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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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UNITED STATES OF AMERICA	:	
	:	<u>VERIFIED COMPLAINT</u>
-v.-	:	<u>FOR FORFEITURE</u>
\$2,000,000 IN UNITED STATES CURRENCY,	:	
	:	18 Civ.
Defendant- <i>in-rem</i> .	:	
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Plaintiff United States of America, by its attorney Geoffrey S. Berman, United States Attorney for the Southern District of New York, for its verified complaint, alleges, upon information and belief, as follows:		

I. JURISDICTION AND VENUE

1. This action is brought pursuant to Title 18, United States Code, Section 981 by the United States of America seeking the forfeiture of \$2,000,000 in United States currency (the "Defendant Funds" or the "Defendant-*in-rem*").

2. This Court has jurisdiction pursuant to Title 28, United States Code, Section 1355.

3. Venue is proper under Title 28, United States Code, Section 1355(b)(1)(A) because certain actions and omissions giving rise to forfeiture took place in the Southern District of New York and pursuant to Title 28, United States Code, Section 1395 because the Defendant Funds have been transferred to the Southern District of New York.

4. The Defendant Funds constitute property involved in money laundering and proceeds of wire fraud, and are thus subject to forfeiture to the United States pursuant to Title 18, United States Code, Section 981(a)(1)(A) and (a)(1)(C).

5. Upon entry of a final order forfeiting the Defendant Funds to the United States, the Government intends to recommend that the Defendant Funds be distributed to victims of the payday lending scheme perpetrated by Scott Tucker (“Tucker”), consistent with the applicable Department of Justice regulations, through the ongoing remission process. *See* 18 U.S.C. § 981(e)(6) and 28 C.F.R. Part 9.

II. BACKGROUND

6. From in or about the late 1990s through in or about 2013, through various companies that he owned and controlled (the “Tucker Payday Lenders”), Tucker extended short-term, high-interest, unsecured loans, commonly referred to as “payday loans,” to individuals in New York and around the country at interest rates as high as 700 percent or more and in violation of the usury laws of numerous states, including New York.

7. In order to induce customers to obtain the loans and to make payments on the loans exceeding the amounts allowed by law and the amounts which the customers were told they were required to pay, Tucker made material misrepresentations concerning the true cost of the payday loans offered by the Tucker Payday Lenders and the identity of the lender offering the loans.

8. Tucker sought to evade applicable laws by entering into a series of sham relationships with certain Native American tribes (the “Tribes”), including the Modoc Tribe of Oklahoma (the “Modoc”), in which he assigned nominal ownership of his payday lending companies to certain corporations created under the laws of the Tribes in order to conceal his ownership and control of the Tucker Payday Lenders and gain the protection of tribal sovereign immunity—a legal doctrine that generally prevents states from enforcing their laws against Native American tribes.

9. From in or about 2004 until at least in or about 2013, representatives of the Modoc entered into business agreements concerning payday lending with Tucker and various entities controlled by Tucker. Under these agreements, Tucker and entities controlled by Tucker, and not the Modoc, provided the capital to make loans, and the Modoc and its entities were not responsible for any losses. Neither the

Modoc, nor any entity that it controlled, established or paid to acquire any part of Tucker's payday lending business. Tucker and others based in Overland Park, Kansas, and not the Modoc, managed operations and created the loan approval criteria. All essential steps necessary for the approval of loans were performed in Overland Park, under the direction of Tucker and individuals ultimately reporting to Tucker. Tucker, and others reporting to Tucker, controlled the collection of interest and principal on the loans and the profits earned from the lending activity.

10. Tucker, and others reporting to Tucker, using powers of attorney, opened or caused to be opened certain bank accounts in the names of an entity controlled by the Modoc. Neither the Modoc nor any entity that it controlled exercised control over these accounts.

11. In return for making monthly payments to the Modoc, Tucker used his agreements with the Modoc to evade state usury laws by claiming that the Tribe's sovereign immunity applied to portions of his payday lending business.

12. In state court litigation concerning Tucker's payday lending business, a representative of the Modoc, who was also an officer of the entity controlled by the Modoc that was involved in the loan business, submitted affidavits. These affidavits were false, in part, because they overstated the involvement of the representatives and the Modoc and the Modoc and the entity controlled by the Modoc in the operations of the loan business.

13. On October 13, 2017, Tucker and his attorney, Timothy Muir, were convicted, following a jury trial, in the United District Court for the Southern District of New York of, among other things, wire fraud and money laundering, in violation of Title 18, United States Code, Sections 1343 and 1956, for their roles in perpetrating the massive payday lending scheme.

III. THE DEFENDANT-IN-REM

14. On or about May 4, 2018, the entity controlled by the Modoc that was involved in the loan business (the "Entity") entered into a Non-Prosecution Agreement (the "NPA") with the United States with respect to its conduct relating to the payday lending scheme. Under the NPA, the Entity

agreed to forfeit \$2,000,000 in United States currency to the Government representing the proceeds of and money involved in the payday lending scheme described above. Pursuant to the NPA, the Entity transferred the Defendant Funds to the United States in the Southern District of New York as a substitute *res* for the proceeds of and money involved in the scheme. The Entity agreed that the Defendant Funds are subject to civil forfeiture to the United States pursuant to 18 U.S.C. § 981(a)(1)(A) and (a)(1)(C).

15. The NPA and the accompanying Statement of Facts are attached hereto as Exhibit1.

IV. CLAIM FOR FORFEITURE

16. Incorporated herein are the allegations contained in paragraphs one through fifteen of this Verified Complaint.

17. Title 18, United States Code, Section 981(a)(1)(C) subjects to forfeiture “[a]ny property, real or personal, which constitutes or is derived from proceeds traceable to . . . any offense constituting ‘specific unlawful activity’ (as defined in section 1956(c)(7) of this title), or a conspiracy to commit such offense.”

18. “Specified unlawful activity” is defined in Title 18, United States Code, Section 1956(c)(7), and the term includes, among other things, any offense listed under Title 18, United States Code, Section 1961(1). Section 1961(1) lists, among other things, wire fraud (Section 1343).

19. Title 18, United States Code, Section 981(a)(1)(A) subjects to forfeiture “[a]ny property, real or personal, involved in a transaction or attempted transaction in violation of section 1956, 1957 or 1960 of this title, or any property traceable to such property.”

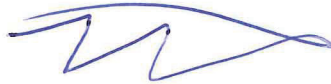
20. By reason of the foregoing, the Defendant Funds are subject to forfeiture to the United States of America pursuant to Title 18, United States Code, Section 981(a)(1)(A) and (a)(1)(C), because the Defendant Funds constitute proceeds of wire fraud, in violation of Title 18, United States Code, Section 1343, and property involved in money laundering, in violation of Title 18, United States Code, Section 1956.

WHEREFORE, plaintiff United States of America prays that process issue to enforce the forfeiture of the Defendant-*in-rem* and that all persons having an interest in the Defendant-*in-rem* be cited to appear and show cause why the forfeiture should not be decreed, and that this Court decree forfeiture of the Defendant-*in-rem* to the United States of America for disposition according to law, and that this Court grant plaintiff such further relief as this Court may deem just and proper, together with the costs and disbursements of this action.

Dated: New York, New York
June 26, 2018

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