

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF TENNESSEE
at CHATTANOOGA

UNITED STATES OF AMERICA,)	
	:	
v.)	1:08-CR-95
	:	(Judge Collier/Carter)
LUIS HIRAM RIVAS)	
aka LOUIS R. RIVAS	:	
LUIS HIRAM RIVAS-MIRANDA)	
LOU ROGERS	:	
Defendant.)	
	:	

INDICTMENT

COUNTS ONE THROUGH FOUR
[WIRE FRAUD]
18 U.S.C. § 1343

THE GRAND JURY CHARGES THAT:

A. AT ALL TIMES MATERIAL HEREIN:

1. The defendant, LUIS HIRAM RIVAS, represented himself to be an experienced trader in foreign currency exchange.
2. The defendant operated through an endeavor he called “The Forex Project,” which was allegedly in the business of investing in “off market foreign currency exchange.”
3. The defendant’s primary operation was located in Chattanooga, Tennessee.
4. The defendant eventually opened “Trading Centers” in Knoxville, Tennessee, Tulsa, Oklahoma, Panama City, Florida, and Spartanburg, South Carolina.

4. The defendant maintained numerous bank accounts, including an account at InterbankFx, located in Salt Lake City, Utah, and Bank of America ("BOA"), in Chattanooga, Tennessee.

B. THE FRAUD:

Beginning as early as March 2007 and continuing until in or about at least May 2008, in the Eastern District of Tennessee and elsewhere, the defendant, LUIS HIRAM RIVAS and others to the Grand Jury known and unknown, did devise and intend to devise a scheme and artifice to defraud hundreds of individuals and to obtain money and property in the approximate amount of \$31 million by means of false and fraudulent pretenses, representations, and promises, and with reckless disregard for the truth of such pretenses, representations, and promises. The scheme and artifice to defraud and to obtain money so devised and intended to be devised by the defendants was in substance as follows:

1. It was a part of the scheme to defraud that the defendant would and did falsely represent himself to be a foreign currency trader with eight years of experience.

2. It was further a part of the scheme to defraud that the defendant would and did falsely represent that he had \$50 million in the bank in order to give himself and his scheme credibility with investors.

3. It was further a part of the scheme to defraud that the defendant would and did falsely represent to potential investors that he was earning 14% on earlier investments.

4. It was further a part of the scheme to defraud that the defendant would and did falsely represent to potential investors that he could guarantee an exorbitant

annual rate of return, varying from 36% to 96%, on investments.

5. It was further a part of the scheme to defraud that the defendant would and did sign promissory notes, well knowing that the representations in such notes were false.

6. It was further a part of the scheme to defraud that the defendant would and did pay early investors with investments made by later investors, rather than profits, in order to give the scheme the appearance of success and pacify early investors, in what is commonly known as a "Ponzi Scheme."

7. It was further a part of the scheme to defraud that the defendant would and did recruit investors to become his agents, known as "equity agents," for the purpose of recruiting additional investors.

8. It was further a part of the scheme to defraud that the defendant would and did make exorbitant payments of money and give gifts and bonuses to "equity agents" in order to motivate them to recruit others and to give the scheme the appearance of success.

9. It was further a part of the scheme to defraud that the defendant would and did misapply investor funds in order to purchase various personal items for himself and others, including such items as houses, cars, furs, jewelry, limousine service, clothing, home improvements and furnishings, hotel suites, and cash for "shopping sprees."

10. It was further a part of the scheme to defraud that the defendant would and did falsely deny when asked that he had a felony fraud conviction in order to pacify investors concerned that they had not received their promised returns.

C. THE EXECUTION:

The Grand Jury charges that on or about the below-listed dates in the Eastern District of Tennessee and elsewhere, the defendant, LUIS HIRAM RIVAS, did transmit by means of wire communication in interstate commerce certain writings, signs, signals and sounds for the purpose of executing the scheme and artifice to defraud described in Part B above:

<u>Count</u>	<u>Date</u>	<u>Interstate Wire Communication</u>
1	April 24, 2008	\$170,000 InterbankFX wire transfer to BOA
2	April 25, 2008	\$30,000 BOA wire transfer to Regions Bank, Birmingham, Alabama
3	April 25, 2008	\$25,000 BOA wire transfer to Silverton Bank, Atlanta, Georgia
4	May 7, 2008	\$670,000 InterbankFX wire transfer to BOA

All in violation of Title 18, United States Code, Section 1343.

