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UNITED STATES DISTRICT COURT
FOR THE CENTRAL DISTRICT OF CALIFORNIA

UNITED STATES OF AMERICA,)	No. CR 05-_____
)	
Plaintiff,)	<u>I N F O R M A T I O N</u>
)	
v.)	[18 U.S.C. § 1343: Wire Fraud;
)	18 U.S.C. § 2: Aiding and
SUSAN KHENG-LOK,)	Abetting and Causing an Act to
aka Susan Lok,)	be Done]
)	
Defendant.)	
)	
)	
)	
)	

The United States Attorney charges:

COUNTS ONE THROUGH FOUR

[18 U.S.C §§ 1343, 2]

[WIRE FRAUD]

A. INTRODUCTION

1. Except as stated below, at all times relevant to this Information:

a. From approximately 1995 through 2003, defendant SUSAN KHENG-LOK agreed to act and acted as an international currency trader for a company called Tradex, Ltd. ("Tradex").

1 During this time period, defendant SUSAN KHENG-LOK purported to
2 trade currencies in the international currency market from her
3 residence at 1265 Indian Springs Drive in Glendora, California,
4 within the Central District of California.

5 b. Tradex was a company originally incorporated in
6 1995 in Nassau, Bahamas. Tradex purported to offer its clients
7 investments in the foreign currency market.

8 c. Trading in foreign currency refers to the practice
9 of investing in a contractual right to purchase or sell a certain
10 amount of foreign currency within a limited time period at a
11 specified price. If an investor buys foreign currency with U.S.
12 dollars and then sells the foreign currency after it rises in
13 value compared to the dollar, then the investor will realize a
14 profit from the foreign currency trade. Generally, investors
15 trade foreign currencies through brokers who have traders that
16 buy and sell foreign currency contracts.

17 d. Defendant SUSAN KHENG-LOK and others represented
18 that the principal activity of Tradex was investing and trading
19 in the foreign currency exchange market. Tradex solicited money
20 from investors, promising investors, among other things, that
21 their money would be traded in the foreign currency market within
22 five days of Tradex's receipt of the money. Tradex portrayed
23 itself as a successful investment firm in the foreign currency
24 market with assets in excess of \$129 million. In reality, Tradex
25 was a sham operated by defendant SUSAN KHENG-LOK and others as a
26 means to defraud approximately 500 investors out of over \$33
27 million.

1 B. THE FRAUDULENT SCHEME

2 2. Beginning in or about 1995 and continuing until at least
3 March 2003, in Los Angeles County, within the Central District of
4 California, and elsewhere, defendant SUSAN KHENG-LOK, together
5 with others known and unknown to the United States Attorney,
6 knowingly and with intent to defraud, devised, participated in,
7 and executed a scheme to defraud more than five hundred investors
8 in the United States, Canada, and elsewhere, including the
9 Central District of California, out of more than \$33 million
10 through the operation of a fraudulent currency trading operation,
11 and to obtain money and property from such investors by means of
12 material false and fraudulent pretenses, representations, and
13 promises, and the concealment of material facts.

14 3. The fraudulent scheme was carried out by defendant
15 SUSAN KHENG-LOK, together with others known and unknown to the
16 United States Attorney, in the following manner:

17 a. In 1995, defendant SUSAN KHENG-LOK opened and
18 caused to be opened a bank account at United Overseas Bank
19 ("UOB") in Singapore, which was to be used for Tradex foreign
20 currency trading.

21 b. Defendant SUSAN KHENG-LOK, together with others
22 known and unknown to the United States Attorney, represented to
23 investors and potential investors that all of the investors'
24 funds delivered to Tradex would be used only for foreign currency
25 trading, and that such funds would be invested in foreign
26 currency within five days of receipt by Tradex.

27 c. As defendant SUSAN KHENG-LOK well knew, the
28 majority of the investor funds delivered to Tradex were not

1 deposited into Tradex's UOB account, or otherwise traded in
2 foreign currency. Instead, defendant SUSAN KHENG-LOK, and others
3 known and unknown to the United States Attorney, misappropriated
4 the investors' money, and used investors' money to pay other
5 investors who demanded payment on their investments.

