

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

ORIGINAL

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:
UNITED STATES OF AMERICA
:

- v. -

SEALED INDICTMENT

RIENZI EDWARDS,
MICHAEL JACOBS,
RUBY HANDLER-JACOBS,
F.K. HO,
LAWRENCE LESTER, and
RACHEL GENDREAU,

16 Cr. ____
:
:
:

Defendants.

16 CRIM 800

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COUNT ONE
(Conspiracy to Commit Wire Fraud)

The Grand Jury charges:

Overview

1. From at least in or about June 2013 through in or about August 2016, RIENZI EDWARDS, MICHAEL JACOBS, RUBY HANDLER-JACOBS, F.K. HO, LAWRENCE LESTER, and RACHEL GENDREAU, the defendants, orchestrated and executed a fraudulent high-yield investment program known as the "Cities Upliftment Program" ("CUP"). The defendants falsely promised investors that the CUP would generate extremely high investment returns, a portion of which would be used to help revitalize American cities recovering from the 2008 financial crisis. Through the CUP

JUDGE GARDEPHE

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scheme, the defendants collectively stole over \$50 million from victims in the United States and around the world.

2. In furtherance of the CUP fraudulent scheme, RIENZI EDWARDS, MICHAEL JACOBS, RUBY HANDLER-JACOBS, F.K. HO, LAWRENCE LESTER, and RACHEL GENDREAU, the defendants, made numerous misrepresentations to investors, including that the CUP was operated by the Federal Reserve Bank of New York (the "New York Fed") and that investments in the CUP were guaranteed by the United States Government. The defendants also created and sent counterfeit New York Fed materials to investors bearing the names of real New York Fed officials. Some of the defendants even went so far as to pretend to be New York Fed officials in order to convince victims to invest in the CUP.

3. Instead of keeping the CUP investors' funds in escrow accounts and using the funds to generate the promised high returns, the defendants simply stole the victims' money. The proceeds of the CUP scam were then laundered by certain defendants through various domestic and international bank accounts held by shell companies controlled by those defendants.

Relevant Persons and Entities

4. At all times relevant to this Indictment, RIENZI EDWARDS, the defendant, was a Sri Lanka national residing in Sri Lanka.

5. At all times relevant to this indictment, MICHAEL JACOBS and RUBY HANDLER-JACOBS, the defendants, were United States citizens residing in New Mexico.

6. At all times relevant to this Indictment, F.K. HO, the defendant, was a Singapore national residing in Singapore.

7. At all times relevant to this Indictment, LAWRENCE LESTER, the defendant, was a United States citizen residing in Washington state.

8. At all times relevant to this Indictment, RACHEL GENDREAU, the defendant, was a United States citizen residing in Illinois.

9. At all times relevant to this Indictment, the New York Fed was one of twelve regional Reserve Banks which, together with the Board of Governors in Washington, D.C., make up the Federal Reserve System. The Federal Reserve System is an independent governmental entity created by Congress to serve as the central bank of the United States. The twelve Federal Reserve Banks, including the New York Fed, are the operating arms of the Federal Reserve System. The New York Fed is headed by a president appointed by the Bank's nine-member board of directors and employs thousands of officers and staff.

The CUP Scheme

10. From at least in or about June 2013 through in or about August 2016, RIENZI EDWARDS, MICHAEL JACOBS, RUBY HANDLER-JACOBS, F.K. HO, LAWRENCE LESTER, and RACHEL GENDREAU, the defendants, and their co-conspirators, orchestrated and executed the CUP investment fraud scheme. The CUP scheme was principally devised by EDWARDS, with the assistance of JACOBS and HANDLER-JACOBS, and marketed to investors in the United States and foreign countries through various brokers, including HO, LESTER, and GENDREAU. Altogether, the defendants collectively stole over \$50 million from investors in the United States and other countries through the fraudulent CUP scheme.

