

**IN THE UNITED STATES DISTRICT COURT**  
**FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

<b>UNITED STATES OF AMERICA</b>	<b>:</b>	<b>CRIMINAL NO. <u>15-</u></b>
<b>v.</b>	<b>:</b>	<b>DATE FILED:</b>
<b>ADRIAN RUBIN</b>	<b>:</b>	<b>VIOLATIONS:</b>
		<b>18 U.S.C. § 1962(d) (RICO conspiracy – 1 count)</b>
		<b>18 U.S.C. § 371 (conspiracy–1 count)</b>
		<b>18 U.S.C. § 1341 (mail fraud – 2 counts)</b>
		<b>18 U.S.C. § 2 (aiding and abetting)</b>
		<b>Notice of Forfeiture</b>

**INFORMATION**

**COUNT ONE**

**THE UNITED STATES ATTORNEY CHARGES THAT:**

**INTRODUCTION**

1. From at least 1998 until about 2012, Defendant ADRIAN RUBIN owned, controlled, financed, and/or worked for multiple businesses that issued short-term loans, commonly known as “payday loans,” because they often come due on the borrower’s next payday. The loans typically had finance charges or “fees” that translated to annual percentage rates of interest (“APRs”) that were unlawful in many states where the borrowers lived. Defendant RUBIN conspired with other people to evade state usury laws and other restrictions on payday loans by engaging in a series of deceptive business practices that included: (a) paying a federally-insured bank, which was not subject to state laws, to pretend that it was the payday lender; (b) relocating his operations to a state considered “usury friendly;” and (c) paying an Indian tribe to pretend that it was the payday lender, so that the tribe could claim that it had

“sovereign immunity” and did not have to comply with the state laws. Defendant RUBIN and his co-conspirators also went to great lengths to hide defendant RUBIN’s personal involvement in the payday lending business because he had a criminal record. Defendant RUBIN, with the knowledge of his co-conspirators, incorporated his payday businesses in the names of his father-in-law and a family friend and then forged the signatures of those people on company documents. Several of defendant RUBIN’s co-conspirators helped him effectuate this ruse. In total, defendant RUBIN and his co-conspirators reaped tens of millions of dollars from defendant RUBIN’s payday lending activities, much of which stemmed from the collection of fees that were usurious in Pennsylvania and elsewhere.

### **General Overview of Payday Lending**

At all times material to this information, except where a date is specifically listed:

2. So-called “payday loans” were short-term loans of relatively small amounts of money, usually a few hundred dollars, which borrowers promised to repay out of their next paycheck or regular income payment, such as a social security check. The loans typically had finance charges of approximately 10 percent to 30 percent of the amount borrowed. For example, a borrower who obtained a \$300 payday loan typically had to pay a finance charge or “fee” of approximately \$30 to \$90 in order to get the loan. Such a fee often translated to a high APR, given the short-term nature of these loans. For example, if a \$100 payday loan cost the borrower \$30 to obtain and had to be paid back within two weeks, the APR for that loan was approximately 780 percent.

3. In return for receiving a payday loan, the borrower typically provided the lender with a check or debit authorization from his or her bank account for the amount of the loan plus the fee. The check was often post-dated to the borrower’s next payday; alternatively,

the loan contract specified that the lender would not present the check for payment until a future date, usually within the next two weeks. When the loan was due, the payday lender expected to collect the loan and the fee by depositing the check, debiting the borrower's account, or having the borrower redeem the check with a cash payment.

4. Often, the borrower was unable to pay the full debt on the initial due date. Typically, when this happened, the borrower could pay a new fee and "roll over" the loan until the next pay period. This process could continue multiple times until the loan was ultimately repaid. The loans did not amortize, so these new fee payments did not reduce the principal owed. For example, a person who borrowed \$300 for two weeks in exchange for a \$90 fee and rolled over the loan three times would wind up paying \$360 in fees and still owe the original \$300 in principal.

5. Generally speaking, there were two types of payday loan businesses: brick-and-mortar storefronts and internet companies. With the former, a customer could walk into a storefront, meet with a sales representative, sign a contract, and walk out with cash. Many states, however, prohibited storefront payday lending. A person living in such a state could either travel to a different state that permitted and licensed brick-and-mortar payday lenders, or could apply for a payday loan over the internet.

6. A person seeking to obtain a payday loan over the internet would go to a website operated by a company known as a "lead generator," and provide personal information, such as his or her name, address, date of birth, social security number, and bank account number. The website operator would then auction that "lead" to various internet payday lenders, and the highest bidder would win the right to contact the consumer directly and enter into a payday loan contract. The deals would then be finalized over the internet and the telephone, and the lender

would wire the requested funds into the borrower's bank account. From that time on, all the money would flow in the reverse direction; that is, from the borrower to the payday lender.

### Usury Laws

7. No federal laws expressly permitted or prohibited payday lending. There also were no federal laws setting a national cap on the interest rates and fees that could be charged by private lenders on personal loans. Congress effectively permitted each state to pass its own laws and regulations on private lending. As a result, the legality or illegality of private lending terms varied from one state to another.

8. The Commonwealth of Pennsylvania was one of more than a dozen states, and the District of Columbia, which effectively prohibited most forms of payday lending. Some states permit payday lending while restricting, among other things, the amount of interest that may be charged. Under the laws of those states, the highest lawful amount that may be charged generally ranges from approximately \$10-\$20 per \$100 borrowed, which corresponds to an APR of 260% to 520% on a two-week loan. Such states also typically require that the lenders be licensed by the states.

