

UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

UNITED STATES OF AMERICA : Hon.
 : Criminal No. 17-
 v. :
 : 18 U.S.C. § 1349
ALCIBIADES CIFUENTES : 18 U.S.C. § 1343
JENNIFER WEE CIFUENTES : 7 U.S.C. § 13(a)(1)
 : 18 U.S.C. § 2

INDICTMENT

The Grand Jury in and for the District of New Jersey, sitting at
Newark, charges:

COUNT ONE
(Conspiracy to Commit Wire Fraud)

Relevant Persons and Entities

1. At all times relevant to Count One of this Indictment:
 - a. ALCIBIADES CIFUENTES ("CIFUENTES") was a resident of West New York, New Jersey, who, along with his wife, JENNIFER WEE CIFUENTES, founded and operated Cifuentes Fund Management, LLC ("CFM").
 - b. JENNIFER WEE CIFUENTES ("WEE") was a resident of West New York, New Jersey, who, along with her husband, CIFUENTES, founded and operated CFM.
 - c. CFM was a Delaware limited liability company that was the corporate alter ego of CIFUENTES and WEE. CFM purported to be a pooled investment fund with operations in New York, New York that invested in foreign exchange contracts ("forex"), commodities, and related instruments.

The Conspiracy

2. From in or about 2012 through in or about March 2015, in Hudson County, in the District of New Jersey, and elsewhere, defendants

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and
JENNIFER WEE CIFUENTES**

did knowingly and intentionally combine, conspire, confederate, and agree with each other to devise a scheme and artifice to defraud and to obtain money and property from investors by means of materially false and fraudulent pretenses, representations, and promises, and, for purposes of executing and attempting to execute such scheme and artifice to defraud, did transmit and cause to be transmitted by means of wire communications in interstate and foreign commerce certain writings, signs, signals, pictures, and sounds, contrary to Title 18, United States Code, Section 1343.

The Goal of the Conspiracy

3. It was the goal of the conspiracy for CIFUENTES and WEE to enrich themselves by obtaining money from potential investors in CFM through a series of materially false and fraudulent representations and promises, and then to avoid detection of their scheme (a) by sending payments to investors that falsely purported to be "dividend" payments, or returns on the investments, when, in reality, such payments were simply made from funds obtained from other victims of the same fraudulent scheme in Ponzi-like fashion, and (b) by sending various materially false and fraudulent

communications designed to lead investors to believe that their investments were safely invested and that their promised “dividends” would be forthcoming.

Overview of the Investment Fraud Scheme

4. During the period of the conspiracy, CIFUENTES and WEE perpetrated a fraudulent scheme to solicit and misappropriate funds by posing as CPOs investing in forex, commodities, and related instruments through CFM, an entity they founded and controlled. CIFUENTES and WEE held themselves out as successful commodities investors, falsely marketing their track record of positive investment returns and guaranteeing extremely high returns from their purported investment activity. In reality, CFM was a ruse by which CIFUENTES and WEE, rather than invest the bulk of their victims’ money in forex, commodities, or other related instruments, misappropriated that money to finance their lifestyles and to purchase luxury items such as automobiles, clothing, and jewelry. CIFUENTES and WEE generated and sent to their victims fictitious monthly account statements showing that their investments were secure and were earning positive returns. When victims complained that they had not received their promised “dividends,” CIFUENTES and WEE falsely assured them that their investments were safe. CIFUENTES and WEE also used money obtained from new investors to repay earlier investors in a Ponzi-like fashion.

5. CIFUENTES and WEE obtained funds from at least 20 victims that totaled hundreds of thousands of dollars by making knowingly false and

fraudulent statements and material misrepresentations and omissions regarding their investment strategy and their victims' investment returns.

Manner and Means of the Conspiracy

6. It was part of the conspiracy that CIFUENTES and WEE induced their victims to invest with CFM by making numerous fraudulent and material misrepresentations and omissions about what they falsely represented was a legitimate investment strategy but was in fact a sham. For example, CIFUENTES and WEE falsely claimed that CFM had a history of generating positive investment returns and guaranteed investors monthly returns equal to 10% of each dollar invested, paid on a periodic basis.

