

FILED

MAR 16 2022

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF TEXAS
AUSTIN DIVISION

CLERK, U.S. DISTRICT COURT
WESTERN DISTRICT OF TEXAS
BY LY DEPUTY CLERK

1:22CR00049**LY**

UNITED STATES OF AMERICA,

Plaintiff,

v.

HYUK JIN KWON and
HYUN KI SHIN

Defendants.

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CRIMINAL NO. _____

INDICTMENT

[Vio: 15 U.S.C. § 1 Conspiracy to Restrain
Trade; 18 U.S.C. § 1343 Wire Fraud]

THE GRAND JURY CHARGES:**COUNT ONE**

Conspiracy to Restrain Trade
[15 U.S.C. § 1]

DESCRIPTION OF THE OFFENSE

1. The following persons are hereby indicted and made Defendants on the charges contained in this Indictment:

HYUK JIN KWON
and
HYUN KI SHIN

2. Beginning at least as early as in or about November 2018, and continuing until at least as late as on or about March 26, 2021, the exact dates being unknown to the Grand Jury, in the Western District of Texas and elsewhere, the Defendants and their co-conspirators entered into and engaged in a combination and conspiracy to suppress and eliminate competition by rigging bids and fixing prices for subcontract work on operation and maintenance support services administered and approved by the United States Army Medical Command

("MEDCOM"), the United States Army Corps of Engineers ("USACE"), and the Defense Logistics Agency. The combination and conspiracy engaged in by the Defendants and their co-conspirators was a *per se* unlawful, and thus unreasonable, restraint of interstate and foreign trade and commerce in violation of Section 1 of the Sherman Act (15 U.S.C. § 1).

3. The charged combination and conspiracy consisted of a continuing agreement, understanding, and concert of action among the Defendants and their co-conspirators, the substantial terms of which were to rig bids and fix prices for subcontract work to contractors providing operation and maintenance support services to agencies of the U.S. Department of Defense.

DEFENDANTS AND THEIR CO-CONSPIRATORS

At all times relevant to this Indictment, unless otherwise indicated:

4. COMPANY A was a corporation organized and existing under the laws of the Republic of Korea ("Korea") and majority owned by COMPANY B, a Texas-based corporation with its headquarters in Austin, that was engaged in the sale of operation and maintenance support services to the United States government, including the sale of such services to United States military hospitals in Korea. Company A's other owner is HYUK JIN KWON.

COMPANY A was engaged primarily in the sale of operation and maintenance support services to COMPANY B with respect to COMPANY B's work for United States military hospitals in Korea. The true identities of COMPANY A and COMPANY B are known to the Grand Jury.

5. COMPANY C was a corporation organized and existing under the laws of Korea. COMPANY C was engaged in the sale of operation and maintenance support services to contractors servicing agencies of the U.S. Department of Defense, including MEDCOM, the

USACE, and the Defense Logistics Agency. The true identity of COMPANY C is known to the Grand Jury.

6. Defendant HYUK JIN KWON was a director and partial owner of COMPANY A and was involved in the sale of COMPANY A's services to COMPANY B and other contractors servicing agencies of the U.S. Department of Defense, including MEDCOM, the USACE, and the Defense Logistics Agency.

7. Defendant HYUN KI SHIN was a manager of COMPANY A and was involved in the sale of COMPANY A's services to COMPANY B and other contractors servicing agencies of the U.S. Department of Defense, including MEDCOM, the USACE, and the Defense Logistics Agency.

8. CO-CONSPIRATOR 1 was a manager of COMPANY C. CO-CONSPIRATOR 1 was involved in the sale of COMPANY C's services to COMPANY B and other contractors servicing agencies of the U.S. Department of Defense, including MEDCOM, the USACE, and the Defense Logistics Agency.

9. During the period covered by this Indictment, COMPANY B was the prime contractor to the USACE on an indefinite delivery contract (the "USACE Contract") to address operation and maintenance needs for U.S. Department of Defense medical facilities, including medical facilities in Korea. The USACE Contract required a competitive process for awarding subcontract work. The USACE Contract was administered by the USACE and MEDCOM. COMPANY A and COMPANY C performed subcontract work on the USACE Contract.

10. Company A and Company C also submitted bids for subcontract work on delivery orders administered by the Defense Logistics Agency to address maintenance, repair, and operations of U.S. Department of Defense facilities.

11. Various corporations and individuals, not made defendants in this Indictment, participated as co-conspirators in the offense charged herein and performed acts and made statements in furtherance thereof.

12. Whenever in this Indictment reference is made to any act, deed, or transaction of any corporation or company, the allegation means that the corporation or company engaged in the act, deed, or transaction by or through its officers, directors, agents, employees, or other representatives while they were actively engaged in the management, direction, control, or transaction of its business or affairs.

MEANS AND METHODS OF THE CONSPIRACY

13. For the purpose of forming and carrying out the charged combination and conspiracy, the Defendants and their co-conspirators did those things that they combined and conspired to do, including, among other things:

- a. On or about November 20, 2018, caused the organization of COMPANY A in Korea;
- b. Requested from, and agreed to provide to, each other complementary and rigged bid proposals for subcontract work to contractors servicing agencies of the U.S. Department of Defense, including MEDCOM, the USACE, and the Defense Logistics Agency;
- c. Exchanged pricing information and bid proposals with each other for the purposes of submitting complementary and rigged bid proposals and of fixing prices for subcontract work to contractors servicing agencies of the U.S. Department of Defense, including MEDCOM, the USACE, and the Defense Logistics Agency;

- d. Caused the submission of rigged bids and fixed prices for subcontract work on the USACE Contract, thereby ensuring that COMPANY A would win the vast majority of the service order subcontract work in Korea under the USACE Contract;
- e. Caused the submission of rigged bids and fixed prices for subcontract work on contracts administered by the Defense Logistics Agency;
- f. Sourced materials from the United States for the purpose of completing the subcontract work; and
- g. Accepted payments for the subcontract work, with payments for the subcontract work originating in the United States.

