

Approved: Michael R. Herman
MICHAEL R. HERMAN
Assistant United States Attorneys

Before: HONORABLE SARAH NETBURN
United States Magistrate Judge
Southern District of New York

20 MAG 1447

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UNITED STATES OF AMERICA, :
 : SEALED COMPLAINT
 :
 - v. - :
 : Violations of
 : 18 U.S.C. §§ 1956(a)(1),
 : 1956(h), and 2
 TRACY REYNOLDS, :
 a/k/a "Sara," and :
 IZHAK COHEN, :
 : COUNTY OF OFFENSE:
 : NEW YORK
 :
 Defendants. :
 :
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SOUTHERN DISTRICT OF NEW YORK, ss.:

TIMOTHY M. MORAN, being duly sworn, deposes, and says that he is a Special Agent with the United States Department of Homeland Security ("DHS"), Homeland Security Investigations ("HSI"), and charges as follows:

COUNT ONE
(Conspiracy to Commit Money Laundering)

1. From at least in or about May 2012, up to and including in or about February 2020, in the Southern District of New York, and elsewhere, TRACY REYNOLDS, a/k/a "Sara," and IZHAK COHEN, the defendants, and others known and unknown, willfully and knowingly, did combine, conspire, confederate and agree together and with each other to violate Title 18, United States Code, Sections 1956(a)(1)(A)(i), (B)(i), and (a)(2)(A).

2. It was a part and an object of the conspiracy that TRACY REYNOLDS, a/k/a "Sara," and IZHAK COHEN, the defendants, and others known, and unknown, in an offense affecting interstate and foreign commerce, knowing that the property involved in a financial transaction represented the proceeds of some form of unlawful activity, did conduct and attempt to conduct such a financial transaction, which in fact involved the proceeds of specified unlawful activity with the

intent to promote the carrying on of specified unlawful activity, in violation of Title 18, United States Code, Section 1956(a)(1)(A)(i).

3. It was further a part and an object of the conspiracy that TRACY REYNOLDS, a/k/a "Sara," and IZHAK COHEN, the defendants, and others known and unknown, in an offense affecting interstate and foreign commerce, knowing that the property involved in a financial transaction represented the proceeds of some form of unlawful activity, did conduct and attempt to conduct such a financial transaction, which in fact involved the proceeds of specified unlawful activity knowing that the transaction was designed, in whole and in part, to conceal and disguise the nature, location, the source, the ownership, and the control of the proceeds of the specified unlawful activity, in violation of Title 18, United States Code, Section 1956(a)(1)(B)(i).

4. It was further a part and an object of the conspiracy that TRACY REYNOLDS, a/k/a "Sara," and IZHAK COHEN, the defendants, and others known and unknown, would and did transport, transmit, and transfer, and attempt to transport, transmit, and transfer, a monetary instrument and funds from a place in the United States to and through a place outside the United States, with the intent to promote the carrying on of specified unlawful activity, in violation of Title 18, United States Code, Section 1956(a)(2)(A).

(Title 18, United States Code, Section 1956(h).)

COUNT TWO

(Promotion Money Laundering)

5. From at least in or about February 2015, up to and including in or about February 2020, in the Southern District of New York and elsewhere, TRACY REYNOLDS, a/k/a "Sara," and IZHAK COHEN, the defendants, in an offense affecting interstate and foreign commerce, knowing that the property involved in a financial transaction represented the proceeds of some form of unlawful activity, did conduct and attempt to conduct such a financial transaction, which in fact involved the proceeds of specified unlawful activity, to wit, violations of the Travel Act, Title 18, United States Code, Sections 1952(a)(1) and (a)(3), with the intent to promote the carrying on of specified unlawful activity, to wit, REYNOLDS and COHEN caused proceeds from their prostitution business to be transferred to another business and entity for purposes of

promoting violations of the Travel Act, Title 18, United States Code, Sections 1952(a)(1) and (a)(3).

(Title 18, United States Code, Sections 1956(a)(1)(A)(i) and 2.)