7. It was further part of the conspiracy that, in an effort to bolster their credibility as commodities fund managers, CIFUENTES and WEE used marketing materials for CFM that touted their supposed success in investing in forex, commodities, and related instruments. These representations had no basis in fact and were designed to deceive potential investors.

8. It was further part of the conspiracy that CIFUENTES and WEE made false and fraudulent representations in e-mail communications, telephone calls, and face-to-face meetings, all with the intent to defraud their victims by causing them to entrust the defendants with their investment funds.

9. It was further part of the conspiracy that CIFUENTES and WEE directed the victims to enter into Subscription Agreements with "Alcibiades Cifuentes and/ Jennifer Wee Cifuentes DBA Cifuentes Fund Management, LLC." The Subscription Agreements provided, among other things, that

CIFUENTES and WEE (as CFM) would transfer "Securities" reflecting a "limited partnership interest" to a victim in exchange for the victim's transfer of funds to CIFUENTES and WEE. The Subscription Agreements further provided that the victim would receive, on a periodic basis, dividends "guaranteed to be no less than" 10 percent per month of the victim's principal deposits. The Subscription Agreements also provided that the victim could withdraw funds from CFM and would receive redemption via wire transfer subject to "a 30-business day waiting period." The representations in the Subscription Agreements were fraudulent and designed to induce victims to entrust CIFUENTES and WEE with their investment funds.

10. It was further part of the conspiracy that, at the direction of CIFUENTES and WEE, the victims transferred funds via wire and check payments to one of multiple bank accounts controlled by CIFUENTES and WEE.

11. It was further part of the conspiracy that, contrary to the representations made to the victim investors, and without the victims' knowledge, CIFUENTES and WEE used the bulk of the victims' investments to pay for their own personal expenses, including to acquire luxury items like automobiles, jewelry, and clothing. CIFUENTES and WEE also diverted a portion of their victims' money to other victims in Ponzi-like fashion and represented falsely to those victims that the payments reflected "dividends" generated through investments.

12. It was further part of the conspiracy that CIFUENTES and WEE fabricated account statements that falsely represented to their victims that their funds were secure and were earning positive returns. The fabricated account statements did not disclose that CIFUENTES and WEE actually had stolen all or most of victims' funds and that the stated returns were illusory.

13. It was further part of the conspiracy that CIFUENTES and WEE caused false statements to be made to their victims to explain why their victims had not received dividend payments, including that: (a) there were inadvertent errors in initiating the wire transfers; and (b) the wire transfers were delayed because the funds were originating from foreign banks.

14. It was further part of the conspiracy that CIFUENTES and WEE accomplished this investment fraud scheme through interstate wire transmissions. For instance, CIFUENTES and WEE regularly communicated with their victims through e-mails sent via interstate wires and obtained money from their victims by inducing interstate wire transfers to bank accounts that the defendants controlled.

In violation of Title 18, United States Code, Section 1349.

Counts Two through Five
(Wire Fraud)

15. The allegations in paragraphs 1 and 3 through 14 of Count One of this indictment are re-alleged and incorporated herein.

16. From in or about 2012 through in or about March 2015, in Hudson County, New Jersey, and elsewhere, defendants

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and
JENNIFER WEE CIFUENTES

did knowingly and intentionally devise and intend to devise a scheme and artifice to defraud and to obtain money and property by means of materially false and fraudulent pretenses, representations and promises, and, for purposes of executing and attempting to execute such scheme and artifice to defraud, did knowingly and intentionally transmit and cause to be transmitted by means of wire communications in interstate and foreign commerce certain writings, signs, signals, pictures and sounds, as set forth more fully below, each such wire transmission constituting a separate count of this Indictment:

Count 2	Victim #1	April 4, 2014	Interstate wire transfer of approx. \$16,000
Count 3	Victim #2	May 20, 2014	Interstate wire transfer of approx. \$30,000
Count 4	Victim #3	April 25, 2014	Interstate wire transfer of approx. \$10,000
Count 5	Victim #4	August 19, 2014	Interstate wire transfer of approx. \$10,000

In violation of Title 18, United States Code, Sections 1343 and 2.