11. The CUP scheme operated as a high-yield investment program that RIENZI EDWARDS, MICHAEL JACOBS, RUBY HANDLER-JACOBS, F.K. HO, LAWRENCE LESTER, and RACHEL GENDREAU, the defendants, and their co-conspirators, told investors was operated by the New York Fed. The defendants pitched the CUP scheme to investors as a highly exclusive, invitation-only, public-private investment partnership designed to raise capital and generate large returns through an unspecified "trading program" operated by the New York Fed. The defendants told investors that they would receive half of the returns to be generated through the trading program, and that the other half of the returns would be used to help revitalize American cities

impacted by the 2008 financial crisis. Although the defendants' pitch varied from investor to investor, the defendants typically represented that if an individual invested \$1 million in the CUP program, their principal investment would generate returns of \$2 million per day for 75 banking days, or \$150 million total, of which the investor would receive \$75 million.

12. In furtherance of the CUP investment fraud scheme, RIENZI EDWARDS, MICHAEL JACOBS, RUBY HANDLER-JACOBS, F.K. HO, LAWRENCE LESTER, and RACHEL GENDREAU, the defendants, made, or caused to be made, numerous lies and misrepresentations to investors. In addition to telling investors that the CUP program was operated by the New York Fed, the defendants represented that the investments were risk-free because they were guaranteed by the United States Government through purported "sovereign guarantees" issued by the cities to which half of the investment returns were to be directed. In some cases, the defendants offered additional inducements to convince victims to invest, for instance by claiming that the returns would not be subject to United States income taxes, or that foreign investors would receive green cards for themselves and their family members. In other cases, the defendants personally vouched for the legitimacy of the CUP program, for instance by claiming that either they or their family members had invested in the CUP program and received returns. As a condition of

participating in the CUP program, the defendants told investors that they were required to keep their participation strictly confidential and not disclose the existence of the CUP program to any third party.

13. Among the primary means by which RIENZI EDWARDS, MICHAEL JACOBS, RUBY HANDLER-JACOBS, F.K. HO, LAWRENCE LESTER, and RACHEL GENDREAU, the defendants, tricked victims into investing millions of dollars in the CUP scheme was the use of forged and counterfeit New York Fed documents and the impersonation of New York Fed officials. On numerous occasions, the defendants sent, or caused to be sent, investment contracts, guarantees, correspondence, and other CUP-related documents printed on what appeared to be New York Fed letterhead and bearing the names and purported signatures of real New York Fed officials, including the president and certain board members of the New York Fed. In some cases, the documents also appeared to bear the seal of the New York Fed. The defendants typically promised investors that they would be invited to the New York Fed's headquarters in Manhattan to finalize their investment contracts after they invested, which meetings never occurred.

14. In addition, on various occasions, RIENZI EDWARDS, MICHAEL JACOBS, and F.K. HO, the defendants, with the assistance of RUBY HANDLER-JACOBS, the defendant, pretended to be New York Fed officers and employees in order to convince

certain victims to invest in the CUP scheme. For example, EDWARDS, JACOBS, and HO held themselves out to be New York Fed representatives during in-person meetings and in emails with investors. In addition, on at least one occasion, JACOBS spoke to an investor by telephone while posing as a New York Fed official. Many victims invested in the CUP after such meetings and conversations.

15. As part of the CUP, RIENZI EDWARDS, MICHAEL JACOBS, RUBY HANDLER-JACOBS, F.K. HO, LAWRENCE LESTER, and RACHEL GENDREAU, the defendants, caused the investors to sign bogus contracts, such as escrow agreements and profit-sharing agreements, to which the New York Fed was purportedly a party. Typically, these agreements were countersigned by a purported representative of the New York Fed. The defendants also provided investors with wiring instructions for making their investments in the CUP scheme. The defendants assured victims that the bank accounts to which their funds would be transferred and held for the duration of the trading program were Interest on Lawyers Trust Accounts ("IOLTA") or other types of escrow accounts established and maintained by the New York Fed for the CUP. The defendants further represented to victims that their entire principal investment would be returned at the end of the trading program, or within a short period of time upon the investors' demand.

