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FORMER FBI AGENT AND ALLEGED CO-CONSPIRATORS INDICTED FOR SCHEME TO OBSTRUCT FEDERAL FRAUD INVESTIGATION

WASHINGTON – A federal grand jury in Salt Lake City today returned an 11-count indictment charging a former FBI special agent and two alleged accomplices with a scheme to use the agent’s official position to derail a federal investigation into the conduct of one of the alleged conspirators. The charges were announced by Assistant Attorney General Lanny A. Breuer of the Justice Department’s Criminal Division, U.S. Attorney for the District of Utah David B. Barlow and Department of Justice Inspector General Michael E. Horowitz.

The indictment charges former FBI special agent Robert G. Lustyik Jr., 50, of Sleepy Hollow, N.Y.; Michael L. Taylor, 51, of Harvard, Mass., the principal of Boston-based American International Security Corporation (AISC); and Johannes W. Thaler, 49, of New Fairfield, Conn., each with one count of conspiracy, eight counts of honest services wire fraud, one count of obstructing justice and one count of obstructing an agency proceeding.

“According to the indictment, while active in the FBI, former Special Agent Lustyik used his position in an attempt to stave off the criminal investigation of a business partner with whom he was pursuing lucrative security and energy contracts,” said Assistant Attorney General Breuer. “He allegedly acted through a childhood friend to secure promises of cash, purported medical expenses and business proceeds in exchange for abusing his position as an FBI agent. The alleged conduct is outrageous, and we will do everything we can to ensure that justice is done in this case.”

DOJ Inspector General Horowitz stated: “Law enforcement officers are sworn to uphold the law. Agents who would sell their badges and impede the administration of justice will be vigorously pursued.”

According to the indictment, Robert Lustyik was an FBI special agent until September 2012, assigned to counterintelligence work in White Plains, N.Y. The indictment also states that from at least June 2011, the three alleged conspirators had a business relationship involving the pursuit of contracts for security services, electric power and energy development, among other things, in the Middle East, Africa and elsewhere.

The indictment alleges that in September 2011, Taylor learned of a federal criminal investigation, begun in Utah in 2010, into whether Taylor, his business and others committed fraud in the award and performance of a contract with the U.S. Department of Defense.

Soon thereafter, Taylor allegedly began to give and offer things of value to Lustyik in exchange for Lustyik's agreement to use his official position to impair and impede the Utah investigation. The indictment also alleges that Thaler, a childhood friend of Lustyik's, served as a conduit between Taylor and Lustyik, passing information and things of value.

Specifically, the indictment charges that Taylor offered Lustyik a \$200,000 cash payment; money purportedly for the medical expenses of Lustyik's minor child; and a share in the proceeds of several anticipated contracts worth millions of dollars.

According to the indictment, Lustyik used his official FBI position to impede the Utah investigation by, among other things, designating Taylor as an FBI confidential source, texting and calling the Utah investigators and prosecutors to dissuade them from charging Taylor and attempting to interview potential witnesses and targets in the Utah investigation. As alleged in the indictment, Lustyik wrote to Taylor that he was going to interview one of Taylor's co-defendants and "blow the doors off this thing." Referring to the Utah investigation, Lustyik also allegedly assured Taylor that he would not stop in his "attempt to sway this your way."

According to the indictment, Lustyik, Taylor and Thaler attempted to conceal the full extent of Lustyik's relationship with Taylor from the Utah prosecutors and agents, including by making and planning to make material misrepresentations and omissions to federal law enforcement involved in the investigation of Taylor.

For example, the indictment alleges that on Sept. 8, 2012, after Taylor was searched at the border and his computer seized, Lustyik sent a text message to Thaler, stating: "You might have to save me and testify that only you r doing business." Nine days later, according to the indictment, Thaler told federal law enforcement agents – in a voluntary, recorded interview – that Lustyik was not involved in Taylor's and Thaler's business.

The pair also allegedly used an email "dead drop" to avoid leaving a record of their interactions and used the names of football teams and nicknames as part of their coded communications.

Taylor and Lustyik were both previously arrested on prior criminal complaints in this case. Taylor has been detained pending trial and Lustyik received a \$2 million bond. Thaler is expected to surrender to authorities tomorrow.

If convicted, the defendants each face a maximum potential penalty of five years in prison on the conspiracy charge, 20 years in prison on each of the wire fraud charges, 10 years in prison on the obstruction of justice charge and five years in prison on the obstruction of an agency proceeding charge. Each charge also carries a maximum \$250,000 fine, or twice the gross gain or loss from the offense. The indictment also seeks forfeiture of any proceeds traceable to the conspiracy, wire fraud and obstruction of justice offenses.

The case is being investigated by the Department of Justice Office of the Inspector General and prosecuted by Trial Attorneys Kevin Driscoll and Maria Lerner of the Criminal Division's Public Integrity Section; Acting Deputy Chief Pamela Hicks, Acting Assistant Deputy Chief Jeannette Gunderson and Trial Attorney Ann Marie Blaylock of the Criminal Division's Asset Forfeiture and Money Laundering Section; and Assistant U.S. Attorney Carlos Esqueda.

The charges and allegations contained in the indictment are merely accusations and the defendants are presumed innocent unless and until proven guilty.