9. Under the Pennsylvania Loan Interest and Protection Law ("LIPL"), 41 P.S.A. § 201, the maximum rate of interest, fees, and similar charges that could be charged on personal loans of less than \$50,000 was six percent per year. An exception existed for lenders licensed by the Pennsylvania Department of Banking under the Consumer Discount Company Act ("CDCA"), 7 P.S. §§ 6201-6219. Those licensed lenders could make loans of up to \$25,000, with interest rates of up to 24 percent.

10. On October 19, 2010, the Pennsylvania Supreme Court published an opinion declaring that the interest rate caps in the LIPL and the CDCA applied to payday lending

companies that had no business presence or employees in Pennsylvania but made loans to Pennsylvania residents.

11. Pennsylvania law also defined “criminal usury,” as the collection of interest, fees, and other charges associated with a loan at a rate in excess of 36 percent per year. 18 P.S.A. § 4806.1. The maximum penalty for criminal usury was ten years’ imprisonment, and a fine of \$5,000. 18 U.S.C. § 4806.3.

### **The Co-Conspirators**

12. Defendant ADRIAN RUBIN was a resident of Montgomery County, in the Eastern District of Pennsylvania. In the 1980s and 1990s, defendant RUBIN operated check cashing businesses at multiple locations in Greater Philadelphia. Defendant RUBIN did not pay all his taxes from these businesses, and on May 21, 1997, he pleaded guilty to a federal indictment charging him with one count of conspiracy to defraud the United States, six counts of tax evasion, and one count of failing to file currency transfer reports. On September 18, 1997, the Honorable Jan E. DuBois, United States Judge for the Eastern District of Pennsylvania, sentenced defendant RUBIN to a prison term of one year and one day.

13. “Co-Conspirator No. 1,” a person known to the United States Attorney, owned, controlled, financed, and/or worked for numerous payday lending businesses in Bala Cynwyd, in the Eastern District of Pennsylvania, all of which were engaged in, or the activities of which affected, interstate commerce.

14. “Co-Conspirator No. 2,” a person known to the United States Attorney, was a Delaware attorney who provided legal advice at times to both Defendant ADRIAN RUBIN and Co-Conspirator No. 1.

15. “Co-Conspirator No. 3,” a person known to the United States Attorney, was the owner and principal of a North Dakota-based company that processed payments between the payday lenders and their customers.

**The “Renting” of County Bank**

16. In or around 1998, defendant ADRIAN RUBIN, Co-Conspirator No. 1, and another man known to the United States Attorney, founded an internet payday lending company that they called CRA Services. All three men owned a one-third share of the company.

17. Defendant ADRIAN RUBIN and his partners discussed the fact that they could not legally make payday loans to customers in all 50 states because of some states’ usury laws. However, they also discussed their understanding that federally insured banks were not subject to those state laws. They met with S.G., an attorney for County Bank of Rehoboth, Delaware (“County Bank”), which was insured by the Federal Deposit Insurance Corporation (“FDIC”), and S.G. set up a sham arrangement between County Bank and CRA Services, pursuant to which the bank would appear to be the payday lender, and CRA Services would appear to only “service” the loans. County Bank’s name appeared on all the loan documents, while CRA Services was presented as a separate entity that communicated with customers, transferred funds between the bank and the borrowers, and oversaw all debt collection efforts. In reality, CRA Services provided all the funds for the loans and incurred all of the risks of default. CRA Services also received all of the payday lending revenues, although it shared a portion of those revenues with County Bank each month.

18. The practice of a payday lender pretending to issue its loans through an FDIC-insured bank in order to avoid state usury laws was common at the time and was referred to by industry insiders as “rent-a-bank.”

19. Shortly after forming CRA Services, the partner of defendant ADRIAN RUBIN and Co-Conspirator No. 1 sold his interest in the business to defendant RUBIN and Co-Conspirator No. 1. Defendant RUBIN and Co-Conspirator No. 1 then each became 50-percent owners of the company.

20. Approximately one to three years after CRA Services started operations, federal regulators criticized County Bank for entering into a business relationship with Defendant ADRIAN RUBIN because of defendant RUBIN's criminal record. Officials at County Bank then sought to terminate the bank's relationship with CRA Services.

21. Defendant ADRIAN RUBIN and Co-Conspirator No. 1 responded by removing defendant RUBIN's name from the contract documents and replacing it with "J.S.," who was defendant RUBIN's father-in-law. J.S. did not know his name was being used in this manner.

22. Once this change occurred, County Bank resumed its business dealings with CRA Services, even though bank officials knew that defendant ADRIAN RUBIN was still running and helping to run the company.

23. At some point between 2001 and 2003, federal regulators ordered County Bank to terminate all dealings with payday lenders. CRA Services wound up going out of business in or around April 2003.

**The Defendant's Relocation to a State that he Considered "Usury Friendly"**

24. Around the time that CRA Services was closing its doors, Co-Conspirator No. 1 introduced defendant ADRIAN RUBIN to Co-Conspirator No. 2, a lawyer who had advised Co-Conspirator No. 1 on payday lending matters.

