that public officers assuming office less than two months before the end of the calendar year, may file their statements in the following months of January.

**Section 8. Dismissal due to unexplained wealth.** – If in accordance with the provisions of Republic Act numbered One thousand three hundred seventy-nine, a public official has been found to have acquired during his incumbency, whether in his name or in the name of other persons, an amount of property and/or money manifestly out of proportion to his salary and to his other lawful income, that fact shall be a ground for dismissal or removal. Properties in the name of the spouse and unmarried children of such public official may be taken into consideration, when their acquisition through legitimate means cannot be satisfactorily shown. Bank deposits shall be taken into consideration in the enforcement of this section, notwithstanding any provision of law to the contrary.

**Section 9. Penalties for violations.** – (a) Any public officer or private person committing any of the unlawful acts or omissions enumerated in Sections 3, 4, 5 and 6 of this Act shall be punished with imprisonment for not less than one year nor more than ten years, perpetual disqualification from public office, and confiscation or forfeiture in favor of the Government of any prohibited interest and unexplained wealth manifestly out of proportion to his salary and other lawful income. Any complaining party at whose complaint the criminal prosecution was initiated shall, in case of conviction of the accused, be entitled to recover in the criminal action with priority over the forfeiture in favor of the Government, the amount of money or the thing he may have given to the accused, or the value of such thing. (b) Any public officer violation any of the provisions of Section 7 of this Act shall be punished by a fine of not less than one hundred pesos nor more than one thousand pesos, or by imprisonment not exceeding one year, or by both such fine and imprisonment, at the discretion of the Court. The violation of said section proven in a proper administrative proceeding shall be sufficient cause for removal or dismissal of a public officer, even if no criminal prosecution is instituted against him.

**Section 10. Competent court.** – Until otherwise provided by law, all prosecutions under this Act shall be within the original jurisdiction of the proper Court of First Instance.

**Section 11. Prescription of offenses.** – All offenses punishable under this Act shall prescribe in ten years.

**Section 12. Termination of office.** – No public officer shall be allowed to resign or retire pending an investigation, criminal or administrative, or pending a prosecution against him, for any offense under this Act or under the provisions of the Revised Penal Code on bribery.

**Section 13. Suspension and loss of benefits.** – Any public officer against whom any criminal prosecution under a valid information under this Act or under the provisions of the Revised Penal Code on bribery is pending in court, shall be suspended from office. Should he be convicted by final judgment, he shall lose all retirement or gratuity benefits under any law, but if he is acquitted, he shall be entitled to reinstatement and to the salaries and benefits which he failed to receive during suspension, unless in the meantime administrative proceedings have been filed against him.

**Section 14. Exception.** – Unsolicited gifts or presents of small or insignificant value offered or given as a mere ordinary token of gratitude or friendship according to local customs or usage, shall be excepted from the provisions of this Act.

Nothing in this Act shall be interpreted to prejudice or prohibit the practice of any profession, lawful trade or occupation by any private person or by any public officer who under the law may legitimately practice his profession, trade or occupation, during his incumbency, except where the practice of such profession, trade or occupation involves conspiracy with any other person or public official to commit any of the violations penalized in this Act.

**Section 15. Separability clause.** – If any provision of this Act or the application of such provision to any person or circumstances is declared invalid, the remainder of the Act or the application of such provision to other persons or circumstances shall not be affected by such declaration.

**Section 16. Effectivity.** – This Act shall take effect on its approval, but for the purpose of determining unexplained wealth, all property acquired by a public officer since he assumed office shall be taken into consideration.

Approved, August 17, 1960.

**Article 212 of the Revised Penal Code (Corruption of Public Officials)**

Act No. 3815  
December 8, 1930

The Revised Penal Code of the Philippines

**Article 212. Corruption of public officials.** – The same penalties imposed upon the officer corrupted, except those of disqualification and suspension, shall be imposed upon any person who shall have made the offers or promises or given the gifts or presents as described in the preceding articles.