COUNT THREE

(Concealment Money Laundering)

6. From at least in or about February 2015, up to and including in or about February 2020, in the Southern District of New York and elsewhere, TRACY REYNOLDS, a/k/a "Sara," and IZHAK COHEN, the defendants, in an offense affecting interstate and foreign commerce, knowing that the property involved in a financial transaction represented the proceeds of some form of unlawful activity, did conduct and attempt to conduct such a financial transaction which in fact involved the proceeds of specified unlawful activity, to wit, violations of the Travel Act, Title 18, United States Code, Sections 1952(a)(1) and (a)(3), knowing that the transaction was designed, in whole and in part, to conceal and disguise the nature, location, the source, the ownership, and the control of the proceeds of the specified unlawful activity, to wit, REYNOLDS and COHEN caused proceeds of their prostitution business to be deposited into bank accounts purporting to be involved in other businesses, and thereafter made transfers, withdrawals, and obtained cash advances from those bank accounts.

(Title 18, United States Code, Sections 1956(a)(1)(B)(i) and 2.)

The bases for my knowledge and for the foregoing charges are, in part, as follows:

7. I am a Special Agent with HSI assigned to the HSI El Dorado Task Force and I have been personally involved in the investigation of this matter. The information contained herein is based upon my own observations, conversations with other law enforcement agents and others, and my examination of bank records, reports, and records prepared by others. Because this complaint is being submitted for the limited purpose of establishing probable cause, it does not include all the facts that I have learned during the course of my investigation. Where the contents of documents and the actions, statements, and conversations of others are reported herein, they are reported in substance and in part, except where otherwise indicated.

OVERVIEW OF THE DEFENDANTS' ONLINE ESCORT SCHEME

8. Based on my involvement in this investigation, I have learned of a scheme in which TRACY REYNOLDS, a/k/a "Sara," and IZHAK COHEN, the defendants, and others, known and unknown, operated a multi-state prostitution ring through a company and its affiliates known as "VIP Escorts," which utilized various bank accounts to take in the proceeds of their prostitution scheme and then deposited these illicit proceeds into the defendants' personal and business bank accounts, and used the proceeds to further the illegal scheme. I have learned, in substance and in part, the following details about the scheme:

a. Based on my review of documents from a particular cloud computing company ("Host Company-1"), I have learned that on or about March 6, 2007, the website www.vipescorts.com (the "VIP Escorts Website") was registered and signed up for hosting services with Host Company-1, located in California. The user information associated with the VIP Escorts Website account at Host Company-1 includes, among other things, the name "Tracy Reynolds," a specific email address ("Email Address-1"), a cellular telephone number with a Colorado area code (the "Reynolds Cellphone Number"), and several addresses in Colorado where REYNOLDS was known to reside. Based on my review of subscriber information associated with Email Account-1, I have learned that the phone number associated with that account is also the Reynolds Cellphone Number. Based on my review of records from the Reynolds Cellphone Number's service provider, I have learned that the number is subscribed to REYNOLDS. In addition, based on my review of records obtained from Host Company-1, at regular intervals after March 6, 2007, payment was made to Host Company-1 to service the VIP Escorts Website from credit cards in REYNOLDS's name.

b. Based on my review of documents from a particular internet domain name registration company ("Domain Name Registrar-1"), I have learned that the domain for the VIP Escorts Website is registered to IZHAK COHEN, the defendant, at a P.O. Box address in Hadera, Israel. In addition to the VIP Escorts Website registration, COHEN's account at Domain Name Registrar-1 also includes registration for almost 400 other websites. Some of these other websites are registered to COHEN at the same P.O. Box address in Hadera, Israel. The phone number listed on the registration for the VIP Escorts Website as well as on dozens of the other websites registered at Domain Name Registrar-1 on COHEN's account is an Israeli cellular telephone number (the "Cohen Israeli Cellphone").

c. Based on my review of the VIP Escorts Website, I know that it includes links to web pages depicting female prostitutes, referred to as "escorts," which includes photographs of each escort, often partially dressed or nude and often posed in sexually explicit positions. The VIP Escorts Website displays the schedules for each escort, including the city in which she is available, the days and hours when the escort is available, and the hourly rate that is charged for a client's time with the escort. Some of the escorts frequently travel to different states. Upon clicking the image of an escort, the user is linked to a more comprehensive description of the escort that details her hourly rate (often hundreds of dollars an hour), height, weight, and hip measurements.

d. The VIP Escorts Website provides two telephone numbers for clients to arrange appointments: one beginning with an 800 area code (the "VIP 800 Number") and one beginning with a 212 area code (the "VIP 212 Number"), as well as a particular email address ("Email Address-2").