25. Co-Conspirator No. 2 advised defendant ADRIAN RUBIN to relocate his payday lending operations overseas or to one of three states that Co-Conspirator No. 2 said were “usury friendly,” which meant that they permitted payday lenders registered in those states to issue loans to customers across the county via telephone or the internet. Co-Conspirator No. 2 identified the “usury friendly” states as Delaware, Utah, and New Mexico.

26. Defendant ADRIAN RUBIN, acting on the advice of Co-Conspirator No. 2, then incorporated a payday lending company in Utah, which he called Global Pay Day Loan (“Global”). In order to hide his identity and the fact that he had a criminal record, defendant RUBIN incorporated Global under the name of his father-in-law, J.S., without the knowledge or authorization of J.S. Defendant RUBIN opened offices of Global in Salt Lake City, Utah, and Philadelphia, in the Eastern District of Pennsylvania.

27. Defendant ADRIAN RUBIN used Global to issue payday loans over the internet to customers in all 50 states plus the District of Columbia, including jurisdictions that prohibited payday lending.

28. In or around 2006, the Utah Banking Commission investigated Global after receiving numerous complaints about the company from customers and from agencies of other states, complaining that Utah was allowing a business to extend usurious loans to its residents.

29. In or about December 2007, defendant ADRIAN RUBIN stopped doing business as Global.

#### **The Defendant’s Payday Lending Without Any Licenses**

30. In or around 2006 or 2007, defendant ADRIAN RUBIN incorporated First National Services, LLC (“FNS”) in Delaware. To avoid problems stemming from his criminal



record, defendant RUBIN again hid his identity as the owner and principal of FNS, but by this time, the name of J.S. had been tarnished by all of the consumer complaints in Utah.

Accordingly, defendant RUBIN registered FNS under the name of a close family friend, "V.V."

31. Defendant ADRIAN RUBIN registered FNS to do business under several different names, including "Payday Loan Yes," and he reserved multiple internet domain names, including "pay-day-loan-yes.com" and "usacashexpress.com." Defendant RUBIN also opened an office for FNS in Delaware.

32. In or around 2007, defendant ADRIAN RUBIN caused FNS to start making payday loans to people who had applied over the internet for payday loans and had been directed to one of his company's websites. Defendant RUBIN caused FNS to charge "fees" for the payday loans that, given the short-term nature of the loans, translated to APRs in excess of 700 percent. FNS's customers included people who lived in states that outlawed loans with APRs that high, including Pennsylvania.

33. From about 2007 until on or about December 31, 2011, defendant ADRIAN RUBIN operated FNS without any state or federal license and without any attempt to comply with the laws of any state where FNS did business.

#### **The Payday Lenders' Association With Indian Tribes**

34. Throughout the period when defendant ADRIAN RUBIN owned, operated, and financed FNS, other payday lenders, such as Co-Conspirator No. 1, were using a new mechanism to try to evade state usury prohibitions and other regulations. Under this new model, the payday lender would enter into an arrangement with an Indian tribe designed to make it appear to outsiders that the tribe or a tribal-affiliated business was the owner and operator of the payday lending business. That way, whenever a state tried to enforce its laws against that

lender, such as by suing or serving subpoenas upon the named lending entity, the tribe would assert that it had “sovereign immunity” to the state laws and did not have to comply with them.

35. In reality, the tribes and tribal affiliates had very little connection to the day-to-day operations of the payday lending operations. Typically, the tribes neither provided the money advanced for the payday loans, nor serviced the loans, nor collected on the loans, nor incurred any losses if the borrowers defaulted. Those functions were conducted solely by non-tribal payday lenders, such as Co-Conspirator No. 1 and the companies he controlled.

36. The tribes’ sole function was to claim ownership of the payday entities and then assert “sovereign immunity” whenever necessary. The tribes were paid handsomely by the payday lenders, sometimes as much as tens of thousands of dollars every month, to support this legal fiction.

37. This model was widely characterized throughout the payday lending industry as “rent-a-tribe,” and it closely resembled the previous “rent-a-bank” model that CRA Services had employed with County Bank.

38. Defendant ADRIAN RUBIN believed for years that Co-Conspirator No. 1 and other payday lenders were “renting” Indian tribes in order to evade state usury laws and other restrictions against payday lending. Defendant RUBIN wanted to enter into a similar arrangement with an Indian tribe, but he did not have any contacts at any tribes.

39. Defendant ADRIAN RUBIN repeatedly asked Co-Conspirator No. 1 to introduce him to his tribal contact, but Co-Conspirator No. 1 refused to do so for years because Co-Conspirator No. 1 was worried that if he connected defendant RUBIN with a tribe, and their business relationship soured because of defendant RUBIN’s criminal record, it could have an adverse impact on Co-Conspirator No. 1’s relationship with the tribe.

## **THE ENTERPRISE**

40. In the Eastern District of Pennsylvania and elsewhere, defendant

### **ADRIAN RUBIN**

and other persons known and unknown by the United States Attorney were members of the Rubin Payday Lending Organization, which was an organization engaged in, and the activities of which affected interstate commerce.

41. The Rubin Payday Lending Organization was an “enterprise” as defined in Title 18, United States Code, Section 1961(4), that is, “a group of individuals associated in fact.”

42. The Rubin Payday Lending Organization was an organization whose members and associates derived income through the “collection of unlawful debt,” as defined in Title 18, United States Code, Section 1961(6), that is, “a debt (A) ... which is unenforceable under State ... law in whole or in part as to the principal or interest because of the laws relating to usury, and (B) which was incurred in connection with ... the business of lending money or a thing of value at a rate usurious under State ... law, where the usurious rate is at least twice the enforceable rate.”