**Philippines' Republic Act No. 7080 (Plunder)**

[REPUBLIC ACT NO. 7080]  
AN ACT DEFINING AND PENALIZING  
THE CRIME OF PLUNDER

*Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:*

**Section 1. Definition of Terms.** – As used in this Act, the term –

- a) "Public Officer" means any person holding any public office in the Government of the Republic of the Philippines by virtue of an appointment, election or contract.
- b) "Government" includes the National Government, and any of its subdivisions, agencies or instrumentalities, including government-owned or -controlled corporations and their subsidiaries.
- c) "Person" includes any natural or juridical person, unless the context indicates otherwise.
- d) "Ill-gotten wealth" means any asset, property, business enterprise or material possession of any person within the purview of Section Two (2) hereof, acquired by him directly or indirectly through dummies, nominees, agents, subordinates and/or business associates by any combination or series of the following means or similar schemes:
  - 1) Through misappropriation, conversion, misuse, or malversation of public funds or raids on the public treasury;
  - 2) By receiving, directly or indirectly, any commission, gift, share, percentage, kickbacks or any other form of pecuniary benefit from any person and/or entity in connection with any

government contract or project or by reason of the office or position of the public officer concerned;

3) By the illegal or fraudulent conveyance or disposition of assets belonging to the National Government or any of its subdivisions, agencies or instrumentalities or government-owned or -controlled corporations and their subsidiaries;

4) By obtaining, receiving or accepting directly or indirectly any shares of stock, equity or any other form of interest or participation including the promise of future employment in any business enterprise or undertaking;

5) By establishing agricultural, industrial or commercial monopolies or other combinations and/or implementation of decrees and orders intended to benefit particular persons or special interests; or

6) By taking undue advantage of official position, authority, relationship, connection or influence to unjustly enrich himself or themselves at the expense and to the damage and prejudice of the Filipino people and the Republic of the Philippines.

**Section 2. Definition of the Crime of Plunder; Penalties.** – Any public officer who, by himself or in connivance with members of his family, relatives by affinity or consanguinity, business associates, subordinates or other persons, amasses, accumulates or acquires ill-gotten wealth through a combination or series of overt or criminal acts as described in Section 1(d) hereof in the aggregate amount or total value of at least Fifty million pesos (P50,000,000.00) shall be guilty of the crime of plunder and shall be punished by *reclusion perpetua* to death. Any person who participated with the said public officer in the commission of an offense contributing to the crime of plunder shall likewise be punished for such offense. In the imposition of penalties, the degree of participation and the attendance of mitigating and extenuating circumstances, as provided by the Revised Penal Code, shall be considered by the court. The court shall declare any and all ill-gotten wealth and their interests and other incomes and assets including the properties and shares of stocks derived from the deposit or investment thereof forfeited in favor of the State. (As amended by RA 7659, approved Dec. 13, 1993.)

**Section 3. Competent Court.** – Until otherwise provided by law, all prosecutions under this Act shall be within the original jurisdiction of the Sandiganbayan.

**Section 4. Rule of Evidence.** – For purposes of establishing the crime of plunder, it shall not be necessary to prove each and

every criminal act done by the accused in furtherance of the scheme or conspiracy to amass, accumulate or acquire ill-gotten wealth, it being sufficient to establish beyond reasonable doubt a pattern of overt or criminal acts indicative of the overall unlawful scheme or conspiracy.

**Section 5. Suspension and Loss of Benefits.** – Any public officer against whom any criminal prosecution under a valid information under this Act whatever stage of execution and mode of participation, is pending in court, shall be suspended from office.

Should he be convicted by final judgment, he shall lose all retirement or gratuity benefits under any law, but if he is acquitted, he shall be entitled to reinstatement and to the salaries and other benefits which he failed to receive during suspension, unless in the meantime, administrative proceedings have been filed against him.

**Section 6. Prescription of Crimes.** – The crime punishable under this Act shall prescribe in twenty (20) years. However, the right of the State to recover properties unlawfully acquired by public officers from them or from their nominees or transferees shall not be barred by prescription, laches, or estoppel.

**Section 7. Separability of Provisions.** – If any provisions of this Act or the application thereof to any person or circumstance is held invalid, the remaining provisions of this Act and the application of such provisions to other persons or circumstances shall not be affected thereby.

**Section 8. Scope.** – This Act shall not apply to or affect pending prosecutions or proceedings, or those which may be instituted under Executive Order No. 1, issued and promulgated on February 28, 1986.

**Section 9. Effectivity.** – This Act shall take effect after fifteen (15) days from its publication in the Official Gazette and in a newspaper of general circulation.

Approved: July 12, 1991