

UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

UNITED STATES OF AMERICA :
 : Criminal No. 09- (JBS)
 v. :
 : 18 U.S.C. § 371
 GARY L. BROWN :
 :

I N F O R M A T I O N

The defendant having waived in open court prosecution by indictment and any objection based upon the statute of limitations, the United States Attorney for the District of New Jersey charges:

At all times relevant to this Information:

The Defendant, Co-conspirators, and Subject Stock

1. Defendant GARY L. BROWN, a resident of Florida and a former stockbroker, was Chief Executive Officer of Skylynx Communications, Inc. ("Skylynx").

2. Skylynx was a Delaware corporation formerly known as Starcom Wireless Networks, Inc., and Basic Technology, Inc. and was purportedly engaged in the business of developing wireless communications.

3. The stock of Skylynx was publicly traded on the Over the Counter Electronic Bulletin Board System under the symbol SKYC.

4. Defendant GARY L. BROWN owned millions of shares of Skylynx stock.

5. Co-conspirator Joseph F. Morgan, a resident of Florida and former certified public accountant, performed capital raising activities for Skylynx.

6. Co-conspirator Edward McPhee, a resident of Florida, was employed as a broker at Sterling Financial Investment Group Ltd., and held Series 7, 63, and 24 licenses from the entity formerly known as the National Association of Securities Dealers, now the Financial Industry Regulatory Authority.

The Conspiracy

7. From at least as early as in or about May 2002 to at least on or about October 16, 2005, in the District of New Jersey and elsewhere, defendant

GARY L. BROWN

did knowingly and willfully combine, conspire, confederate and agree with Joseph F. Morgan, Edward McPhee, and with others, to commit certain offenses against the United States, namely: (a) securities fraud, contrary to Title 15, United States Code, Sections 78j(b) and 78ff(a), and Title 17, Code of Federal Regulations, Section 240.10b-5; (b) wire fraud, contrary to Title 18, United States Code, Section 1343; and (c) money laundering, contrary to Title 18, United States Code, Section 1957.

The Means and Methods of the Conspiracy

8. Among the means and methods employed by defendant GARY

L. BROWN and his coconspirators to carry out the conspiracy were the following:

a. acquiring ownership and control of a substantial number of Skylynx stock shares, without disclosing this ownership and control to the public;

b. paying, and causing to be paid, substantial undisclosed compensation, in the form of cash, free-trading Skylynx stock, and restricted Skylynx stock to securities brokers for purchasing Skylynx in their retail customers' accounts;

c. pre-arranging multiple sales of Skylynx stock shares for market support and to raise capital for Skylynx;

d. agreeing to promote Skylynx stock in exchange for free-trading Skylynx stock shares;

e. using co-conspirator Joseph F. Morgan's network of promoters, brokers, and private investors to buy Skylynx stock shares for market support and to otherwise artificially inflate the price of Skylynx stock; and

f. causing false and fraudulent consulting agreements to be issued which were designed to and did allow the conspirators to receive free-trading Skylynx shares which they could later sell for substantial profit and to artificially inflate the price of Skylynx stock.

Overt Acts

9. In furtherance of the conspiracy and to effect its

object, defendant GARY L. BROWN and his co-conspirators committed the following overt acts:

a. In or about the Spring of 2002, defendant GARY L. BROWN met with co-conspirators Joseph F. Morgan and Edward McPhee and others at a hotel in St. Petersburg, Florida, and discussed, among other things, retail support for Skylynx stock to keep the stock price up.

b. In an email communication to defendant GARY L. BROWN on or about July 29, 2003, co-conspirator Joseph F. Morgan assured defendant BROWN that co-conspirator Edward McPhee would provide market support for Skylynx and maintain the price of Skylynx stock.

c. On or about July 2, 2003, defendant GARY L. BROWN caused 100,000 shares of Skylynx stock to be issued to co-conspirator Edward McPhee's nominee as a kickback for McPhee's role in manipulating the market for Skylynx stock.

d. During an interstate telephone call on or about August 11, 2003, co-conspirator Joseph F. Morgan discussed how the conspirators intended to manipulate the price of Skylynx stock illegally.

e. During an interstate telephone call on or about October 15, 2003 with an individual in New Jersey, in which co-conspirators Edward McPhee and Joseph F. Morgan were participants, Morgan explained that he and defendant GARY L.

