



# Department of Justice

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DISTRICT OF NEVADA

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## **FORMER ENERGY DRINK COMPANY OWNER CONVICTED OF TAX CHARGES**

**LAS VEGAS** - - The former CEO of a Nevada sports energy drink company, Xyience, Inc., was convicted today of tax evasion charges following a one-week bench trial before U.S. District Judge James C. Mahan, announced Daniel G. Bogden, United States Attorney for the District of Nevada and John A. DiCicco, Principal Deputy Assistant Attorney General of the U.S. Department of Justice Tax Division.

Russell Pike, age 50, of Las Vegas, was convicted of one count of tax evasion for 2006 in which he evaded taxes due on over \$7.9 million of income.

Pike founded Xyience, Inc., which manufactured, marketed and sold sports energy drinks, most notably, Xenergy, which was sold in over 45,000 stores throughout the United States. Upon the inception of Xyience in 2004, Pike received at least 12 million shares of Xyience stock. During 2006, Pike sold over 4.4 million shares of his Xyience stock for approximately \$7.9 million, which included a sale in November 2006 of over three million shares to an investor for \$5 million. In early 2007, Pike requested that the investor change the date of the stock purchase agreement from 2006 to 2007, so that Pike could avoid paying taxes for 2006.

During 2006, Pike expended millions of dollars to sustain his lavish lifestyle, drive luxury cars and bet millions of dollars at local sports books. Furthermore, Pike made payments on a 2005 Lexus SUV and 2005 Land Rover that were held in the name of a nominee. Also in 2006, he used a nominee to purchase a 2007 Mercedes Benz SL55 AMG for \$151,614.

Pike is scheduled to be sentenced on July 2, 2012, at 10:00 a.m. and faces up to five years in prison and a \$250,000 fine. Pike has four prior felony convictions, including two in the District of Nevada for bank fraud and money laundering.

The case was investigated by Internal Revenue Service Criminal Investigation and is being prosecuted by Assistant United States Attorneys Nicholas D. Dickinson and Timothy S. Vasquez and U.S. Department of Justice Trial Attorney Kimberly Shartar of the Tax Division.

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