43. The Rubin Payday Lending Organization constituted an ongoing organization whose members and associates functioned as a continuing unit for a common purpose of achieving the objectives of the enterprise.

## **THE PURPOSE OF THE ENTERPRISE**

44. It was the purpose of the enterprise to obtain money for its members and associates through the collection of unlawful debt, that is, debt which was unenforceable in many of the states where the enterprise operated because the debts had arisen from payday loans that

violated usury laws and other consumer protection statutes and regulations that had been enacted and promulgated in the states where the borrowers lived.

45. It was also a purpose of the enterprise to maintain and expand the profits of the enterprise through the reinvestment of moneys received from the collection of unlawful payday loans into the enterprise.

### **THE RACKETEERING CONSPIRACY**

46. From at least 2011 until at least March 2012, in the Eastern District of Pennsylvania and elsewhere, defendant

#### **ADRIAN RUBIN**

and other persons known and unknown to the United States Attorney, including Co-Conspirator No. 1, Co-Conspirator No. 2, and Co-Conspirator No. 3, being persons employed by and associated with the Rubin Payday Lending Organization, an enterprise, which engaged in, and the activities of which affected, interstate commerce, knowingly and intentionally conspired to violate 18 U.S.C. § 1962(c), that is, to conduct and participate, directly and indirectly, in the conduct of the affairs of the Rubin Payday Lending Organization through the collection of unlawful debt, as that term is defined by 18 U.S.C. § 1961(6). The collection of unlawful debt through which the defendants agreed to conduct and participate, directly and indirectly, in the conduct of the affairs of the enterprise, consisted of the collection of unlawful debt, that is, debts which were unenforceable under the laws of the Commonwealth of Pennsylvania and other States in whole and in part as to principal and interest and which were incurred in connection with the business of lending money at a rate usurious under the laws of the United States, the Commonwealth of Pennsylvania and other States where the usurious rate is at least twice the

enforceable rate. It was part of the conspiracy that the defendant agreed that a conspirator would commit at least one collection of unlawful debt in the conduct of the affairs of the enterprise.

### **MANNER AND MEANS**

It was part of the racketeering conspiracy that:

47. In late 2010 or early 2011, Co-Conspirator No. 2 told defendant ADRIAN RUBIN that Co-Conspirator No. 1 was finally willing to introduce defendant RUBIN to his contact at an Indian tribe, notwithstanding defendant RUBIN's criminal record. Co-Conspirator No. 2 explained to defendant RUBIN that Co-Conspirator No. 1 was in the process of switching the tribes he was "renting" to cloak his own payday lending empire with a "sovereign immunity" defense: Conspirator No. 1 was transitioning from a Canadian tribe to a California-based tribe that was officially recognized by the United States government ("the Tribe").

48. Co-Conspirator No. 2 told defendant ADRIAN RUBIN that Co-Conspirator No. 1 was still concerned about defendant RUBIN's personal history, so defendant RUBIN would have to continue the charade that V.V. was the principal of the Rubin Payday Lending Organization.

49. Co-Conspirator No. 2 brokered a deal between defendant ADRIAN RUBIN and Co-Conspirator No. 1, pursuant to which defendant RUBIN agreed to pay \$100,000 to Co-Conspirator No. 1 in return for Co-Conspirator No. 1's agreement to let defendant RUBIN "rent" the Tribe for its "sovereign immunity" defense.

50. Co-Conspirator No. 2 then drafted a series of contracts between and among FNS and two "wholly-owned, unincorporated entities of the Tribe," which were called Tribal Business Ventures ("TBV") and Tribal Business Management ("TBM").

51. Some of the contracts purported to effectuate a transfer of FNS's entire loan portfolio and lending infrastructure to the Tribe and its affiliated entities. Other contracts, however, undermined that supposed transfer, and collectively, the agreements, most of which were dated November 10, 2011, had the effect of nullifying each other. While some documents gave the appearance that FNS was selling its entire payday lending operation to the Tribe, others made it clear that FNS was providing all the funds for the loans, providing all the employees to service the loans, and incurring all of the risks of defaulting on the loans. The only role of the Tribe, through TBV and TBM, was to give the appearance that it owned and operated the payday lending organization and assert "sovereign immunity" if anyone complained that the loans violated state laws.

52. In return for this service, FNS agreed to pay the Tribe, through its affiliates, a monthly commission equal to \$20,000 or 1 percent of gross revenues minus bad debt, whichever was greater. FNS also agreed to indemnify the Tribe for any legal expenses it incurred in connection with the business.

53. Defendant ADRIAN RUBIN's name did not appear on any of these documents. Instead, to hide defendant RUBIN's involvement in the transactions, Co-Conspirator No. 2 listed V.V. as the principal of FNS.

54. Defendant ADRIAN RUBIN signed V.V.'s name on behalf of FNS on many of the contracts.

55. M.D., the Chief Executive Officer of an affiliate of the California tribe signed most of the contracts on behalf of TBV and TBM. M.D. knew or was willfully blind to the fact that V.V. was not really the principal of FNS.