16. Between in or about December 2013 and August 2016, RIENZI EDWARDS, MICHAEL JACOBS, RUBY HANDLER-JACOBS, F.K. HO, LAWRENCE LESTER, and RACHEL GENDREAU, the defendants, caused CUP investors to wire over \$50 million to various bank accounts located in the United States, Hong Kong, and Sri Lanka. Many of the victims' wire transfers were sent to, or through, Manhattan.

17. Contrary to the representations made by RIENZI EDWARDS, MICHAEL JACOBS, RUBY HANDLER-JACOBS, F.K. HO, LAWRENCE LESTER, and RACHEL GENDREAU, the defendants, the CUP investors' funds were not held in escrow in the purported New York Fed trust accounts. Instead, almost immediately after victims wired their funds, EDWARDS, JACOBS, and HANDLER-JACOBS, and their co-conspirators, caused the bulk of the funds to be transferred to various overseas bank accounts controlled by EDWARDS. In some cases, the investors' funds were first transferred to intermediary bank accounts in the United States controlled by JACOBS and HANDLER-JACOBS before being sent to the overseas bank accounts. In an attempt further to disguise the illegal nature, source, and ownership of the funds, EDWARDS, JACOBS, and HANDLER-JACOBS typically provided a bogus description for the purpose of the wire transfers to the originating banks.

18. In an attempt to prevent or delay investors from requesting the return of their principal when the CUP program failed to generate the promised returns, RIENZI EDWARDS, MICHAEL

JACOBS, RUBY HANDLER-JACOBS, F.K. HO, LAWRENCE LESTER, and RACHEL GENDREAU, the defendants, made, or caused to be made, additional misrepresentations to investors. For example, the defendants often told investors that there were delays in the start of the trading program, or that there were purported "compliance" issues that the New York Fed had to resolve before investors could be paid. In other cases, the defendants arranged for new investors to buy out earlier investors. In most cases, however, the defendants simply failed to pay victims the promised returns, or return their principal investments, and ceased communications with the victims.

Statutory Allegations

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

20. From at least in or about June 2013 through in or about August 2016, in the Southern District of New York and elsewhere, RIENZI EDWARDS, MICHAEL JACOBS, RUBY HANDLER-JACOBS, F.K. HO LAWRENCE LESTER, and RACHEL GENDREAU, the defendants, and others known and unknown, willfully and knowingly, combined, conspired, confederated and agreed together and with each other to violate Title 18, United States Code, Section 1343.

21. It was a part and an object of the conspiracy that RIENZI EDWARDS, MICHAEL JACOBS, RUBY HANDLER-JACOBS, F.K.

HO, LAWRENCE LESTER, and RACHEL GENDREAU, the defendants, and others known and unknown, 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, would and did transmit and cause 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, EDWARDS, JACOBS, HANDLER-JACOBS, HO, LESTER, and GENDREAU made and caused to be made misrepresentations to investors to convince them to invest in the CUP scheme, and thereby caused wires to be transmitted to, from, and through the Southern District of New York, in violation of Title 18, United States Code, Section 1343.

(Title 18, United States Code, Section 1349.)

COUNT TWO
(Wire Fraud)

The Grand Jury further charges:

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

23. From at least in or about June 2013 through in or about August 2016, in the Southern District of New York and

elsewhere, RIENZI EDWARDS, MICHAEL JACOBS, RUBY HANDLER-JACOBS, F.K. HO, LAWRENCE LESTER, and RACHEL GENDREAU, the defendants, 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, for the purpose of executing such scheme and artifice, transmitted and caused to be transmitted by means of wire communication in interstate and foreign commerce writings, signs, signals, pictures, and sounds, to wit, EDWARDS, JACOBS, HANDLER-JACOBS, HO, LESTER, and GENDREAU made and caused to be made misrepresentations to investors to convince them to invest in the CUP scheme, and thereby caused wires to be transmitted to, from, and through the Southern District of New York.

