

UNITED STATES DISTRICT COURT  
FOR THE MIDDLE DISTRICT OF PENNSYLVANIA

UNITED STATES OF AMERICA : NO. 1:16-CR-202  
:   
v. : ( Jones , J.)  
BARBARA H. HAFER, :   
:   
Defendant. :

I N D I C T M E N T

**FILED**  
HARRISBURG, PA

THE GRAND JURY CHARGES:

JUL 20 2016

*vu*

Count 1

False Statement or Representation Made to a  
Department or Agency of the United States  
(18 U.S.C. § 1001)

1. At times material to this Indictment:

PERSONS AND ENTITIES

2. The Pennsylvania Treasury ("Treasury") was an independent department of the Pennsylvania state government headquartered in Harrisburg, within the Middle District of Pennsylvania. Treasury was led by the state treasurer, who was elected to serve a four-year term. Treasury's paramount responsibility was safeguarding and managing the state's financial assets.

3. The defendant BARBARA H. HAFER was Treasurer of the Commonwealth of Pennsylvania, elected in 1996 and reelected in 2000. HAFER served as Treasurer of Pennsylvania from January 21, 1997, to January 18, 2005. After leaving office, HAFER ran “Hafer & Associates, LLC,” a self-described “national consulting firm that capitalizes on her experience in the government and financial areas.”

4. A person, hereinafter referred to as “Person #1,” had financial relationships with multiple businesses that operated within the Middle District of Pennsylvania, and elsewhere. Among other activities, Person #1 and his business associates had solicitation agreements, fee-sharing arrangements and other financial associations with entities that provided asset management services to the Pennsylvania Treasury during the time that HAFER served as Treasurer. Person #1 and persons and entities associated with Person #1 contributed more than \$200,000 to support HAFER as a candidate for the Office of Treasurer.

5. During the years HAFER served as Treasurer, Treasury

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entered asset management contracts with businesses associated with Person #1. By the time HAFER left office in January 2005, businesses

associated with Person #1 managed hundreds of millions of dollars in Treasury assets. During the years HAFER served as Treasurer, Treasury paid those businesses more than \$10 million in fees.

### INVESTIGATION

6. In May, 2016, the Federal Bureau of Investigation of the United States Department of Justice (FBI) and the Internal Revenue Service of the United States Department of Treasury (IRS) were engaged in an ongoing investigation into alleged honest services mail fraud, honest services wire fraud, money laundering, conspiracy and other offenses allegedly committed by persons and entities who did business with the Pennsylvania Treasury. The investigation involved matters within the jurisdiction of the executive branch of the government of the United States.

7. As part of the aforementioned investigation, special agents of the FBI and IRS contacted HAFER on May 6, 2016 and informed her that they would like to talk with her about her dealings with Person #1.

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Arrangements were made for HAFER to meet the agents on May 9, 2016.

8. On May 9, 2016, special agents of the FBI and the IRS

interviewed HAFER in the Ronald Reagan Federal Building located in Harrisburg, within the Middle District of Pennsylvania.

9. During the interview, HAFER stated that, shortly after she left public office, she started Hafer & Associates.

10. HAFER stated that after she started her business she had a meeting with Person #1. She stated that Person #1 told her that she should have come to Person #1 before starting her business. She stated that she did not want to represent money managers in her business. She also stated that Person #1 did not help her with her business.

11. After claiming that Person #1 did not help her with her business, HAFER was shown a written agreement captioned "Hafer & Associates LLC Agreement" bearing the date of February 1, 2005, hereinafter referred to as "the Agreement." HAFER acknowledged her initials on the Agreement. The Agreement purported to be between Hafer & Associates, LLC and a company associated with Person #1. Per the Agreement, Hafer & Associates agreed "to (i) identify and support Company's efforts to acquire a hotel or hotel development sites on or near the campus of Gettysburg College in Gettysburg, Pennsylvania,

and/ or other location as identified by Company and agreed to by Hafer; and (ii) to perform such additional services as may be requested from time to time by Company and agreed to by Hafer.” Per the Agreement, the company associated with Person #1 agreed to pay Hafer & Associates \$500,000, in twelve monthly payments of \$41,667 over the twelve-month period beginning February 1, 2005. As part of the Agreement, the company associated with Person #1 agreed that “its obligation to pay amounts due hereunder is not contingent upon Hafer achieving any particular result.”

