

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

- - - - - X
UNITED STATES OF AMERICA :
- v. - :
RULESS PIERRE, :
Defendant. :
- - - - - X

SEALED INDICTMENT

19 Cr. ____

19 CRIM 783

COUNT ONE
(Securities Fraud)

The Grand Jury charges:

Relevant Entities and Individuals

1. At all times relevant to this Indictment, R. Pierre Consulting Group LLC ("RPCG") purported to be a private company based in Nanuet, New York. At all times relevant to this Indictment, RULESS PIERRE, the defendant, was the principal of RPCG.

2. From approximately in or about 2007 until approximately in or about August 2018, RULESS PIERRE, the defendant, was the director of finance for a hotel located in Palisades, New York ("Hotel-1"). From approximately in or about 2007 until approximately in or about February 2016, PIERRE also served as the director of finance for a hotel located in Armonk, New York ("Hotel-2"). From in or about 2007 until approximately

in or about February 2016, Hotel-1 and Hotel-2 were owned by the same company ("Company-1").

The Investment Fraud Scheme

3. From at least in or about November 2016 through in or about October 2019, RULESS PIERRE, the defendant, as principal of RPCG, solicited money from clients by falsely promising the clients that he would earn a 20% return on their initial investment every 60 days through stock trading. During the course of the investment fraud scheme, PIERRE fraudulently obtained at least \$2,049,230 from over 100 investors.

4. The investments were memorialized in documents known as "Investment Promissory Notes." These investment contracts generally promised that the investor would be paid 20% interest every 60 days and that the investor could withdraw all funds from the investment with 30 days' notice. Based on these documents and the false representations of RULESS PIERRE, the defendant, the investors understood that their principal and interest were guaranteed.

5. After receiving money from investors, RULESS PIERRE, the defendant, deposited the money into one of his personal bank accounts or bank accounts in the name of RPCG. PIERRE then transferred the money to trading accounts, where he engaged in unprofitable day trading. From in or about November 2016 through in or about February 2019, PIERRE's day trading

generated approximately \$1.4 million in losses. Despite these losses, PIERRE repeatedly and falsely represented to investors, including in investment statements containing fictitious balances, that the trading was profitable and that their investments were growing as promised.

6. RULESS PIERRE, the defendant, generally sought to dissuade investors from redeeming their investments by telling them that they could reinvest the interest that accumulated every 60 days, thus dramatically increasing the amount of the investment. For example, PIERRE gave one investor ("Investor-1") a spreadsheet that showed how the amount of his investment would grow if he consistently reinvested the 20% interest. The spreadsheet falsely showed that Investor-1's approximately \$59,000 investment would grow to be worth \$1,075,307.39 by September 2021.

7. Other investors, however, requested that RULESS PIERRE, the defendant, pay the 20% rate of return. In order to meet those requests, PIERRE typically used new investor funds to pay earlier investors, in Ponzi-like fashion.

8. RULESS PIERRE, the defendant, further defrauded his investors by secretly using their money for unauthorized purposes. For example, PIERRE used investor funds to purchase a BMW and a Range Rover for a separate car service business he

operated. PIERRE also used investor funds to purchase a fast food franchise in Orangeburg, New York.

Statutory Allegations

9. From at least in or about November 2016 through at least in or about October 2019, in the Southern District of New York and elsewhere, RULESS PIERRE, the defendant, willfully and knowingly, directly and indirectly, by use of the means and instrumentalities of interstate commerce, and of the mails and of the facilities of national securities exchanges, used and employed, in connection with the purchase and sale of securities, manipulative and deceptive devices and contrivances, in violation of Title 17, Code of Federal Regulations, Section 240.10b-5, by: (a) employing devices, schemes, and artifices to defraud; (b) making untrue statements of material fact and omitting to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; and (c) engaging in acts, practices, and courses of business which operated and would operate as a fraud and deceit upon persons, to wit, PIERRE engaged in a scheme to defraud investors by falsely representing to them that they would receive a guaranteed 20% return on their investment in order to induce them to invest, by falsely representing that their investments were growing as promised,

and by secretly misappropriating some of their money for unauthorized purposes.

(Title 15, United States Code, Sections 78j(b) & 78ff; Title 17, Code of Federal Regulations, Section 240.10b-5; and Title 18, United States Code, Section 2.)

COUNT TWO
(Wire Fraud)

The Grand Jury further charges:

10. The allegations contained in paragraphs 1 through 8 of this Indictment are repeated and realleged as if fully set forth herein.

The Embezzlement Fraud Scheme

11. As the director of finance for Hotel-1 and Hotel-2 (collectively, the "Hotels") from approximately in or about 2007 until approximately in or about February 2016, RULESS PIERRE, the defendant, was the signatory on eight bank accounts (the "Legacy Operating Accounts") held in the name of the management company that managed the Hotels until February 2016 ("Management Company-1").

12. In or about February 2016, Company-1 sold Hotel-1, and the management of Hotel-1 was transferred from Management Company-1 to another management company ("Management Company-2"). From in or about February 2016 through in or about August 2018, RULESS PIERRE, the defendant, continued to work for Hotel-1 as the director of finance but ceased working for Hotel-2.

Hotel-2 continued to be owned by Company-1 and managed by Management Company-1 until in or about 2017, when management of Hotel-2 was also transferred to Management Company-2.

13. After the transfer of ownership and management of Hotel-1 in February 2016, Management Company-2 opened new bank accounts to operate Hotel-1 (the "New Operating Accounts"). However, the Legacy Operating Accounts for Hotel-1 remained open until in or about 2019, and RULESS PIERRE, the defendant, continued to access the Legacy Operating Accounts for Hotel-1 despite the existence of New Operating Accounts. In particular, after in or about February 2016, PIERRE regularly and without authorization wrote checks payable to "cash" or "petty cash" from one of Hotel-1's Legacy Operating Accounts. PIERRE generally wrote the checks for under \$10,000 in order to avoid triggering the filing of currency transaction reports for transactions in excess of \$10,000.