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

COUNT THREE

(Conspiracy to Impersonate Employees of the United States)

The Grand Jury further charges:

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

25. From at least in or about June 2013 through in or about August 2016, in the Southern District of New York and elsewhere, RIENZI EDWARDS, MICHAEL JACOBS, RUBY HANDLER-JACOBS,

and F.K. HO, the defendants, and others known and unknown, unlawfully, willfully, and knowingly, did combine, conspire, confederate, and agree together and with each other to commit an offense against the United States, to wit, a violation of Title 18, United States Code, Section 912.

26. It was a part and an object of the conspiracy that RIENZI EDWARDS, MICHAEL JACOBS, RUBY HANDLER-JACOBS, and F.K. HO, the defendants, and others known and unknown, knowingly and willfully would and did falsely assume and pretend to be an officer and employee acting under the authority of the United States and a department, agency and officer thereof, and did act as such, and in such pretended character did demand and obtain money, papers, documents, and things of value.

Overt Acts

27. In furtherance of the conspiracy and to effect the illegal object thereof, the following overt acts, among others, were committed in the Southern District of New York and elsewhere:

a. In or about November 2013, RIENZI EDWARDS, MICHAEL JACOBS, and RUBY-HANDLER JACOBS, the defendants, met with a potential investor in the CUP at a hotel in Hong Kong, at which meeting EDWARDS and JACOBS pretended to be New York Fed representatives.

b. In or about August 2014, F.K. HO, the defendant, met with a potential investor in the CUP at a location in Manhattan, at which meeting HO pretended to be a New York Fed representative.

(Title 18, United States Code, Section 371.)

COUNT FOUR

(Impersonation of Employees of the United States)

The Grand Jury further charges:

28. The allegations set forth in paragraphs 1 through 18 and 27 of this Indictment are repeated and realleged as if fully set forth herein.

29. From at least in or about June 2013 through in or about August 2016, in the Southern District of New York and elsewhere, RIENZI EDWARDS, MICHAEL JACOBS, RUBY HANDLER-JACOBS, and F.K. HO, the defendants, knowingly and willfully falsely assumed and pretended to be officers and employees acting under the authority of the United States and a department, agency and officer thereof, and did act as such, and in such pretended character demanded and obtained money, papers, documents, and things of value, and aided and abetted the same, to wit, EDWARDS, JACOBS, and HO, with the assistance of HANDLER-JACOBS, pretended to be New York Fed officers and employees in order to convince investors to invest in the CUP scheme.

(Title 18, United States Code, Sections 912 and 2.)

COUNT FIVE
(Aggravated Identity Theft)

The Grand Jury further charges:

30. The allegations set forth in paragraphs 1 through 18 and 27 of this Indictment are repeated and realleged as if fully set forth herein.

31. From at least in or about June 2013 through in or about August 2016, in the Southern District of New York and elsewhere, RIENZI EDWARDS, MICHAEL JACOBS, RUBY HANDLER-JACOBS, F.K. HO, LAWRENCE LESTER, and RACHEL GENDREAU, the defendants, knowingly did transfer, possess, and use, without lawful authority, a means of identification of another person, during and in relation to a felony violation enumerated in Title 18, United States Code, Section 1028A(c), to wit, EDWARDS, JACOBS, HANDLER-JACOBS, HO, LESTER, and GENDREAU transferred, possessed and used, without lawful authority, a means of identification, including the name, of various New York Fed officials and employees in furtherance of the wire fraud conspiracy and wire fraud scheme charged in Counts One and Two of this Indictment, respectively.

(Title 18, United States Code, Sections 1028A(a)(1),
1028A(c)(5) and 2.)

COUNT SIX
(Money Laundering Conspiracy)

The Grand Jury further charges:

32. The allegations set forth in paragraphs 1 through 18 and 27 of this Indictment are repeated and realleged as if fully set forth herein.