56. Co-Conspirator No. 3, the owner and principal of a North Dakota-based payment processing company, agreed to facilitate the Rubin Payday Lending Organization's payday lending activities, both by transferring funds from the Rubin Payday Lending Organization to the borrowers' bank accounts and then by transferring money from the borrowers' accounts to the Rubin Payday Lending Organization when the loans became due.

57. At all times, Co-Conspirator No. 3 knew that defendant ADRIAN RUBIN was the principal of the payday lending companies and that defendant RUBIN had falsely and fraudulently represented that he was V.V. to avoid any complications arising from the fact that defendant RUBIN had a criminal record. Co-Conspirator No. 3 also knew that payday lending was prohibited by many states in which the Rubin Payday Lending Organization was doing business.

58. On or about January 3, 2012, the Rubin Payday Lending Organization began making payday loans as Tribal Business Ventures or TBV. In fact, the Rubin Payday Lending Organization actually set up three different divisions of TBV: one run by defendant ADRIAN RUBIN and others run by his two sons, Blake Rubin and Chase Rubin, both charged elsewhere.

59. Between December 30, 2011, and January 10, 2012, Defendant ADRIAN RUBIN paid and caused others to pay three checks with a total value of \$100,000 to Co-Conspirator No. 1, as payment for Co-Conspirator No. 1's arrangement of the deal between the Rubin Payday Lending Organization and the Tribe. Defendant RUBIN fraudulently signed one of the checks, for \$70,000, as "V.V." on behalf of FNS. Blake Rubin and Chase Rubin made out separate checks, for \$15,000 each, to a company controlled by Co-Conspirator No. 1.

60. The Rubin Payday Lending Organization, purporting to act as TBV, made payday loans and attempted to make payday loans to customers located across the country, including in states where such loans were illegal, until in or about March 2012, when defendant ADRIAN RUBIN learned he was under a federal criminal investigation.

61. The Rubin Payday Lending Organization continued to receive residual payments on outstanding payday loans for several additional months after March 2012.

All in violation of Title 18, United States Code, Section 1962(d).



## COUNT TWO

### **THE UNITED STATES ATTORNEY FURTHER CHARGES THAT:**

#### Introduction

1. Paragraphs 1 through 6 of Count One are re-alleged here.
2. In or around 2005 or 2006, defendant ADRIAN RUBIN introduced his two sons, Blake Rubin and Chase Rubin (the “Rubin Brothers”), both charged elsewhere, into the payday lending business. Defendant RUBIN helped Blake Rubin open BJR Services, which was an unlicensed and illegal internet payday lending business that Blake Rubin ran out of an office in Jenkintown, Pennsylvania. Defendant RUBIN also helped Chase Rubin acquire several brick-and-mortar payday lending stores in Delaware.
3. Additionally, in the fall of 2008, defendant ADRIAN RUBIN helped his sons launch a telemarketing scam involving a fake credit card. Over approximately the next three years, defendant RUBIN helped his sons dupe more than 70,000 people into buying products that they marketed as the “Platinum Trust Card” and then the “Express Platinum Card.” The Rubin Brothers falsely marketed each card as a general-purpose credit card that customers could use to buy merchandise over the internet and improve their credit. In reality, these “cards” did nothing more than give the cardholder access to an online shopping website that offered little of value for sale. The cards could not be used anywhere other than on the one website, and even there, the cards did not enable their owners to buy anything entirely on credit. Nor did buying or using these cards have any impact on an owner’s credit rating.
4. In total, defendant ADRIAN RUBIN helped his sons and other co-conspirators defraud their victims out of more than \$7.5 million through this telemarketing scam.

## **The Corporate Entities**

At all times material to this information:

5. CR Ventures, LLC (“CR Ventures”) was a Pennsylvania limited liability company, which did business under different names, including Platinum Trust Card (“Platinum” or “PTC”). CR Ventures had a registered address in Warminster, Pennsylvania.

6. Marquee Marketing, LLC (“Marquee”) was a Nevada limited liability company, which did business under multiple names, including the Express Platinum Card (“Express” or “EPC”). Marquee had a registered address in Henderson, Nevada.

7. Apogee One Enterprises, LLC (“Apogee”) was a Pennsylvania limited liability company, which did business under different names, including Apogee Enterprises, LLC, Platinum Trust Card, and the Express Platinum Card. Apogee had a registered address in Philadelphia, Pennsylvania.

8. CR Ventures, Marquee, and Apogee all did business in and affecting interstate commerce.

9. Blake Rubin and Chase Rubin were co-owners and principals of CR Ventures and Marquee, which they operated out of offices located on Johnston Street in Jenkintown, in the Eastern District of Pennsylvania.

10. Justin Diaczuk, charged elsewhere, was the owner and principal of Apogee, which he operated out of offices located on Michener Street in Philadelphia, in the Eastern District of Pennsylvania.

11. Experian, Equifax, and TransUnion were consumer credit reporting agencies, which were known as the three major “credit bureaus” in the United States. These credit bureaus provided information to potential lenders and other business that affected

interstate commerce about the creditworthiness of individuals who sought borrow money or make purchases on credit. The credit bureaus provided this information in the form of “credit scores,” which were based on the individuals’ records of paying or failing to pay past bills on time, among other factors.

12. Innovis, Inc. (“Innovis”) was a credit reporting agency that kept some information about individuals’ credit histories but was not considered a major credit bureau. Unlike Experian, Equifax, and TransUnion, Innovis did not provide lenders with credit scores of individuals who were seeking to borrow money or obtain credit.

