

Department of Justice
U.S. Attorney's Office
District of Columbia

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**Hawaiian Non-Profit Executive Sentenced to 46 Months of
Imprisonment for Embezzling Over \$500,000 from
AmeriCorps and for Agreeing to Receive a Bribe for
Approving \$845,000 in CARES Act Grants**

WASHINGTON – Hanalei Aipoalani, 42, of Waianae, Hawaii, was sentenced today in federal court to 46 months of imprisonment for embezzling more than \$500,000 from AmeriCorps and for agreeing to accept a bribe for the administration of grants under the CARES Act.

The announcement was made by Channing D. Phillips, Acting United States Attorney for the District of Columbia; Deborah Jeffrey, Inspector General of AmeriCorps; and Steven B. Merrill, Special Agent in Charge, FBI Honolulu Field Office.

Hanalei Aipoalani, who pleaded guilty in March 2021 to embezzlement from AmeriCorps and agreeing to take a bribe related to CARES Act funds, was sentenced today by the Honorable Reggie B. Walton of the United States District Court for the District of Columbia to 46 months of imprisonment, three years of supervised release, and ordered to pay \$532,730 in restitution to AmeriCorps and a \$527,000 money judgment.

“The defendant’s greed greatly cost the people of Hawaii, depriving them of the valuable services that AmeriCorps members provide,” said Acting U.S. Attorney Phillips. “Were it not for the investigators here, Hanalei Aipoalani would also have deprived a qualifying organization of \$845,000 in much-needed support under the CARES Act. Today’s sentence should serve as a warning that the United States Department of Justice will prosecute those who abuse their positions of power to enrich themselves at the expense of the American people.”

“Hanalei Aipoalani stole AmeriCorps funds from his neighbors in vulnerable communities to buy luxury goods and take lavish vacations. Holding him accountable for these contemptible actions should deter anyone tempted to do likewise,” said Deborah Jeffrey, Inspector General of AmeriCorps.”

“AmeriCorps trusted Hanalei Aipoalani with their mission in the State of Hawai‘i and were ultimately betrayed. Today’s sentencing marks the end of Aipoalani’s betrayal of the Hawai‘i community” said Honolulu FBI Special Agent in Charge Steven B. Merrill. “The FBI would like to thank AmeriCorps Office of Inspector General and the United States Attorney for the District of Columbia for their cooperation and dedication to the pursuit of justice.”

AmeriCorps is a federally funded network of national service programs that address critical community needs like increasing academic achievement, mentoring youth, fighting poverty, sustaining national parks, preparing for disasters, and more. AmeriCorps’ national service members commit to service for a set period of time, usually a year, in exchange for a living allowance, funding to be used for college tuition, and other benefits.

From December 2014 through May 2019, Hanalei Aipoalani embezzled more than \$527,000 from a non-profit that hosted an AmeriCorps program, by submitting false claims for payments to AmeriCorps members and directing those payments into his own bank accounts and by creating

fraudulent invoices from non-profits for reimbursement by AmeriCorps. As part of his embezzlement, Hanalaei Aipoalani used at least nine inactive or former AmeriCorps' members' names, without their knowledge or consent, to fraudulently claim living allowances and other payments, which he then diverted to his own use.

As part of his guilty plea, Hanalaei Aipoalani admitted to conspiring to enroll his wife, Angelita Aipoalani, as an AmeriCorps member, even though she did not perform AmeriCorps service activities, and to cause a second non-profit to pay Angelita Aipoalani more than \$69,000 for no compensable work. Hanalaei Aipoalani also admitted to engaging in a scheme to fraudulently obtain AmeriCorps education awards for Angelita Aipoalani, even though she had not performed the required service. Angelita Aipoalani, 42, of Waianae, Hawaii, pleaded guilty in federal court on April 1, 2021, to conspiring with Hanalei Aipoalani to embezzle more than \$69,000 from AmeriCorps and to fraudulently obtaining more than \$11,000 in AmeriCorps education grants, and is pending sentencing.

The Coronavirus Aid, Relief, and Economic Security ("CARES") Act, which was passed by Congress and signed into law in or about March 2020, provided financial relief to individuals, businesses, states, and localities suffering the economic effects of the COVID-19 pandemic. Among other relief programs, the CARES Act created a \$150 billion Coronavirus Relief Fund ("CRF") to be distributed to states, localities, and tribal governments to support expenditures incurred due to COVID-19. Government entities that received money from the CRF could use the funds, among other things, to make grants to small businesses to reimburse the costs of business interruption caused by required closures and to provide economic relief for those suffering employment interruption.

In August 2020, Hanalaei Aipoalani was hired to serve as Honolulu City and County's Department of Community Service's CARES Program Administrator and was responsible for administering CRF programs. In that capacity, Hanalaei Aipoalani agreed to accept a financial benefit from an applicant who filed two fraudulent applications for CARES Act Funds under the agreement that Hanalaei Aipoalani would influence the approval of the grant applications and would receive a financial benefit in return for the approvals.

The FBI, the Inspector General for AmeriCorps, and the U.S. Attorney's Office are committed to investigating and prosecuting individuals who defraud the AmeriCorps program and programs under the CARES Act. If you are aware of fraud, waste, or abuse affecting AmeriCorps or any of its programs, contact the AmeriCorps Office of Inspector General Hotline at 1-800-452-8210 or hotline@AmeriCorpsOIG.gov.

In announcing the sentence, Acting U.S. Attorney Phillips, Inspector General Jeffrey, and Special Agent in Charge Merrill commended the work of those who investigated the case from the Office of the Inspector General for AmeriCorps and the FBI's Honolulu Field Office. They also acknowledged the efforts of those who worked on the case from the U.S. Attorney's Office for the District of Columbia, including Assistant U.S. Attorneys Leslie A. Goemaat and Peter Lallas of the Fraud Section; Amanda Vaughn of the Public Corruption and Civil Rights Section; former Assistant U.S. Attorney Bianca Forde; and Paralegal Specialists Mariela Andrade, Stephanie Frijas, and Joseph McClanahan who worked on the case.

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