33. From at least in or about June 2013 through in or about August 2016, in the Southern District of New York and elsewhere, RIENZI EDWARDS, MICHAEL JACOBS, and RUBY HANDLER-JACOBS, the defendants, and others known and unknown, knowingly did combine, conspire, confederate, and agree together and with each other to commit money laundering, in violation of Title 18, United States Code, Sections 1956(a)(1)(B)(i), 1956(a)(2)(B)(i), and 1957.

34. It was a part and an object of the conspiracy that RIENZI EDWARDS, MICHAEL JACOBS, and RUBY HANDLER-JACOBS, the defendants, and others known and unknown, knowing that the property involved in certain financial transactions represented proceeds of some form of unlawful activity, would and did conduct and attempt to conduct such financial transactions, which in fact involved the proceeds of specified unlawful activity as defined in Title 18, United States Code, Section 1956(c)(7), to wit, the proceeds of wire fraud and conspiracy to commit wire fraud, in violation of Title 18, United States Code,

Sections 1343 and 1349, knowing that the transactions were designed in whole and in part to conceal and disguise the nature, location, source, ownership, and control of these proceeds of specified unlawful activity, in violation of Title 18, United States Code, Section 1956(a)(1)(B)(i).

35. It was further a part and an object of the conspiracy that RIENZI EDWARDS, MICHAEL JACOBS, and RUBY HANDLER-JACOBS, 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, and to a place in the United States from and through a place outside the United States, knowing that the monetary instrument and funds involved in the transportation, transmission, and transfer represented the proceeds of some form of unlawful activity and knowing that such transportation, transmission, and transfer was designed in whole and in part to conceal and disguise the nature, location, source, ownership, and control of the proceeds of specified unlawful activity, to wit, wire fraud and conspiracy to commit wire fraud, in violation of Title 18, United States Code, Sections 1343 and 1349, all in violation of Title 18, United States Code, Section 1956(a)(2)(B)(i).

36. It was further a part and an object of the conspiracy that RIENZI EDWARDS, MICHAEL JACOBS, and RUBY HANDLER-JACOBS, the defendants, and others known and unknown, in an offense taking place in the United States, knowingly would and did engage in and attempt to engage in monetary transactions in criminally derived property that was of a value greater than \$10,000, such property having been derived from a specified unlawful activity, to wit, the proceeds of wire fraud and conspiracy to commit wire fraud, in violation of Title 18, United States Code, Sections 1343 and 1349, all in violation of Title 18, United States Code, Section 1957(a).

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

COUNT SEVEN
(Concealment Money Laundering)

The Grand Jury further charges:

37. The allegations set forth in paragraphs 1 through 18 and 27 of this Indictment are repeated and realleged as if fully set forth herein.

38. From at least in or about June 2013 through in or about August 2016, in the Southern District of New York and elsewhere, RIENZI EDWARDS, MICHAEL JACOBS, and RUBY HANDLER-JACOBS, the defendants, knowing that the property involved in certain financial transactions represented proceeds of some form of unlawful activity, conducted and attempted to conduct such

financial transactions, which in fact involved the proceeds of specified unlawful activity as defined in Title 18, United States Code, Section 1956(c)(7), to wit, the proceeds of wire fraud and conspiracy to commit wire fraud, in violation of Title 18, United States Code, Sections 1343 and 1349, knowing that the transactions were designed in whole and in part to conceal and disguise the nature, location, source, ownership, and control of these proceeds of specified unlawful activity, to wit, EDWARDS, JACOBS, and HANDLER-JACOBS caused proceeds of the CUP investment fraud scheme to be wire transferred from bank accounts in the United States to other bank accounts in the United States in order to conceal and disguise the nature, location, source, ownership, and control of the proceeds.

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

COUNT EIGHT

(Transportation Money Laundering)

The Grand Jury further charges:

39. The allegations set forth in paragraphs 1 through 18 and 27 of this Indictment are repeated and realleged as if fully set forth herein.

