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Attorneys for Plaintiff
UNITED STATES OF AMERICA

IN THE UNITED STATES DISTRICT COURT

FOR THE DISTRICT OF HAWAII

| | |
|---|---|
| UNITED STATES OF AMERICA, | CR. NO. CR 23-00003 LEK |
| Plaintiff, | INDICTMENT |
| v. | [18 U.S.C. § 1344(2)] |
| MARTIN KAO, | |
| Defendant. | |

INDICTMENT

The Grand Jury charges:

## Introductory Allegations

1. On or about March 12, 2020, MARTIN KAO, the defendant, applied to Bank 1 for a $3 million mortgage loan for the purchase of the residence and premises at 4902 Kahala Avenue, Honolulu, Hawaii, at a price of $4.5 million.

2. In connection with KAO's application, Bank 1 required KAO to provide a full financial disclosure so that Bank 1 could assess his net worth, cash flow, and the amount of his liquid assets. Among the records requested by Bank 1 were records of KAO's assets, including his investment account no. XXXX-4054 at Brokerage 1.

3. On or about March 16, 2020, KAO digitally altered a February 2020 Statement from Brokerage 1 to falsely represent that his account's value as of February 29, 2020 was $8,388,000.59, when, in fact, the value was only $83,880.59. KAO subsequently submitted the altered record to Bank 1 in support of his $3 million loan application.

4. On or about April 22, 2020, KAO digitally altered a March 2020 Statement from Brokerage 1 to falsely represent that his account's value as of March 31, 2020 was $4,961,400.70, when, in fact, the value was only $49,614.70. KAO subsequently submitted the altered record to Bank 1 in support of his $3 million loan application.

5. On or about May 7, 2020, KAO digitally altered a Real-Time Values record from Brokerage 1 to falsely represent that his account's value as of May 7, 2020 was $5,691,048.59, when, in fact, the value was only $56,910.48. KAO subsequently submitted the altered record to Bank 1 in support of his $3 million loan application.

6. On or about May 22, 2020, KAO digitally altered an April 2020 Statement from Brokerage 1 to falsely represent that his account's value as of April 30, 2020 was $5,618,900.02, when, in fact, the value was only $56,189.02. KAO subsequently submitted the altered record to Bank 1 in support of his $3 million loan application.

7. On or about May 22, 2020, KAO digitally altered a Transaction History record from Brokerage 1 to falsely represent that on May 22, 2020, he paid down the margin loan on his account by $4.1 million, when, in fact, he had paid down his margin loan by only $4,100. KAO subsequently submitted the altered record to Bank 1 in support of his $3 million loan application.

8. On or about May 22, 2020, KAO digitally altered a Real-Time Values record from Brokerage 1 to falsely represent that, as a result of his purported $4.1 million payment on the margin loan, his account's value as of May 22, 2020 was $10,533,900.70, when, in fact, the value was only $64,339.70. KAO subsequently submitted the altered record to Bank 1 in support of his $3 million loan application.

9. In or about June 2020, Bank 1 approved KAO's $3 million loan application, and KAO closed on the purchase of the $4.5 million residence and premises at 4902 Kahala Avenue, Honolulu, Hawaii.

10. At all times relevant to this Indictment, Bank 1 was a financial institution within the definition of Title 18, United States Code, Section 20.

Bank Fraud
(18 U.S.C. § 1344(2))

11. The allegations of Paragraphs 1 through 10 are realleged as if fully set forth herein.

12. From in or about March 2020 to in or about June 2020, within the District of Hawaii and elsewhere, MARTIN KAO did knowingly execute, and attempt to execute, a scheme and artifice to obtain any of the moneys, funds, credits, assets, securities, or other property owned by, or under the control or custody of a financial institution by means of false or fraudulent pretenses, representations, and promises, namely by submitting altered investment account records to Bank 1 that falsely inflated the true value of his investment account no. XXXX-4054 at Brokerage 1.

All in violation of Title 18, United States Code, Section 1344(2).

## Forfeiture Notice

1. The allegations contained in all paragraphs of this Indictment are hereby realleged and incorporated by reference for the purpose of noticing forfeitures pursuant to Title 18, United States Code, Section 981(a)(1)(C), and Title 28, United States Code, Section 2461(c).

2. The United States hereby gives notice to the defendant that, upon conviction of the offense charged in this Indictment, the government will seek forfeiture, in accordance with Title 18, United States Code, Section 981(a)(1)(C), and Title 28, United States Code, Section 2461(c), of any and all property, real or personal, that constitutes or is derived from proceeds traceable to the violation of Title 18, United States Code, Section 1344(2), alleged in this Indictment, including but not limited to the real property at 4902 Kahala Avenue, Honolulu, Hawaii.

3. If by any act or omission of the defendant, any of the property subject to forfeiture described in the preceding paragraph herein:

a. cannot be located upon the exercise of due diligence;

b. has been transferred or sold to, or deposited with, a third party;

c. has been placed beyond the jurisdiction of the court;

d. has been substantially diminished in value; or

e. has been commingled with other property which cannot be divided without difficulty, the United States of America will be entitled to the forfeiture of substitute property up to the value of the property described above in the preceding paragraph, pursuant to Title 21, United States Code, Section 853(p), as incorporated by Title 28, United States Code, Section 2461(c).

DATED: January 5, 2023, at Honolulu, Hawaii.

A TRUE BILL

/s/ Foreperson

FOREPERSON, GRAND JURY

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