12. HAFER stated to investigators that Barbara Hafer was never paid the \$500,000 fee or any payments referenced in the Agreement. HAFER stated that she did not know the person who signed the Agreement on behalf of the company associated with Person #1. HAFER stated that Hafer & Associates had 4 staff members, earned \$100,000 to \$200,000 per year and closed in 2008.

13. Continued investigation revealed that the \$500,000 referenced in the Agreement was in fact paid in accordance with the terms of the agreement and that HAFER received a portion thereof.

Continued investigation also revealed that the money paid under the Agreement accounted for approximately 73% of the total revenue for Hafer & Associates during 2005. Continued investigation also revealed that the company associated with Person #1 paid an additional amount of at least \$175,000 to Hafer & Associates during 2006 and 2007.

STATUTORY ALLEGATION

14. On or about May 9, 2016, within the Middle District of Pennsylvania, the Defendant,

BARBARA H. HAFER,

did willfully and knowingly make a materially false, fictitious, and fraudulent statement and representation in a matter within the jurisdiction of the executive branch of the Government of the United States, by stating and representing to agents of the Federal Bureau of Investigation of the United States Department of Justice and Internal Revenue Service of the United States Department of the Treasury that BARBARA HAFER was never paid the \$500,000 or any payments listed in the Agreement between Hafer & Associates, LLC and a business associated with Person #1.

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15. The statements and representations were false because, as BARBARA H. HAFER then and there well knew, the \$500,000 due to Hafer & Associates under the Agreement was, in fact, paid and she received a portion thereof. The payments were made in monthly increments over twelve-months, beginning on February 1, 2005, less than four-weeks after HAFER left office as Treasurer of Pennsylvania.

In violation of Title 18, United States Code, § 1001(a)(2).

Count 2

False Statement or Representation Made to a  
Department or Agency of the United States  
(18 U.S.C. § 1001)

16. The allegations contained in Count 1 of this Indictment are hereby incorporated by reference as if set forth at length herein.

17. On or about May 9, 2016, within the Middle District of Pennsylvania, the Defendant,

BARBARA H. HAFER,

did willfully and knowingly make a materially false, fictitious, and fraudulent statement and representation in a matter within the jurisdiction of the executive branch of the Government of the United

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States, by stating and representing to agents of the Federal Bureau of Investigation of the United States Department of Justice and Internal Revenue Service of the United States Department of the Treasury that Person #1 did not help her with her business, Hafer & Associates.

18. The statements and representations were false because, as BARBARA H. HAFER then and there well knew: (1) Person #1 helped HAFER's business by causing a \$500,000 agreement to be entered into between Hafer & Associates and a company associated with Person #1 which did not require Hafer & Associates to achieve any particular result; (2) before the Agreement was signed by all parties, Person #1 helped HAFER's business by causing a company associated with Person #1 to pay the first of twelve monthly installments of \$41,667 due pursuant to the Agreement; (3) Person #1 helped HAFER's business by causing a total of approximately \$500,000 to be paid under the Agreement during the first year Hafer & Associates was in operation; and (4) Person #1 helped HAFER's business by causing an additional

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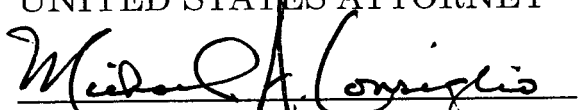


\$175,000 to be paid to HAFER's business during calendar years 2006 and 2007.

In violation of Title 18, United States Code, § 1001(a)(2).

A TRUE BILL:

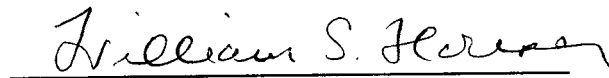
PETER J. SMITH  
UNITED STATES ATTORNEY

  
By: Michael A. Consiglio  
Assistant United States Attorney



Grand Jury Foreperson

7-20-2016  
Date

  
By: William S. Houser  
Assistant United States Attorney