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BROOKLYN OFFICE

JMK:MSA  
F. #2015R00945

UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF NEW YORK

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UNITED STATES OF AMERICA,

INDICTMENT

- against -

Cr. No. **CR 19 113**  
(T. 18, U.S.C., §§ 981(a)(1)(C), 1343,  
1349, 2 and 3551 et seq.; T. 21, U.S.C.,  
§ 853(p); T. 28, U.S.C., § 2461(c))

GRACE KAY,

Defendant.

----- X

**IRIZARRY, CH.J.**

THE GRAND JURY CHARGES:

**KUO, M.J.**

INTRODUCTION

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

I. The Defendant

1. The defendant GRACE KAY was a resident of Long Island, New York and a United States citizen.

2. Co-Conspirator #1, an individual whose identity is known to the Grand Jury, was an acquaintance of the defendant GRACE KAY.

3. Company #1, an entity the identity of which is known to the Grand Jury, was located in New Jersey and controlled by Co-Conspirator #1. Company #1 purportedly engaged in real estate-related business.

II. The Fraudulent Scheme

4. In or about and between January 1, 2010 and April 15, 2018, the defendant GRACE KAY, together with others, engaged in a scheme to defraud investors and

potential investors by falsely representing that KAY had inherited real estate abroad, but required funds from investors to pay certain fees and taxes so that KAY could sell the properties and return a large profit to the investors. In reality, KAY had no interest in the properties and misappropriated the investors' money.

5. In or about 2012, the defendant GRACE KAY falsely stated to an individual ("Individual #1"), whose identity is known to the Grand Jury, that KAY's mother had left her an inheritance of real estate in Japan, but KAY needed funds to pay various fees and other expenses to receive the properties. To induce Individual #1 to invest, KAY promised to return Individual #1's principal plus a profit after KAY obtained and sold the properties. In reality, KAY's statements were false in that she had no inheritance or other real estate abroad.

6. In or about and between 2012 and 2014, based on the defendant GRACE KAY's false statements, Individual #1 invested approximately \$8 million with KAY. KAY transferred much of the money she had received from Individual #1 to Co-Conspirator #1, a relative of Co-Conspirator #1 and Company #1. KAY used the remainder of the funds to pay personal expenses. Individual #1 never received any money from KAY.

7. In or about February 2014, the defendant GRACE KAY falsely informed another individual ("Individual #2"), whose identity is known to the Grand Jury, that KAY had inherited three skyscrapers in Japan, but required funds to pay taxes and fees so that she could receive the properties. KAY requested money from Individual #2 to pay those expenses, and promised that Individual #2 would receive a profit when KAY obtained and sold the properties.

8. In or about and between February 2014 and August 2014, based on the defendant GRACE KAY's false statements, Individual #2 invested approximately \$125,000 with KAY. In or about November 2014, Individual #2 invested another \$750,000 with KAY, which Individual #2 obtained through a loan secured by the accounts payable of Individual #2's businesses. Individual #2 incurred over \$280,000 in additional fees associated with the loan. KAY transferred much of Individual #2's money to a bank account held by Company #1. Individual #2 never received any money from KAY.

9. In or about 2014, the defendant GRACE KAY falsely informed another individual ("Individual #3"), whose identity is known to the Grand Jury, that KAY had inherited apartment buildings in Japan worth a total of approximately \$50 million, but required approximately \$6 million to pay fees so that KAY could receive the properties. KAY requested money from Individual #3 to pay those expenses, and promised that Individual #3 would receive a profit when KAY obtained and sold the properties.

10. On or about April 30, 2014, based on the defendant GRACE KAY's false statements, Individual #3 gave KAY approximately \$350,000. KAY transferred those funds to a bank account held by Company #1. Individual #3 never received any money from KAY.

11: The defendant GRACE KAY solicited funds from additional individuals through false statements concerning her ownership of property abroad and in the United States. In total, KAY received at least \$10 million from victims based on her false and misleading statements.

COUNT ONE  
(Wire Fraud Conspiracy)

12. The allegations contained in paragraphs one through 11 are realleged and incorporated as if fully set forth in this paragraph.

13. On or about and between January 1, 2010 and April 15, 2018, both dates being approximate and inclusive, within the Eastern District of New York and elsewhere, the defendant GRACE KAY, together with others, did knowingly and intentionally conspire to devise a scheme and artifice to defraud investors and potential investors, and to obtain money and property from them by means of one or more materially false and fraudulent pretenses, representations and promises, and for the purpose of executing such scheme and artifice, to transmit and cause to be transmitted by means of wire communication in interstate and foreign commerce writings, signs, signals, pictures and sounds, contrary to Title 18, United States Code, Section 1343.