40. From at least in or about June 2013 through in or about August 2016, in the Southern District of New York and elsewhere, RIENZI EDWARDS, MICHAEL JACOBS, and RUBY HANDLER-JACOBS, the defendants, transported, transmitted, and

transferred, and attempted 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, and to a place in the United States from and through a place outside the United States, knowing that the monetary instrument and funds involved in the transportation, transmission, and transfer represented the proceeds of some form of unlawful activity and knowing that such transportation, transmission, and transfer was designed in whole and in part to conceal and disguise the nature, location, source, ownership, and control of the proceeds of specified unlawful activity, to wit, EDWARDS, JACOBS, and HANDLER-JACOBS caused proceeds of the CUP investment fraud scheme to be wire transferred from bank accounts in the United States to bank accounts outside of the United States in order to conceal and disguise the nature, location, source, ownership, and control of the proceeds.

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

COUNT NINE

(Money Laundering: Monetary Transactions in Unlawful Funds)

The Grand Jury further charges:

41. The allegations set forth in paragraphs 1 through 18 and 27 of this Indictment are repeated and realleged as if fully set forth herein.

42. From at least in or about June 2013 through in or about August 2016, in the Southern District of New York and elsewhere, RIENZI EDWARDS, MICHAEL JACOBS, and RUBY HANDLER-JACOBS, the defendants, in an offense taking place in the United States, knowingly engaged in and attempted to engage in monetary transactions in criminally derived property that was of a value greater than \$10,000, to wit, wire transfers and other transfers of funds in excess of \$10,000 from bank accounts in the United States, such property having been derived from a specified unlawful activity, to wit, wire fraud.

(Title 18, United States Code, Sections 1957(a) and 2).

FORFEITURE ALLEGATIONS

43. As a result of committing the wire fraud offenses alleged in Counts One and Two of this Indictment, RIENZI EDWARDS, MICHAEL JACOBS, RUBY HANDLER-JACOBS, F.K. HO, LAWRENCE LESTER, and RACHEL GENDREAU, the defendants, 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, any and all property, real and personal, that constitutes or is derived from proceeds traceable to the commission of such offenses.

44. As a result of committing the money laundering offenses alleged in Counts Six through Nine of this Indictment, RIENZI EDWARDS, MICHAEL JACOBS, and RUBY HANDLER-JACOBS, the

defendants, shall forfeit to the United States, pursuant to Title 18, United States Code, Section 982(a)(1), any and all property, real and personal, involved in the such offenses, and any property traceable to such property.

Substitute Asset Provision

45. 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 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 subdivided without difficulty;

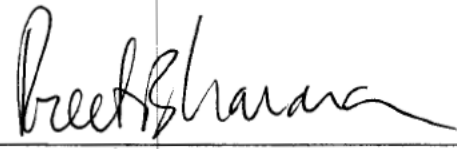
it is the intent of the United States, pursuant to Title 21, United States Code, Section 853(p), and Title 28, United States Code, Section 2461(c), to seek forfeiture of any other property

of the defendants up to the value of the above forfeitable property.

(Title 18, United States Code, Sections 981 and 982;
Title 21, United States Code, Sections 853; and
Title 28, United States Code, Section 2461.)



FOREPERSON


PREET BHARARA
United States Attorney
Southern District of New York

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

UNITED STATES OF AMERICA

- v. -

RIENZI EDWARDS,
MICHAEL JACOBS,
RUBY HANDLER-JACOBS,
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RACHEL GENDREAU,

Defendants.

SEALED INDICTMENT

16 Cr. _____

(18 U.S.C. §§ 2, 371, 912, 1028A,
1343, 1956, and 1957.)

PREET BHARARA

United States Attorney.

A TRUE BILL

[REDACTED]
[REDACTED] Foreperson.
[REDACTED]

12/6/16 - Filed Sealed Indictment
de Q/W issued
J. [Signature]
USDA