TRADE AND COMMERCE

14. The charged combination and conspiracy had a direct, substantial, and reasonably foreseeable effect on U.S. interstate, import, and export trade and commerce of a person engaged in such export trade and commerce in the United States, and that effect, in part, gives rise to this charge. The charged combination and conspiracy also had a substantial and intended effect in the United States.

15. For example: (a) the charged combination and conspiracy prevented agencies of the U.S. Department of Defense from receiving true competition for bids on subcontract work for operation and maintenance support services; (b) the charged combination and conspiracy caused agencies of the U.S. Department of Defense to pay non-competitive prices for operation and maintenance support services provided at military facilities in Korea with payments traveling between states and between the United States and Korea; (c) bid proposals, contracts, invoices for payment, payments, and other documents essential to the provision of operation and

maintenance support services were transmitted between the Defendants and their co-conspirators located in Korea and agencies of the U.S. Department of Defense located in the United States and elsewhere; and (d) certain materials used to complete the subcontract work affected by the charged combination and conspiracy were manufactured in the United States and sent to Korea.

16. The business activities of Company A, Company B, Company C, the Defendants, and their co-conspirators in connection with the operation and maintenance support services that are the subject of this Indictment were within the flow of, and substantially affected, commerce among the states and with foreign nations.

ALL IN VIOLATION OF TITLE 15, UNITED STATES CODE, SECTION 1.

COUNTS TWO THROUGH SEVEN

**Wire Fraud
[18 U.S.C. § 1343]**

DESCRIPTION OF THE OFFENSE

17. The Grand Jury realleges and incorporates by reference Paragraphs 1 through 16 of the Indictment as if fully set forth herein.

18. Various corporations and individuals, not made defendants in this Indictment, participated as co-schemers in the offense charged herein and performed acts and made statements in furtherance of the scheme and artifice to defraud set forth below. These co-schemers are both known and unknown to the Grand Jury.

19. Beginning at least as early as in or about November 2018, and continuing until at least as late as on or about March 26, 2021, the exact dates being unknown to the Grand Jury, in the Western District of Texas and elsewhere, the Defendants

**HYUK JIN KWON
and
HYUN KI SHIN**

and their co-schemers knowingly and with intent to defraud, devised and intended to devise a scheme and artifice to defraud the United States of money and property, and to obtain money and property by means of false and fraudulent pretenses, representations, and promises, knowing they were false and fraudulent when made, for the purpose of executing such scheme and artifice and attempting to do so.

OBJECTS OF THE SCHEME

20. The essential objects of the scheme were for the Defendants and their co-schemers, and others known and unknown to the Grand Jury, to unlawfully enrich themselves and others by obtaining money from the United States, and agencies thereof, by fraudulently submitting rigged bids and fixing prices for subcontract work that ostensibly satisfied the requirements of agencies of the U.S. Department of Defense that subcontract work be awarded through a competitive process.

MANNER AND MEANS

21. The manner and means by which the Defendants and their co-schemers, together with others, known and unknown to the Grand Jury, sought to accomplish the purpose of the scheme and artifice to defraud included, among other things, the means and methods set forth in Paragraph 13 of the Indictment.

22. In furtherance of the scheme, the Defendants and their co-schemers, together with others, by interstate and foreign wire, caused to be sent and received items such as money transfers.

EXECUTION OF THE SCHEME

23. On or about the dates stated below, in the Western District of Texas and elsewhere, the Defendants and their co-schemers, together with others, for the purpose of executing the

scheme described above, caused to be transmitted by means of wire communication in interstate and foreign commerce the signals and sounds, including money transfers, described below for each count, each transmission constituting a separate count:

Count	Approximate Date	Description
2	April 17, 2020	International wire payment originating in the United States from Company B to Company A for approximately \$45,450.00
3	June 19, 2020	International wire payment originating in the United States from Company B to Company A for approximately \$72,022.47
4	July 2, 2020	International wire payment originating in the United States from Company B to Company A for approximately \$446,154.00
5	September 10, 2020	International wire payment originating in the United States from Company B to Company A for approximately \$744,883.03
6	September 28, 2020	International wire payment originating in the United States from Company B to Company A for approximately \$50,281.00
7	October 5, 2020	International wire payment originating in the United States from Company B to Company A for approximately \$186,231.00

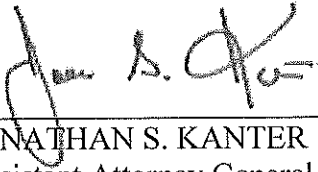
ALL IN VIOLATION OF TITLE 18, UNITED STATES CODE, SECTION 1343.

Dated:

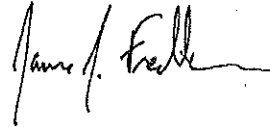
March 16, 2022

A TRUE BILL

ORIGINAL SIGNATURE
REDACTED PURSUANT TO
E-GOVERNMENT ACT OF 2002
 FOREPERSON OF THE GRAND JURY



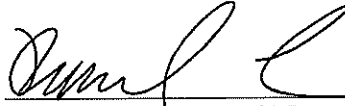
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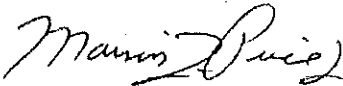
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