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U.S. DISTRICT COURT
CENTRAL DIST. OF CALIF.
LOS ANGELES

BY _____

UNITED STATES DISTRICT COURT
FOR THE CENTRAL DISTRICT OF CALIFORNIA

February 2010 Grand Jury

11 UNITED STATES OF AMERICA,)
12 Plaintiff,)
13 v.)
14 ROSI RAY,)
15 aka "Rose Ray,")
16 aka "Gloria Lujan,")
17 Defendant.)

SA CR No. **CR-10-00243**
I N D I C T M E N T
[18 U.S.C. § 1343: Wire Fraud; 18
U.S.C. § 2(b): Causing an Act to
be Done]

The Grand Jury charges:

COUNTS ONE THROUGH FIVE
[18 U.S.C. §§ 1343, 2(b)]

A. INTRODUCTION

At all times relevant to this Indictment:

1. Defendant ROSI RAY, also known as ("aka") "Rose Ray,"
aka "Gloria Lujan" ("RAY"), resided in Los Angeles and Orange
Counties, within the Central District of California.

2. The Fedwire Funds Service ("Fedwire") was a real-time

1 gross settlement funds transfer system operated by Federal
2 Reserve Banks that enabled financial institutions to transfer
3 funds electronically. All Fedwire fund transfers were routed
4 through servers in East Rutherford, New Jersey.

5 B. THE SCHEME TO DEFRAUD

6 3. Beginning in or about 2007, and continuing through at
7 least October 2009, in Los Angeles and Orange Counties, within
8 the Central District of California, and elsewhere, defendant RAY,
9 together with others known and unknown to the Grand Jury,
10 knowingly and with intent to defraud, devised, participated in,
11 and executed a scheme to defraud investors as to material
12 matters, and to obtain money and property from investors by means
13 of material false and fraudulent pretenses, representations, and
14 promises, and the concealment of material facts.

15 4. The fraudulent scheme operated, in substance, in the
16 following manner:

17 a. Defendant RAY solicited individuals, and caused
18 others to solicit individuals, to invest with her. The
19 solicitations were made in person and by phone.

20 b. Defendant RAY told existing and potential
21 investors, and caused them to be told, that their investments
22 with her would be used to purchase court-ordered monetary
23 settlement annuities from accident victims at a discount, which
24 settlement annuities would then be cashed in at a substantial
25 profit. In truth and in fact, as defendant RAY then well knew,
26 she did not purchase and did not intend to purchase such
27 settlement annuities at a discount or at all.

28 c. Defendant RAY told potential investors, and caused

1 them to be told, that their investments with her were guaranteed
2 to earn a substantial monthly return, anywhere from 10 to 200
3 percent over a period of two to twelve months, depending on the
4 investor. In truth and in fact, as defendant RAY then well knew,
5 the investments were not guaranteed to earn any return.

6 d. Defendant RAY told potential investors, and caused
7 them to be told, that if they invested their money with her, they
8 would receive profit payments derived from the purchase and
9 redemption of settlement annuities. In truth and in fact, none
10 of the investors received any profits from the purchase and
11 redemption of settlement annuities. Rather, the only payments
12 made to investors were drawn from their own investments or were
13 Ponzi payments drawn from the investments of others.

14 e. In addition to using investor funds to make
15 payments to investors and create a false illusion of
16 profitability, defendant RAY also used investor money to pay
17 personal expenses, fund her son's car racing career, and
18 subsidize a ladies handbag consignment business that she owned.

19 f. Beginning during the fall of 2008, in furtherance
20 of the scheme and to lull investors into believing their
21 investments were still safe, defendant RAY told investors, and
22 caused them to be told, in conference calls and by other means,
23 that defendant RAY was unable to pay back returns and principal
24 because, as part of the federal government's "bail out" of
25 American International Group, Inc. ("AIG"), there was a 120-day
26 moratorium on AIG paying out insurance settlements. In truth and
27 in fact, as defendant RAY then well knew, AIG had nothing to do
28 with defendant RAY's difficulties in paying her investors any

1 returns or principal payments.