BROWN controlled Skylynx, and McPhee discussed how to artificially inflate and maintain the stock price.

f. During an interstate telephone call with a cooperating witness on or about October 17, 2003, co-conspirator Joseph F. Morgan explained how he secretly acquired Skylynx stock through a nominee.

g. On or about November 4, 2003, defendant GARY L. BROWN and co-conspirator Joseph F. Morgan caused a bogus consulting agreement to be issued pursuant to which Skylynx would issue free-trading stock to a co-conspirator broker's nominee as a kickback for that co-conspirator's role in brokering Skylynx stock as part of the manipulation scheme.

h. During an interstate telephone call with a cooperating witness on or about November 10, 2003, defendant GARY L. BROWN and co-conspirator Joseph F. Morgan discussed preparing a bogus consulting agreement in order to place 250,000 free-trading Skylynx shares into the hands of an insider in return for the insider raising \$500,000 for Skylynx. Defendant BROWN admitted that he understood that free-trading stock could not be issued for fund-raising activity.

i. On or about November 13, 2003, defendant GARY L. BROWN attended a meeting in Florida with co-conspirator Joseph F. Morgan, in which co-conspirator Edward McPhee and others participated either in person or via telephone, at which the

conspirators discussed how to artificially inflate and maintain the stock price, and the need for an insider to be willing to sell Skylynx stock at Morgan's direction for market support.

j. During an interstate telephone call on or about November 19, 2003, co-conspirator Joseph F. Morgan discussed the fact that an insider had sold off Skylynx stock and drove the price per share down, and further stated the conspirators' intentions to manipulate the Skylynx stock price upward.

k. In or about December 2003, defendant GARY L. BROWN and co-conspirator Joseph F. Morgan caused a bogus consulting agreement to be issued pursuant to which Skylynx would issue 300,000 free-trading Skylynx shares when in fact no consulting services had been performed and, in reality, the free-trading shares were to be issued in exchange for a capital contribution.

l. On or about December 11, 2003, defendant GARY L. BROWN and co-conspirator Joseph F. Morgan caused \$20,000 to be wire-transferred to a Starcom Wireless account at Sun Trust Bank, Sarasota, Florida.

m. On or about December 15, 2003, defendant GARY L. BROWN wrote an interstate e-mail communication regarding the amount of Skylynx shares to be issued under the bogus consulting agreement referenced in paragraph 9.k.

n. During an interstate telephone call on or about December 17, 2003, defendant GARY L. BROWN and co-conspirator

Joseph F. Morgan asked for bid support to assist in the manipulation of Skylynx stock.

o. During an interstate telephone call on or about January 5, 2004, defendant GARY L. BROWN discussed the bogus consulting agreement referenced in paragraph 9.k., and the conspirators' plan to issue free-trading and restricted Skylynx shares.

p. During an interstate telephone call on or about January 6, 2004, defendant GARY L. BROWN and co-conspirator Joseph F. Morgan discussed the bogus consulting agreement referenced in paragraph 9.k., and distributing free-trading Skylynx stock pursuant to the bogus consulting agreement. Defendant BROWN stated that "part of the problem is we're doing something illegal and trying to make it legal."

q. On or about January 22, 2004, defendant GARY L. BROWN caused 225,000 Skylynx shares to be issued in a nominee's name.

r. During an interstate telephone call on or about February 2, 2004, co-conspirator Joseph F. Morgan discussed the conspirators' intentions to manipulate the price of Skylynx stock upward.

s. On or about February 20, 2004, defendant GARY L. BROWN and co-conspirator Joseph F. Morgan caused \$20,000 to be wire-transferred to an account at Sun Trust Bank, Sarasota,

Florida in the name of Starcom Wireless, d/b/a Skylynx Communications.

t. On or about March 24, 2004, in a conversation with a cooperating witness, defendant GARY L. BROWN stated that co-conspirator Edward McPhee "has been buying."

u. In or about October 2004, co-conspirator Edward McPhee caused Skylynx stock held in a nominee's name to be sold at a profit.

v. During an interstate telephone call on or about June 10, 2005, defendant GARY L. BROWN offered a kickback payment in the form of 250,000 Skylynx shares to an individual brokering a deal in which the individual's business associate would purchase Skylynx stock in a private placement.

In violation of Title 18, United States Code, Section 371.

FORFEITURE ALLEGATION

As the result of committing the offense in violation of Title 18, United States Code, Section 371 alleged in this Information, defendant GARY L. BROWN shall forfeit to the United States pursuant to 18 U.S.C. § 981(a)(1)(C) and 28 U.S.C. § 2461, all property, real and personal, that constitutes or is derived from proceeds traceable to the commission of the offense, including but not limited to the following: a sum of money equal to \$ 651,750.90 in United States currency, representing the amount of proceeds obtained as a result of the offense, in violation of Title 18, United States Code, Section 371 for which the defendant is jointly and severally liable.

If any of the above-described forfeitable property, as a result of any act or omission of defendant GARY L. BROWN:

- a. cannot be located upon the exercise of due diligence;
- b. has been transferred or sold to, or deposited with, a third party;
- c. has been placed beyond the jurisdiction of the court;
- d. has been substantially diminished in value; or
- e. has been commingled with other property which cannot be divided without difficulty; it is the intent of the United States, pursuant to 21 U.S.C. § 853(p), to seek forfeiture

of any other property of said defendant(s) up to the value of the above forfeitable property.

All in violation of Title 18, United States Code, Section 981, Title 28, United States Code, Section 2461, and Title 18, United States Code, Section 371.

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PAUL J. FISHMAN
United States Attorney