(Title 18, United States Code, Sections 1349 and 3551 et seq.)

COUNTS TWO THROUGH SIX  
(Wire Fraud)

14. The allegations contained in paragraphs one through 11 are realleged and incorporated as if fully set forth in this paragraph.

15. On or about and between January 1, 2010 and April 15, 2018, both dates being approximate and inclusive, within the Eastern District of New York and elsewhere, the defendant GRACE KAY, together with others, did knowingly and intentionally devise a scheme and artifice to defraud investors and potential investors, and to obtain money and property from

them by means of one or more materially false and fraudulent pretenses, representations and promises.

16. On or about the approximate dates specified below, for the purpose of executing such scheme and artifice, the defendant GRACE KAY did transmit and cause to be transmitted, by means of wire communication in interstate and foreign commerce, writings, signs, signals, pictures and sounds, as described below:

<b>COUNT</b>	<b>DATE</b>	<b>DESCRIPTION</b>
TWO	3/5/2014	Wire transfer of \$300,000 from KAY's bank account at TD Bank in Wilmington, Delaware, to a bank account held by Company #1 at JPMorgan Chase Bank in Brooklyn, New York
THREE	4/7/2014	Wire transfer of \$500,000 from KAY's bank account at TD Bank in Wilmington, Delaware, to a bank account held by Company #1 at JPMorgan Chase Bank in Brooklyn, New York
FOUR	5/1/2014	Wire transfer of \$400,000 from KAY's bank account at People's United Bank in Bridgeport, Connecticut, to a bank account held by Company #1 at JPMorgan Chase Bank in Brooklyn, New York
FIVE	7/29/2014	Wire transfer of \$175,000 from Kay's bank account at TD Bank in Wilmington, Delaware, to a bank account held by Company #1 at JPMorgan Chase Bank in Brooklyn, New York
SIX	8/8/2014	Wire transfer of \$75,000 from Kay's bank account at TD Bank in Wilmington, Delaware, to a bank account held by Company #1 at JPMorgan Chase Bank in Brooklyn, New York

(Title 18, United States Code, Sections 1343, 2 and 3551 et seq.)

**CRIMINAL FORFEITURE ALLEGATION  
AS TO COUNTS ONE THROUGH SIX**

17. The United States hereby gives notice to the defendant that, upon her conviction of any of the offenses charged herein, 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), which require any person convicted of such offenses to forfeit any property, real or personal, constituting, or derived from, proceeds obtained directly or indirectly as a result of such offenses.

18. If any of the above-described forfeitable property, as a result of any act or omission of the defendant:

- (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

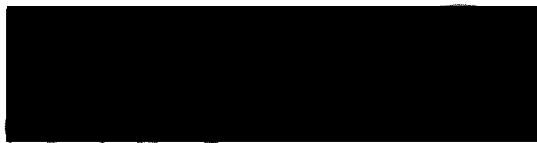
divided without difficulty;

it is the intent of the United States, pursuant to Title 21, United States Code, Section 853(p),

to seek forfeiture of any other property of the defendant up to the value of the forfeitable property described in this forfeiture allegation.

(Title 18, United States Code, Section 981(a)(1)(C); Title 21, United States Code, Section 853(p); Title 28, United States Code, Section 2461(c))

A TRUE BILL

A large black rectangular redaction box covering the signature of the foreperson.

FOREPERSON

A black rectangular redaction box covering the signature of Richard P. Donoghue.

RICHARD P. DONOGHUE  
UNITED STATES ATTORNEY  
EASTERN DISTRICT OF NEW YORK

F. #2015R00945  
FORM DBD-34  
JUN. 85

No.

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UNITED STATES DISTRICT COURT  
EASTERN *District of* NEW YORK  
CRIMINAL DIVISION

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THE UNITED STATES OF AMERICA

vs.

GRACE KAY,

Defendant.

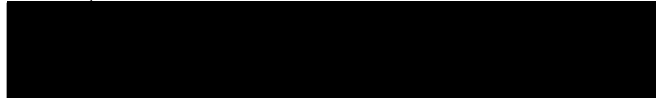
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**INDICTMENT**

(T. 18, U.S.C., §§ §§ 981(a)(1)(C), 1343, 1349, 2 and 3551 et seq.;  
T. 21, U.S.C., § 853(p); T. 28, U.S.C., § 2461(c))

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*A true bill.*



*Foreperson*

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Filed in open court this \_\_\_\_\_ day of \_\_\_\_\_  
A.D. 20 \_\_\_\_\_

*Clerk*

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Bail, \$ \_\_\_\_\_

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*Matthew S. Amatruda, Assistant U.S. Attorney (718) 254-7012*