2 g. Beginning during the fall of 2008, in furtherance
3 of the scheme and to lull investors into believing their
4 investments were still safe, defendant RAY told investors, and
5 caused them to be told, in conference calls and by other means,
6 that the only risk in their investments with defendant RAY was
7 that they would not get paid on time. In truth and in fact, as
8 defendant RAY then well knew, defendant RAY's investors were at
9 risk not only of not receiving returns and principal on time, but
10 of not receiving them at all.

11 5. In furtherance of the scheme to defraud, defendant RAY
12 knowingly concealed, and caused others known and unknown to the
13 Grand Jury to conceal, the following material facts, among
14 others:

15 a. Defendant RAY did not purchase and did not intend
16 to purchase settlement annuities at a discount or at all.

17 b. Investments with her were not guaranteed to earn
18 any return.

19 c. The only payments made to investors were drawn
20 from their own investments or the investments of others.

21 d. Investors were at risk of not receiving any
22 returns on their investment.

23 e. Defendant RAY was using investor money to fund her
24 son's car racing career, including by making payments to Race Pak
25 Data Systems, a race car data acquisition company; McKinney
26 Corporation, a race car chassis technology and component company;
27 and Racing Schools LLC.

28

1 f. Defendant RAY was using investor money to pay
 2 personal expenses and the expenses of a ladies handbag
 3 consignment business that she owned.

4 6. As part of the fraudulent scheme described above,
 5 defendant RAY caused approximately 180 investors to invest
 6 approximately \$10.9 million in defendant RAY's purported monetary
 7 settlement annuity business. Approximately half of the investors
 8 lost the majority of the money they invested with defendant RAY.

9 B. USE OF THE WIRES

10 7. On or about the following dates, within the Central
 11 District of California and elsewhere, defendant RAY, for the
 12 purpose of executing, and attempting to execute, the above-
 13 described scheme to defraud, transmitted, caused the transmission
 14 of, and aided and abetted the transmission of, the following
 15 items by means of wire and radio communication in interstate and
 16 foreign commerce:

17	<u>COUNT</u>	<u>DATE</u>	<u>ITEM WIRED</u>
18	ONE	08/27/08	Electronic transfer through Fedwire of \$50,000 from Bank of America in California to Washington Mutual Bank in California to fund victim S.C.'s investment with defendant RAY.
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20			
21	TWO	09/03/08	Electronic transfer through Fedwire of \$50,000 from Bank of America in California to Washington Mutual Bank in California to fund victim S.C.'s investment with defendant RAY.
22			
23			
24	THREE	09/17/08	Electronic transfer through Fedwire of \$6,000 from Wachovia Bank in California to Washington Mutual Bank in California as a purported profit payment to victim A.D. from defendant RAY.
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26			
27			
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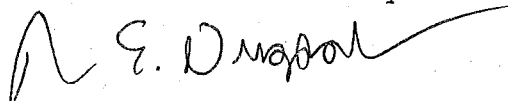
1 FOUR 11/26/08 Electronic transfer through Fedwire of
2 \$75,000 from Wells Fargo Bank in California
3 to Citibank in California to fund victim
4 W.C.'s investment with defendant RAY.

5 FIVE 08/06/09 Electronic transfer of \$48,827 from Banco
6 Davivienda, S.A. in Colombia, South America,
7 to Bank of America in California to fund
8 victim G.G.'s investment with defendant RAY.

9 A TRUE BILL

10 151
11 Foreperson

12 ANDRÉ BIROTTE JR.
13 United States Attorney



14 ROBERT E. DUGDALE
15 Assistant United States Attorney
16 Chief, Criminal Division

17 BEONG-SOO KIM
18 Assistant United States Attorney
19 Chief, Major Frauds Section

20 CONSUELO S. WOODHEAD
21 Assistant United States Attorney
22 Deputy Chief, Major Frauds Section

23 KERRY C. O'NEILL
24 Assistant United States Attorney
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