Count Six
**(Embezzlement, Theft, Purloining, and Intentional Conversion by a
Commodity Pool Operator)**

17. The allegations in paragraphs 1 and 3 through 14 of Count One of this indictment are re-alleged and incorporated herein.

18. At all times relevant to Count Six of this Indictment:

a. The U.S. Commodity Futures Trading Commission (“CFTC”) was an independent regulatory agency charged by Congress, among other things, with administering and enforcing the Commodity Exchange Act (“CEA”), 7 U.S.C. § 1 *et seq.*, and the regulations promulgated thereunder, 17 C.F.R. § 1.1 *et seq.* (the “CFTC Regulations”). As part of its duties, the CFTC protected market users and their funds, consumers and the public from fraud, manipulation, and abusive practices related to derivatives and similar products subject to the CEA.

b. Under Title 7, United States Code, Section 1a(11), a “commodity pool operator” (“CPO”) was any person engaged in a business in the nature of an investment trust or similar form of enterprise and who solicited, accepted, or received funds from others for the purpose of trading in commodity futures contracts. Typically, the funds received from investors by a CPO were combined in commodity pools and used to trade in commodity futures contracts. Any person acting as a CPO was required to be registered with the CFTC or to comply with the CPO exemption requirements under the CEA and the CFTC Regulations.

c. CIFUENTES, WEE, and CFM solicited and accepted funds from the public while purporting to engage in a business that was of the nature of an investment trust, syndicate, or similar form of enterprise, for the purpose of trading in forex, commodities, or related instruments and, as such, were CPOs as defined in Title 7, United States Code, Section 1a(11).

d. Title 7, United States Code, Section 6m(1), prohibited a CPO from making use of the mails or any other means or instrumentality of interstate commerce in connection with their business unless and until it registered with the CFTC. CIFUENTES, WEE, and CFM were required to be, but were not, registered with the CFTC as CPOs and have never been exempt from being registered as CPOs in accordance with the CEA and the CFTC Regulations.

19. From in or about 2012 through in or about March 2015, in Hudson County, New Jersey, and elsewhere, defendants

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were persons required to be registered with the CFTC as CPOs, and, while acting as CPOs, willfully and knowingly did embezzle, steal, purloin, and with criminal intent convert to the defendants' use money and other property having a value in excess of \$100, which the defendants received from victim investors for the purpose of investing in the defendants' commodity trading pool.

In violation of Title 7, United States Code, Section 13(a)(1) and Title 18, United States Code, Section 2.

FORFEITURE ALLEGATION

20. The allegations contained in all paragraphs of Counts One through Five of this Indictment are hereby re-alleged and incorporated by reference for the purpose of noticing forfeiture pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461.

21. Upon conviction of the offenses charged in Counts One through Five of this Indictment, defendants CIFUENTES and WEE shall forfeit to the United States, pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c), any and all property constituting or derived from proceeds obtained directly or indirectly as a result of the violations of Title 18, United States Code, Sections 1343 and 1349, alleged in Counts One through Five of this Indictment.

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

- (a) cannot be located upon the exercise of due diligence;
- (b) has been transferred or sold to, or deposited with, a third person;
- (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 subdivided without difficulty;

it is the intent of the United States, pursuant to 21 U.S.C. § 853(p), as incorporated by 28 U.S.C. § 2461, to seek forfeiture of any other property of said defendants up to the value of the above forfeitable property.

A TRUE BILL

FOREPERSON


WILLIAM E. FITZPATRICK
Acting United States Attorney

CASE NUMBER: 17-CR-

**United States District Court
District of New Jersey**

UNITED STATES OF AMERICA

v.

**ALCIBIADES CIFUENTES
JENNIFER WEE CIFUENTES**

INDICTMENT FOR

**18 U.S.C. §§ 1343, 1349 & 2
7 U.S.C. § 13(a)(1)**

A True Bill,

Foreperson

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