In late 2008 and early 2009:

13. Cubis Financial, Ltd. (“Cubis”) was a Nevada company, whose principal place of business was in Las Vegas, Nevada. Cubis did business in and affecting interstate commerce.

14. Cubis, by itself and with various marketing partners, sold what Cubis termed “smart shopper cards” or “SSCs” under different brand names, including the “Express Gold Card.” These SSCs looked like credit cards and were often marketed as “credit cards,” but they were much more limited in their functionality than a MasterCard, Visa, American Express, Discover, or similar general-purpose credit card. For example, whereas the holder of a MasterCard or Visa could use such a card to buy items on credit at countless locations, the Cubis SSCs could be used only to access an “online shopping mall” operated by Cubis where approximately ten retailers offered merchandise for sale over the internet. Moreover, even at this “online mall,” the owner of the smart shopper card could not buy anything entirely on credit. Instead, the cardholder would have to make a substantial down payment, often equal to the

item's cost, before receiving the purchased item. Only then would the cardholder be able to use "credit" to pay off the rest of the purchase price.

15. Cubis and its marketing partners promoted the SSCs as a means for cardholders to establish or restore good credit, claiming that Cubis would report each cardholder's payment activity to the major credit bureaus. In reality, Cubis never reported a cardholder's payment activity to Experian or Equifax, and although Cubis initially reported a cardholder's payment activity to TransUnion, it had stopped doing so by January 2009. Cubis may have provided some records of customer payment histories to Innovis, but it had stopped doing so by the end of 2009.

16. From at least November 2008 until on or about January 31, 2012, in the Eastern District of Pennsylvania, and elsewhere, defendant

**ADRIAN RUBIN**

conspired and agreed, together and with other persons, known and unknown to the United States Attorney, including but not limited to Blake Rubin, Chase Rubin, and Justin Diaczuk, all charged elsewhere, to commit offenses against the United States, that is: (a) mail fraud, in violation of Title 18, United States Code, Section 1341; and (b) wire fraud, in violation of Title 18, United States Code, Section 1343.

**MANNER AND MEANS**

It was part of the conspiracy that:

17. In late 2008, defendant ADRIAN RUBIN urged his sons to launch their own business venture involving Cubis and SSCs. Defendant RUBIN had learned of Cubis from a man who had applied for a job at one of defendant RUBIN's payday lending companies. This applicant told defendant RUBIN that he used to work for a company that marketed and sold a

type of internet credit card called the “Express Gold Card” to people who could not obtain a normal credit card because they had terrible credit. The job applicant told defendant RUBIN that the “Express Gold Card” was not a real credit card, but it offered people a chance to buy up to \$9,500 worth of merchandise at an internet fulfillment website, which was operated by Cubis.

18. Defendant ADRIAN RUBIN discussed with his sons the fact that he had the perfect market to tap for potential customers of such a product: people who had already applied over the internet for payday loans. Such people by definition had bad credit and might be interested in buying a “credit card” that would enable them to buy merchandise on credit and boost their credit scores.

19. Defendant ADRIAN RUBIN discussed the idea with his sons, and on January 6, 2009, Blake Rubin wrote an email to defendant RUBIN, stating, “I think this ‘scam’ is a good idea and I think it could work.”

20. In January 2009, defendant ADRIAN RUBIN and his sons decided to market their version of Cubis’s card under the name “Platinum Trust Card.” Defendant RUBIN, using a fictional name of “Colin McCarthy,” signed an initial contract with Cubis in January 2009.

21. In early 2009, the Rubin Brothers entered into a series of additional contracts with Cubis, pursuant to which the Rubin Brothers agreed to market and sell the Platinum Trust Card and pass along a portion of the membership fees they collected to Cubis.

22. The Rubin Brothers hired telemarketers to contact their potential customers over the telephone and attempt to persuade them to sign up for the Platinum Trust Card. The Rubin Brothers then drafted and revised scripts, with input from Cubis, for their telemarketers to follow during their conversations with potential customers.

23. In or around February 2009, the Rubin Brothers began selling the Platinum Trust Card from a telemarketing call center on Johnson Street in Jenkintown. The Rubin Brothers directed their telemarketers to read from scripts that included the following representations:

- a. The customer had “been approved for a \$9,500 line of credit from Platinum Trust Card;”
- b. The offer to obtain the Platinum Trust Card was a “limited time opportunity;”
- c. The Platinum Trust Card was “a credit card that can be used exclusively in our online mega mall;”
- d. There were “limited quantities” of these “exclusive memberships;”
- e. The actual initiation fee was \$277, but Platinum’s “marketing partners are going to pay the 1st \$200” of the customer’s initiation fee;
- f. The card would put the customer “on the fast track to establishing” his or her credit; and
- g. Platinum reports the customer’s payment history “to the credit bureau each and every month [the cardholder] is a member of the exclusive Platinum Club.”

24. The Rubin Brothers also provided their telemarketers with suggested responses to frequently asked questions, which included representations that:

- a. The credit bureau to which Platinum reported was “TransUnion, one of the three major credit reporting services;”

- b. The reports were made “monthly” to the credit bureaus;
- c. The offer for the Platinum Trust Card would expire in the next 24 hours; and
- d. The normal initiation fee was \$277.