14. RULESS PIERRE, the defendant, also continued to access the Legacy Operating Accounts for Hotel-2 after his employment with Hotel-2 ended in or about February 2016. In particular, PIERRE regularly transferred money from the Legacy Operating Accounts of Hotel-2 to the Legacy Operating Accounts of Hotel-1. PIERRE then wrote himself checks payable to cash from those funds.

15. RULESS PIERRE, the defendant, continued using the Legacy Operating Accounts for Hotel-1 and Hotel-2 even after his employment with Management Company-2 terminated in or about August 2018, thus ending his association with either Hotel. For example, from in or about August 2018 through in or about March 2019, PIERRE wrote approximately 94 checks to "cash" or "petty cash" from one of the Legacy Operating Accounts for Hotel-1, for a total of approximately \$403,890. The memo lines for the checks falsely stated that the checks were "reimbursements" connected to Hotel-1.

16. In addition, from in or about March 2017 through in or about 2019, RULESS PIERRE, the defendant, deposited large amounts of cash into his personal bank accounts in amounts that were generally less than \$10,000. The deposits were conducted at various bank locations and typically took place on the same day, consecutive days, or within a short period of time. For example, from in or about March 2017 through in or about May 2018, PIERRE deposited approximately \$169,215, through multiple cash deposits which were all under \$10,000, into a personal bank account. Similarly, from in or about June 2018 through in or about December 2018, PIERRE deposited approximately \$225,612, through 138 cash deposits all under \$10,000, into a bank account in the name of RPCG. In addition, from approximately in or about October 2018 through approximately in or about February

2019, PIERRE deposited approximately \$172,545, through multiple cash deposits which were all under \$10,000, into another personal bank account.

Statutory Allegations

17. From at least in or about February 2016 through at least in or about March 2019, in the Southern District of New York and elsewhere, RULESS PIERRE, the defendant, willfully and knowingly, having devised and intending to devise a scheme and artifice to defraud, and for obtaining money and property by means of false and fraudulent pretenses, representations, and promises, transmitted and caused to be transmitted by means of wire, radio, and television communication in interstate and foreign commerce, writings, signs, signals, pictures, and sounds for the purpose of executing such scheme and artifice, to wit, PIERRE engaged in a scheme to defraud Company-1 and Management Company-1 by embezzling funds from the Legacy Operating Accounts, including through the use of wire transmissions to further the embezzlement scheme.

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

COUNT THREE
(Structuring)

The Grand Jury further charges:

18. The allegations contained in paragraphs 1 through 8 and paragraphs 10 through 16 of this Indictment are repeated and realleged as if fully set forth herein.

19. From at least in or about March 2017 through at least in or about February 2019, in the Southern District of New York and elsewhere, RULESS PIERRE, the defendant, would and did knowingly and for the purpose of evading the reporting requirements of Title 31, United States Code, Section 5313(a) and 5325 and regulations and recordkeeping requirements imposed by any order issued under Section 5326, and the recordkeeping requirements imposed by regulations prescribed under Section 21 of the Federal Deposit Insurance Act and Section 123 of Public Law 91-508, structure and assist in structuring, and attempt to structure, financial transactions with one or more domestic financial institutions, to wit, PIERRE deposited at least approximately \$567,372 in aggregate into two bank accounts in amounts of less than \$10,000 per deposit.

(Title 31, United States Code, Sections 5324(a), 5313(a), and 5325, and Title 18, United States Code, Section 2.)

FORFEITURE ALLEGATION AS TO COUNTS ONE AND TWO

20. As a result of committing one or more of the offenses alleged in Counts One and Two of this Indictment, RULESS PIERRE,

the defendant, shall forfeit to the United States, pursuant to Title 18, United States Code, Sections 981(a)(1)(C) and Title 28, United States Code, Section 2461, all property, real and personal, that constitutes or is derived from proceeds traceable to the commission of said offenses, including but not limited to a sum of money in United States currency representing the amount of proceeds traceable to the commission of said offenses that the defendant personally obtained.

FORFEITURE ALLEGATION AS TO COUNT THREE

21. As a result of committing the offense alleged in Count Three of this Indictment, RULESS PIERRE, the defendant, shall forfeit to the United States, pursuant to Title 31, United States Code, Section 5317(c)(1), any and all property, real and personal, involved in said offense, and any property traceable thereto, including but not limited to a sum of money in United States currency representing the amount of property involved in said offense.

Substitute Assets Provision

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

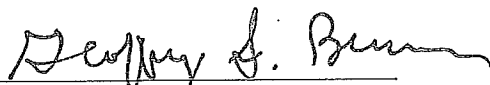
c. has been placed beyond the jurisdiction of the court;

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), and Title 28, United States Code Section 2461, to seek forfeiture of any other property of the defendant up to the value of the forfeitable property described above.

(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; Title 31, United States Code, Section 5317.)



GEOFFREY S. BERMAN
United States Attorney

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

UNITED STATES OF AMERICA

- v. -

RULESS PIERRE,

Defendant.

SEALED INDICTMENT

19 Cr. _____

(Title 15, United States Code, Sections 78j(b) and 78ff; Title 17, Code of Federal Regulations, Section 240.10b-5; Title 18, United States Code, Sections 1343 and 2; Title 31, United States Code, Sections 5324(a), 5313(a), and 5325.)

GEOFFREY S. BERMAN

United States
Attorney