e. VIP Escorts also operates social media accounts, including Twitter and Facebook, which advertise its prostitution services. Based on my review of email correspondence between REYNOLDS and COHEN obtained via court-authorized search warrants, I have learned that COHEN was primarily responsible for uploading and posting content to the VIP Escorts social media accounts, including photos of prostitutes provided to COHEN by REYNOLDS.

f. Based on my comparison of the websites, advertisements on known prostitution websites, the phone numbers and email addresses listed on the websites, the links to other websites found on each site, and the website and domain registration information associated with each website, I believe that VIP Escorts is also associated with the following additional escort websites, among others (the "VIP Affiliate Websites"):

VIP Affiliate Website URL	
www.prestigeescorts.com	www.americanesorts.com
www.newyorkescort.com	www.callesorts.com
www.elitecenterfold.com	www.evenencounters.com
www.manhattanexotics.com	www.forlove.com
www.russianescorts.com	www.paradiseescorts.com
www.funescorts.com	

Based on my review of the VIP Affiliate Websites, I observed that these other escort sites share common phone numbers (including the VIP 212 Number on many of them) and many list Email Address-2 as the contact email address. Others prominently display the VIP Escorts Website as an affiliated "link" and/or describe themselves in website text as affiliated with VIP Escorts. For example, the website www.manhattanexotics.com lists the VIP Escorts Website, as well as www.russianescorts.com and www.americanesorts.com as "recommended sites" and the text of the website boasts of "the quality you've come to expect in a world-class service when working with NY Vip Escort[s]."

g. VIP Escorts furthers its business by prominently displaying a link on its website and on many of its affiliated websites to an entity called "The Erotic Review," which is also known as "TER," located at www.theeroticreview.com. Based on my experience investigating the prostitution industry, I know that the TER website is available to individuals who join the TER service and obtain a login code. The website permits clients to read and post reviews of experiences with different prostitutes; the reviews often contain sexually explicit descriptions of the sexual acts performed by the prostitutes, including those advertised on VIP Escorts.

h. Prostitutes listed on the VIP Escorts Website have also been advertised on another website similar to TER called "The Erotic Monkey," which is known as TEM, and located at www.theeroticmonkey.com. TEM bills itself on its website as "Your discreet source for escort reviews" and features reviews of prostitutes by customers. On that website,

each prostitute is assigned a unique "erotic monkey number" ("EMID"). Under each EMID number, each prostitute has a profile that describes her physical appearance including height, weight, and hair color and includes a detailed list of physical attributes. An advanced search feature allows a TEM member to search for escorts with a wide variety of physical attributes and willingness to perform a wide variety of certain prostitution services ranging from "intercourse" to more specific services. A search of Email Address-2 on TEM returned at least one listing for a prostitute, which listed Email Address-2 as a contact email and included a detailed list of physical attributes, types of services offered, and a review of her prostitution services.

i. The investigation has revealed that escorts employed by VIP Escorts met with clients in the Southern District of New York and elsewhere for the purposes of prostitution, including travelling from the Southern District of New York to other states. To facilitate these encounters, REYNOLDS would confirm the appointments via phone or email with customers and frequently book the interstate travel of escorts via car service to the customers' addresses. For example, on or about November 2, 2016, an email address ("Email Address-3") believed to be used by REYNOLDS¹ to book appointments for VIP Escorts emailed a customer about a "3 hrs special" with a particular escort employed by VIP Escorts. The customer replied asking if the escort is "a GFE/PSE²" REYNOLDS replied, "yes" and asked for the customer's zip code "so I can get the quote from

¹ For example, in an email sent by REYNOLDS from Email Address-1 to COHEN, she told him that "my email . . . for work" was Email Address-3. In addition, an email sent from Email Address-3 purportedly associated with a wedding music business operated by REYNOLDS was signed "Tracy J. Reynolds." Finally, based on my review of records obtained from the service provider for Email Address-3, I have learned that the subscriber information for Email Address-3 includes REYNOLDS's date of birth.

² Based on my participation in previous investigations involving the prostitution industry, I have learned that "GFE" stands for "Girlfriend Experience," and refers to an escort willing to act like the customer's girlfriend and engage in some degree of emotional intimacy prior to engaging in sexual intercourse (often unprotected) with the client. I have also learned that "PSE" stands for "Porn Star Experience," and refers to an escort willing to engage in an exaggerated sexual performance for the customer.