COUNTS FIVE THROUGH NINE
[Promotion Money Laundering]
18 U.S.C. §1956(a)(1)(A)(i)

THE GRAND JURY FURTHER CHARGES THAT:

A. AT ALL TIMES MATERIAL HEREIN:

The Grand Jury realleges and incorporates by reference the allegations set forth in Parts A and B of Counts One through Four above.

B. THE MONEY LAUNDERING:

The Grand Jury further charges that on or about the below-listed in the Eastern District of Tennessee, the defendant, LUIS HIRAM RIVAS, did knowingly conduct and

attempt to conduct financial transactions affecting interstate commerce, which financial transactions involved the proceeds of specified unlawful activity, that is, wire fraud, in violation of Title 18, United States Code, Section 1343, with the intent to promote the carrying on of said specified unlawful activity, while knowing that the property involved in the financial transactions represented the proceeds of some form of unlawful activity:

<u>COUNT</u>	<u>DATE</u>	<u>FINANCIAL TRANSACTION</u>
5	12/04/2007	\$10,000 check (#1022)
6	12/15/2007	\$10,000 check (#1028)
7	12/30/2007	\$10,000 check (#1070)
8	12/28/2007	\$27,000 check (#1088)
9	01/03/2008	\$130,000 check (#1074)

All in violation of Title 18, United States Code, Sections 1956(a)(1)(A)(I).

COUNTS TEN THROUGH FOURTEEN
[Criminally Derived Monetary Transactions]
18 U.S.C. §1957(a)

THE GRAND JURY FURTHER CHARGES THAT:

A. AT ALL TIMES MATERIAL HEREIN:

The Grand Jury realleges and incorporates by reference the allegations set forth in Parts A and B of Counts One through Four above.

B. THE MONEY LAUNDERING:

The Grand Jury further charges that on or about the below-listed dates, in the Eastern District of Tennessee and elsewhere, the defendant, LUIS HIRAM RIVAS, knowingly did engage and attempt to engage in monetary transactions in criminally

derived property of a value greater than \$10,000, affecting interstate commerce, which in fact were derived from specified unlawful activity, that is, wire fraud:

Count	Date	Monetary Transaction
10	11/08/07	\$163,000 check (#11061742) to Land Rover of Chattanooga
11	11/23/07	\$101,648.50 check (#1007) to BMW Chattanooga
12	11/24/07	\$101,648.50 check (#1010) to BMW Chattanooga
13	1/10/08	\$114,686.99 check (#1078) to Jaguar of Chattanooga
14	1/11/08	\$69,972.31 check (#1082) to BMW Chattanooga

All in violation of Title 18, United States Code, Section 1957(a).

COUNTS FIFTEEN THROUGH NINETEEN
[Bankruptcy Fraud]
18 U.S.C. § 152(7)

The Grand Jury further charges that on or about the below-listed dates, in the Eastern District of Tennessee, the defendant, LUIS HIRAM RIVAS, did in his personal capacity , in contemplation of a case under title 11 against himself, that is, an involuntary petition filed on May 15, 2008, by three of the victims of the wire fraud described in Counts One through Four above, and with the intent to defeat the provisions of title 11, knowingly and fraudulently transferred and concealed property, as set forth below:

COUNT	DATE	CONCEALED AND TRANSFERRED AMOUNT
15	May 19, 2008	\$50,000
16	May 19, 2008	\$10,000
17	May 19, 2008	\$225,000
18	May 20, 2008	\$5,000

19

May 20, 2008

\$150,000

All in violation of Title 18, United States Code, Section 152(7).

A TRUE BILL:

/s/Grand Jury Foreperson
GRAND JURY FOREPERSON

JAMES R. DEDRICK
UNITED STATES ATTORNEY

By: /s/Gary S. Humble
Gary S. Humble
Assistant U.S. Attorney