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UNITED STATES DISTRICT COURT  
FOR THE CENTRAL DISTRICT OF CALIFORNIA  
SOUTHERN DIVISION  
September 2009 Grand Jury

UNITED STATES OF AMERICA, ) SA CR 10-  
)  
Plaintiff, ) I N D I C T M E N T  
)  
v. ) [18 U.S.C. § 1343: Wire Fraud;  
) 18 U.S.C. § 2: Aiding and  
EUIRANG HWANG and ) Abetting]  
SANG YI, )  
)  
Defendants. )  
)  
)  
\_\_\_\_\_ )

The Grand Jury charges:

COUNTS ONE THROUGH FOUR  
[18 U.S.C. § 1343; 18 U.S.C. § 2]

I. INTRODUCTION

At all times relevant to this Indictment:

1. Defendant EUIRANG HWANG ("HWANG") was the founder and Chairman of Pinupito Inc. ("Pinupito"), a purported investment firm that operated in Orange County, California.

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1           2.     Defendant SANG YI ("YI") was the President and  
2 Secretary of Pinupito and exercised control over Pinupito's  
3 finances and bank accounts.

4     II.   THE SCHEME TO DEFRAUD

5           3.     Beginning on an unknown date but at least as early as  
6 in or around 2006 and continuing through on or about February  
7 24, 2009 in Orange County, within the Central District of  
8 California, and elsewhere, defendants HWANG and YI, aiding and  
9 abetting each other, together with others known and unknown to  
10 the Grand Jury, knowingly and with the intent to defraud,  
11 devised, participated in, and executed a scheme to defraud  
12 investors as to material matters, and to obtain money from  
13 investors by means of materially false and fraudulent pretenses,  
14 representations, and promises, and the non-disclosure and  
15 concealment of material facts.

16          4.     The fraudulent scheme was carried out by defendants  
17 HWANG and YI in the following manner:

18           (a) Defendants HWANG and YI, together with others  
19 known and unknown, solicited investors to invest money in  
20 Pinupito.

21           (b) Defendants HWANG and YI told investors that  
22 Pinupito was a profitable business and that their money would be  
23 used to further an already profitable business.

24           (c) Defendants HWANG and YI promised investors a share  
25 of Pinupito's profits, which amounted to an annual return of 24%  
26 to 45% on their investment.

27           (d) Relying on these representations, over 60  
28 investors invested approximately \$8,000,000 in Pinupito.

1 (e) Contrary to their representations to investors,  
2 defendants HWANG and YI did not use the investors' money to  
3 further an already profitable business. Defendants HWANG and YI  
4 caused investor money to be wired to a family member in Korea  
5 and used the money to pay, among other things, luxury car  
6 leases, personal expenses, and returns to existing investors.

7 5. In order to execute the scheme, defendants HWANG and  
8 YI, aiding and abetting each other, made and caused to be made  
9 false statements and false promises to investors, including,  
10 without limitation, the following:

11 (a) Pinupito's Chairman is a billionaire and  
12 successful businessman who owns 60 companies and has 2,000  
13 employees in Korea, Japan, and China.

14 (b) Pinupito is a profitable company that owns  
15 businesses in Korea, real estate, and a company that leases  
16 computer and office equipment.

17 (c) Pinupito makes money buying smaller companies in  
18 Korea, growing them, and selling them for a large profit.

19 (d) Pinupito's monthly payments to investors are  
20 profits from its businesses in Korea and its leasing company.

21 6. At the time defendants HWANG and YI, aiding and  
22 abetting each other, made the false statements and false  
23 promises, and caused them to be made, defendants HWANG and YI  
24 knew that such statements and promises were false, in that:

25 (a) Defendant HWANG was not a billionaire and did not  
26 own 60 companies and have 2,000 employees in Korea, Japan, and  
27 China.

28 (b) Pinupito was never profitable and did

1 not own businesses in Korea, real estate, and a leasing company.

2 (c) Pinupito did not make money buying smaller  
3 companies in Korea, growing them, and selling them for a large  
4 profit.

5 (d) Pinupito's monthly payments to investors were paid  
6 using investor funds and not from Pinupito's business profits.

7 7. By devising, executing, and participating in the  
8 scheme, defendants HWANG and YI, aiding and abetting each other,  
9 caused approximately 60 investors to lose over \$6,000,000.

10 III. THE USE OF THE WIRES

11 8. On or about the dates set forth below, within the  
12 Central District of California and elsewhere, defendants HWANG  
13 and YI, aiding and abetting each other, for the purpose of  
14 executing the above-described scheme to defraud, transmitted,  
15 and willfully caused the transmission of the following items by  
16 means of wire communication in interstate commerce:

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<u>COUNT</u>	<u>DATE</u>	<u>ITEM WIRED</u>
ONE	9/4/07	A payment of \$69,983 from M.L.'s Hamni Bank account in Los Angeles, California to Pinupito's Bank of America account in New York, NY
TWO	1/4/08	A payment of \$50,000 from D.L. & J.L.'s Banco Popular account in Melrose Park, Illinois to Pinupito's Bank of America account in New York, NY
THREE	2/7/08	A payment of \$250,000 from H.K.'s Hamni Bank account in Los Angeles, California to Pinupito's Bank of America account in New York, NY

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FOUR	5/8/08	A payment of \$100,000 from S.L.'s Uniti Bank account in Buena Park, California to Pinupito's Bank of America account in New York, NY
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5 A TRUE BILL

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8 Foreperson

9 GEORGE S. CARDONA  
Acting United States Attorney

10 CHRISTINE C. EWELL  
11 Assistant United States Attorney  
Chief, Criminal Division

12  
13 ROBB C. ADKINS  
14 Assistant United States Attorney  
Chief, Santa Ana Branch Office

15  
16 JOSEPH T. MCNALLY  
Assistant United States Attorney