[a] car service." The customer provided an address in New Jersey and REYNOLDS provided a quote for the prostitution services and transportation costs from Manhattan to the customer's address in New Jersey.

j. In addition, based on my review of records obtained from a particular ridesharing company ("Rideshare Company-1"), REYNOLDS booked numerous roundtrips via Rideshare Company-1 originating in the Southern District of New York and travelling to places in New Jersey, Pennsylvania, and Connecticut, among other places.

9. On or about July 9, 2019, other law enforcement officers and I interviewed a woman ("Escort-1") who admitted to working for two prostitution agencies, one of which she identified as VIP Escorts. During the interview, Escort-1 stated, in substance and in part, the following:

a. She worked for VIP Escorts from approximately the end of 2015 or the beginning of 2016 through October or November of 2018, and primarily saw customers of VIP Escorts in Manhattan, New York, but occasionally saw customers outside of Manhattan, in which case VIP Escorts would book her a ride to the customer's location via Rideshare Company-1.

b. Escort-1 identified "Sara" as the person who hired her for VIP Escorts, but stated that certain payments she received from VIP Escorts via electronic bank transfer were listed on her bank statements as coming from either TRACY REYNOLDS, the defendant, or another individual not named as a defendant herein, who is believed to have worked for VIP Escorts ("CC-1") (which law enforcement confirmed from a review of Escort-1's bank records). Based on Escort-1's description and my participation in this investigation, I believe that "Sara" is REYNOLDS.³

c. Escort-1 stated that she worked for VIP Escorts to provide companionship and sex to clients, that her fee ranged from \$700 to \$1000 per hour, that when paid in cash, she deposited a portion of that fee into various bank accounts, and that when paid by credit card, she received a portion of the fee approximately two weeks later via electronic bank transfer into her bank account. Escort-1 stated that when a client paid by credit card, she was instructed to take a photograph of the

³ For example, emails sent from Email Address-3 used by REYNOLDS were frequently signed "Sara."

credit card and the client's identification, such as a state Driver License, and text it to "Sara." Escort-1 would then have the client sign a credit card verification slip.

10. Based on the information provided by Escort-1, including my review of banking records, Escort-1 deposited prostitution proceeds into accounts owned and operated by TRACY REYNOLDS, a/k/a "Sara," the defendant, and REYNOLDS and CC-1 deposited Escort-1's portion of the prostitution proceeds into Escort-1's bank account.

11. The information provided by Escort-1 is consistent with my experience in investigating the prostitution industry. Based on my experience, it is a well-established practice among escort agencies that cash is frequently used by clients to pay for escorts. The escort typically has until the end of the next business day following her appointment with a customer to deposit or transfer the escort agency's share of the money into an agency account. In recent years, it has become common for escort agencies to accept credit cards and Escort-1's description of credit card payments, as well as the receipt of funds via electronic bank transfer, is consistent with my experience in investigating the prostitution industry.

**THE DEFENDANTS' LAUNDERING OF THE PROCEEDS OF
THE ESCORT SCHEME**

12. Based on my participation in this investigation, my review of banking records, and law enforcement databases, and my conversations with other law enforcement officers, I have learned that the funds obtained from VIP Escorts' prostitution activities are laundered through a large number of business and personal bank accounts in order to promote the inter-state prostitution activity of VIP Escorts, enrich its operators TRACY REYNOLDS, a/k/a "Sara," and IZHAK COHEN, the defendants, and conceal the origins of the funds. In particular, I have learned, among other things, the following:

a. REYNOLDS, COHEN, CC-1, and another individual not named as a defendant herein ("CC-2") operated and controlled numerous personal and business bank accounts which received and/or transferred proceeds of VIP Escorts, and from which money was used to continue operating the business. The business bank accounts were held in the names of numerous business entities that purported to conduct other business, but in fact bank records reveal they largely if not entirely served to launder the proceeds of VIP Escorts.

b. Banking records reveal that the vast majority of the proceeds of the VIP Escorts business - over \$10 million from in or about May 2012 through in or about March 2019 - passed through various personal and business accounts of which REYNOLDS held signatory authority (the "Reynolds Personal Accounts" and the "VIP Escorts Business Accounts," respectively). In addition, credit card records reveal that, during this same period, REYNOLDS held signatory authority on at least four credit cards (the "Reynolds Credit Cards").