25. The Rubin Brothers knew that many of the aforementioned representations that they directed their telemarketers to make to potential customers were at least misleading, if not false. For example, the Rubin Brothers knew that: the potential customer was not getting a \$9,500 line of credit; the opportunity to buy a Platinum Trust Card was not a “limited time opportunity;” the Platinum Trust Card was not a “credit card” in the sense that most people understand a credit card to be; nobody ever paid a \$277 initiation fee; and there was no \$200 discount for acting immediately.

26. Additionally, at some point in 2009, the Rubin Brothers learned that Cubis was not reporting customer payment activity to TransUnion or any other major credit bureau. By 2010, the Rubin Brothers knew that Cubis was not reporting customer payment activity to any credit bureau at all. The Rubin brothers, nonetheless, continued to direct their telemarketers to tell potential customers that their payment activity would get reported to the credit bureaus and that buying the Platinum Trust Card could help them establish or restore good credit.

27. On or about November 17, 2009, Justin Diaczuk signed a Letter of Intent with CR Ventures, pursuant to which Diaczuk agreed to open a new telemarketing center that would market and sell the Platinum Trust Card and pay a portion of the gross proceeds from all sales to the Rubin Brothers.

28. Justin Diaczuk hired people to work as telemarketers and customer service representatives at this new call center, which Diaczuk opened on or about January 4, 2010, under the name Apogee One Enterprises, LLC, on Michener Street in Philadelphia.

29. Justin Diaczuk directed the telemarketers at the Michener Street call center to make false and misleading representations to potential purchasers of the Platinum Trust Card, including representations that the card was a “credit card” and that using the card could help someone establish, restore, or improve that person’s credit.

30. On numerous occasions in 2010 and 2011, Blake Rubin, Chase Rubin, and Justin Diaczuk received complaints from customers who had purchased the Platinum Trust Card, some of which had been conveyed by third parties, including state attorney general’s offices, better business bureaus, and consumer watchdog groups. Most of the complaints pertained to claims by consumers that they had been misled to believe that the Platinum Trust Card was similar to a traditional credit card.

31. Even after receiving these complaints, Blake Rubin, Chase Rubin, and Justin Diaczuk continued to instruct their telemarketers to deceive potential customers into believing that the Platinum Trust Card was a “credit card,” and that using the card could help them establish, restore, or improve their credit.

32. With the counseling of defendant ADRIAN RUBIN, Blake Rubin, Chase Rubin, and Justin Diaczuk also tried to deceive government regulators and other potential investigators of CR Ventures, Apogee, and the Platinum Trust Card into believing that the defendants and their companies were located in Utah instead of Pennsylvania.

33. In or about June 2011, defendant ADRIAN RUBIN sent an email to his sons attaching an article from the Federal Trade Commission that concerned deceptive online



sales tactics. Defendant RUBIN and his sons agreed that they were using such tactics to sell the Platinum Trust Card and decided to make sure that nobody could trace the card to their names.

34. In or about September 2011, Blake Rubin, Chase Rubin, and Justin Diaczuk formed Marquee under Nevada law and claimed that it had a principal place of business in Nevada. The Rubin Brothers also rebranded the Platinum Trust Card as the “Express Platinum Card” because the Platinum Trust Card had generated a tremendous amount of negative publicity, including on consumer watchdog websites.

35. After the name change, Blake Rubin, Chase Rubin, and Justin Diaczuk directed the telemarketers at their call centers to make the same false and misleading statements about the Express Platinum Card that they had previously made about the Platinum Trust Card, including that the Express Platinum Card was like a regular credit card and that using the card could help establish, restore, or improve a person’s credit.

36. Blake Rubin, Chase Rubin, and Justin Diaczuk continued to defraud and to direct others to defraud potential purchasers of the Express Platinum Card until on or about January 31, 2012. On that day, the Federal Trade Commission (“FTC”), aided by local police, closed down the defendants’ business operations, pursuant to an order by a federal judge.

37. In total, Blake Rubin, Chase Rubin, and Justin Diaczuk and their co-conspirators, including defendant ADRIAN RUBIN, defrauded approximately 70,713 different people into paying approximately \$7,552,473 for the Platinum Trust Card and Express Platinum Card, based on false and misleading representations about the two cards.

### **OVERT ACTS**

In furtherance of the conspiracy and to accomplish its objects, defendant ADRIAN RUBIN and his co-conspirators, known and unknown to the United States Attorney,

committed the following overt acts, among others, in the Eastern District of Pennsylvania and elsewhere:

1. In or about January 2009, defendant ADRIAN RUBIN signed several contracts with Cubis using the fictional name “Colin McCarthy” in order to hide his identity.

2. On or about March 11, 2011, a telemarketer who worked at Apogee under the direction of Justin Diaczuk placed a telephone call to C.W. of Cabot, Arkansas, and persuaded C.W. to pay \$89 to sign up for the Platinum Trust Card after telling C.W. that the Platinum Trust Card would give C.W. a line of credit and would help establish and improve C.W.’s credit ratings with the credit bureaus. The telephone call was an interstate wire transmission from Pennsylvania to Arkansas.

3. In or about April 2011, a person who worked at Apogee under the direction of Justin Diaczuk caused a Platinum Trust Card to be sent by United States mail to C.W. in Cabot, Arkansas.