6 d. To cover up the misappropriation of funds and to
7 deceive Tradex investors, defendant SUSAN KHENG-LOK, acting with
8 intent to defraud, created what she knew were fictitious account
9 statements for the Tradex currency trading fund at the UOB.

10 These statements indicated that all of the investor funds
11 deposited into Tradex's UOB account were being traded profitably
12 on the international foreign currency market, and that the Tradex
13 currency trading fund had substantial assets. The fictitious
14 account statements defendant SUSAN KHENG-LOK created included:

15 (1) A May 31, 1999, statement indicating that the
16 Tradex currency trading fund contained approximately \$14 million.
17 In fact, the fund at the time contained only approximately \$1
18 million.

19 (2) A December 31, 2000, statement indicating
20 that the Tradex currency trading fund contained approximately \$38
21 million. In fact, the fund at the time contained only
22 approximately \$4 million.

23 (3) A June 30, 2002, statement indicating that
24 the Tradex currency trading fund contained approximately \$96
25 million. In fact, the fund at the time contained only
26 approximately \$2 million.

27 (4) A February 28, 2003, statement indicating
28 that the Tradex currency trading fund contained approximately

1 \$129 million. In fact, the fund at the time contained only
2 approximately \$24,000.

3 e. Defendant SUSAN KHENG-LOK forwarded these
4 statements to Tradex knowing and intending that Tradex staff
5 would use these statements to create or cause to be created new
6 fictitious account statements specific to each individual
7 investor. Tradex staff then forwarded the fictitious account
8 statements to the investors, causing the investors to believe
9 that their money was being profitably invested, and that Tradex
10 was successful.

11 f. Defendant SUSAN KHENG-LOK knew and intended that
12 the false representations in her fictitious account statements
13 about the success and size of the Tradex currency trading fund
14 would be communicated to investors, and would be used to solicit
15 new investors to invest in Tradex, and to encourage existing
16 investors to continue to invest in Tradex.

17 4. It was a further part of the fraudulent scheme that
18 defendant SUSAN KHENG-LOK, together with others known and unknown
19 to the United States Attorney, would conceal from Tradex
20 investors:

21 a. That the majority of funds that investors provided
22 to Tradex were not transmitted to any trading account and were
23 not used for the trading of foreign currency. Instead, a
24 substantial portion of investors' funds was misappropriated by
25 defendant SUSAN KHENG-LOK and others, and also was used to pay
26 other investors who demanded payment on their investments.

27 b. That the monthly statements, trade confirmations,
28 and other information provided to investors regarding purported

1 trades and holdings on their behalf did not, in fact, represent
2 actual overseas trades or holdings in foreign currency by Tradex.

3 5. As a result of the fraudulent scheme, approximately 500
4 investors throughout the United States, Canada, and elsewhere
5 invested more than \$33 million with Tradex.

6 C. EXECUTION OF THE SCHEME TO DEFRAUD

7 6. On or about the following dates, within the Central
8 District of California and elsewhere, defendant SUSAN KHENG-LOK,
9 for the purpose of executing the above-described scheme to
10 defraud, caused the following transmissions by means of wire
11 communication in interstate and foreign commerce:

12 ///

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COUNT	DATE	INTERSTATE TRANSMISSION
ONE	10/17/01	Wire transfer of \$10,010 from the account of investor Karen Muccino at Merrill Lynch in Seal Beach, California, to the Tradex account at Banc Caribe in Roseau, Dominica
TWO	01/25/02	Wire transfer of \$10,010 from the account of investor Karen Muccino at Merrill Lynch in Seal Beach, California, to the Tradex account at Banc Caribe in Roseau, Dominica
THREE	03/25/02	Wire transfer of \$900,000 from the account of investor Joseph Fryzer at First Regional Bank in Santa Monica, California, to the Tradex account at Banc Caribe in Roseau, Dominica
FOUR	07/22/02	Wire transfer of \$20,000 from the account of investor Frank Niesner at United California Bank in Los Angeles, California, to the Tradex account at Banc Caribe in Roseau, Dominica

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