c. Bank records indicate that escorts working for VIP Escorts deposited prostitution proceeds into bank accounts operated primarily by REYNOLDS throughout the United States. For example, from in or about October 2012 through in or about June 2018, one of the Reynolds Personal Accounts and five of the VIP Escorts Business Accounts combined received approximately \$263,468 from 437 cash deposits from locations in New York, Texas, California, New Jersey, Florida, Pennsylvania, and Washington D.C. Based on my experience investigating the prostitution industry, I know that this type of activity is consistent with the depositing of the cash proceeds of prostitution services by escorts. In addition, during this same time period, approximately \$219,474 in cash withdrawals were made from those accounts, all in the state of Colorado, and banking, motor vehicle, and utility records all indicate that REYNOLDS resides in Colorado. For one of the Reynolds Personal Accounts, which she opened at a particular bank ("Bank-1") in Colorado, from February 2015 through December 2016, approximately \$336,270 was transferred into that account from a VIP Escorts Business Account.

d. In addition, banking and credit card records indicate that COHEN has withdrawn significant sums of money from the VIP Escorts prostitution business at ATM locations in Israel. Specifically, from January 2013 through April 2018, COHEN withdrew Israeli shekels (the currency in Israel) worth approximately \$1,036,937.96 in hundreds of transactions from the VIP Escorts Business Accounts and from a Reynolds Personal Account directly or through cash advances from the Reynolds Credit Cards, all in frequent withdrawals or cash advances of relatively small amounts each time. COHEN is not an authorized signatory on any of the Reynolds Personal Accounts, but instead records suggest that COHEN is using a bank card in REYNOLDS's name. However, COHEN is an authorized user of one of the Reynolds Credit Cards, and has used that card for the majority of his cash advance withdrawals in Israel. Indeed, emails sent

between REYNOLDS and COHEN show that when REYNOLDS received a new credit card for the credit card account from which COHEN withdrew cash advances, COHEN asked her to mail it to him at his home at a specific address in Hadera, Israel.

e. Most if not all of the COHEN cash withdrawals are directly traceable to deposits from the prostitution business. For example, bank records show that on July 27, 2015, REYNOLDS wired \$3,000 from a VIP Escorts Business Account into the personal Bank-1 account in the name of REYNOLDS, mentioned in Paragraph 12(c), *supra*. That same day, through a series of three ATM withdrawals in Hadera, Israel, COHEN withdrew Israeli shekels worth approximately \$3,000.

f. For the cash advances, bank records indicate that COHEN withdrew money usually in 1,000 or 4,000 shekel increments (equivalent to approximately \$285 or \$1,150 in U.S. dollars) as cash advances on a Reynolds Credit Card. Each month, REYNOLDS would pay off those cash advances from one of the Reynolds Personal Accounts or VIP Escorts Business Accounts.

g. In addition, information obtained from a financial services company ("Financial Services Company-1") has indicated that the Cohen Israeli Cellphone was listed as a contact number for COHEN for multiple transactions involving payments from REYNOLDS in the United States to COHEN in Hadera, Israel, in an aggregate amount of approximately \$28,300 from in or about January 2011 to in or about March 2017.

h. Banking records also indicate that funds in the VIP Escorts Business Accounts were used to promote the inter-state prostitution activity of VIP Escorts. For example, from in or about October 2012 through in or about May 2018, these accounts collectively paid approximately \$295,493 on over 375 occasions to Eros.com d/b/a Darkside Productions Inc. ("DSP") and its successor MPF Media Services ("MPF"), which, based on my experience investigating the prostitution industry, I know to be an advertising platform used by individual prostitutes and prostitution agencies. I have reviewed advertisements for prostitutes on Eros.com, which list the contact website as <http://www.vipescorts.com>.

WHEREFORE, deponent respectfully requests that warrants be issued for the arrests of TRACY REYNOLDS, a/k/a "Sara," and IZHAK COHEN, the defendants, and that they be arrested, and imprisoned or bailed, as the case may be.



TIMOTHY M. MORAN
Homeland Security Investigations
El Dorado Task Force

Sworn to before me this
7th day of February 2020



HONORABLE SARAH NETBURN
UNITED STATES MAGISTRATE JUDGE
SOUTHERN DISTRICT OF NEW YORK