4. On or about August 1, 2011, a telemarketer who worked at Apogee under the direction of Justin Diaczuk placed a telephone call to M.B. of Spokane, Washington, and persuaded M.B. to pay \$89 to sign up for the Platinum Trust Card after telling M.B. that the Platinum Trust Card would give M.B. a line of credit and would help establish and improve M.B.’s credit ratings with the credit bureaus. The telephone call was an interstate wire transmission from Pennsylvania to Washington State.

5. In or about August 2011, a person who worked at Apogee under the direction of Justin Diaczuk caused a Platinum Trust Card to be sent by United States mail to M.B. in Spokane, Washington.

6. On or about September 1, 2011, a telemarketer who worked at a Platinum Trust Card call center in Jenkintown, Pennsylvania, under the direction of Blake Rubin and Chase Rubin and others known to the United States Attorney placed a telephone call to G.H. of Lexington, South Carolina, and persuaded G.H. to pay \$89 to sign up for the Platinum Trust Card after telling G.H. that the Platinum Trust Card would give G.H. a line of credit and would help establish and improve M.B.'s credit ratings with the credit bureaus. The telephone call was an interstate wire transmission from Pennsylvania to South Carolina.

7. In or about September 2011, a person who worked at Platinum Trust Card, under the direction of Blake Rubin and Chase Rubin caused a Platinum Trust Card to be sent by United States mail to G.H. in Lexington, South Carolina.

All in violation of Title 18, United States Code, Section 371.

**COUNTS THREE AND FOUR**

**THE UNITED STATES ATTORNEY FURTHER CHARGES THAT:**

1. Paragraphs 1 through 15 and 17 through 37 of Count Two are re-alleged here.

2. From in or about October 2010 until on or about January 31, 2012, in Jenkintown and Philadelphia, in the Eastern District of Pennsylvania, and elsewhere, defendant

**ADRIAN RUBIN**

devised and intended to devise and aided and abetted the devising of a scheme to defraud tens of thousands of people living in the United States, and to obtain money and property by means of false and fraudulent pretenses, representations and promises.

**MANNER AND MEANS**

It was part of the scheme that:

3. Defendant ADRIAN RUBIN engaged in the manner and means described in paragraphs 17 through 37 of Count Two of this information.

4. On or about the dates set forth below, in the Eastern District of Pennsylvania defendant ADRIAN RUBIN, for the purpose of executing the scheme described above, and attempting to do so, and aiding and abetting its execution, knowingly caused to be delivered by United States mail and interstate carrier, according to the directions thereon, the following documents, each mailing constituting a separate count:

<b>COUNT</b>	<b>DATE</b>	<b>DESCRIPTION</b>
3	September 1, 2011	A package containing a Platinum Trust Card to M.B. in Spokane, Washington.
4	Late September 2011	A package containing a Platinum Trust Card to G.H. in Lexington, South Carolina.

In violation of Title 18, United States Code, Sections 1341 and 2.

**NOTICE OF FORFEITURE NO. 1**

**(RACKETEERING FORFEITURE)**

1. The allegations contained in Count One of this Information are hereby repeated, realleged, and incorporated by reference herein as though fully set forth at length for the purpose of alleging forfeiture pursuant to the provisions of Title 18, United States Code, Section 1963 and Title 28, United States Code, Section 2461(c). Pursuant to Rule 32.2, Fed. R. Crim. P., notice is hereby given to the defendant that the United States will seek forfeiture as part of any sentence in accordance with Title 18, United States Code, Section 1963 in the event of the defendant's conviction under Count One of this Information.

2. Defendant

**ADRIAN RUBIN**

(a) has acquired and maintained interests in violation of Title 18, United States Code, Section 1962, which interests are subject to forfeiture to the United States pursuant to Title 18, United States Code, Section 1963(a)(1);

(b) has an interest in, security of, claim against, or property or contractual right of any kind affording a source of influence over any enterprise established, operated, controlled, conducted, and participated in the conduct of, in violation of Title 18, United States Code, Section 1962, which interests, securities, claims, and rights are subject to forfeiture to the United States pursuant to Title 18, United States Code, Section 1963(a)(2);

(c) has property constituting, or derived from, proceeds obtained, directly or indirectly, from racketeering activity, in violation of Title 18, United States Code, Section 1962, which property is subject to forfeiture to the United States pursuant to Title 18, United States Code, Section 1963(a)(3).

2. If any of the property subject to forfeiture, 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 18, United States Code, Section 1963(m), to seek forfeiture of any other property of the defendant up to the value of the property subject to forfeiture.

All pursuant to Title 18, United States Code, Section 1963.

**NOTICE OF FORFEITURE NO. 2**

**(FRAUD FORFEITURE)**

1. As a result of the violations of Title 18, United States Code, Section 1341, described in Counts Three and Four of this information, defendants

**ADRIAN RUBIN**

shall forfeit to the United States of America, any property, real or personal, which constitutes or is derived from proceeds traceable to any offense constituting “specified unlawful activity,” that is, mail fraud and wire fraud, including, but not limited to the following:

- (a) The sum of \$7,552,473 in United States currency (forfeiture money judgment).

2. If any of the property subject to forfeiture, 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 28, United States Code, Section 2461(c), incorporating Title 21, United States Code, Section 853(p), to seek forfeiture of any other property of the defendant up to the value of the property subject to forfeiture.

All pursuant to Title 18, United States Code, Section 981(a)(1)(C), and Title 28,  
United states Code, Section 2461(c).

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**ZANE DAVID MEMEGER**  
**United States Attorney**