

NEWS

United States Department of Justice
U.S. Attorney, District of New Jersey
401 Market Street, Fourth Floor
Camden, New Jersey 08101



Christopher J. Christie, U.S. Attorney

More Information? Contact the Assistant U.S. Attorney or other contact listed below to see if more information is available.

News on the Internet: News Releases, related documents and advisories are posted short-term at our website, along with links to our archived releases at the Department of Justice in Washington, D.C. **Go to:** <http://www.usdoj.gov/usao/nj/press/>

Assistant U.S. Attorneys
R. STEPHEN STIGALL
856-757-5031
DEBORAH PRISINZANO MIKKELSEN
856-757-5152

gord0409.rel
FOR IMMEDIATE RELEASE
April 9, 2007

Corporate Chairman/CEO Convicted in Stock Scheme
That Swindled Over \$15 Million from Investors

(More)

Greg Reinert, PAO
Public Affairs Office

856-757-5233
973-645-2888

Breaking News (NJ) <http://www.usdoj.gov/usao/nj/press/>

CAMDEN – The major shareholder who also served as Chairman and CEO of TeleServices Internet Group, Inc., was convicted by a federal jury today for his role in an intricate stock fraud and money laundering scheme that cost public investors more than \$15 million in losses, U.S. Attorney Christopher J. Christie announced.

After four hours of deliberations, which began on April 5, the jury convicted Robert P. Gordon, 56, of St. Petersburg, Fla., of both counts contained in a two-count Superseding Indictment that was returned on Nov. 1, 2006. Gordon was convicted on one count each of conspiracy to commit securities and wire fraud and conspiracy to commit money laundering. U.S. District Judge Jerome B. Simandle, who presided over the four-week trial, revoked the defendant's bail and remanded him into the custody of the U.S. Marshal pending sentencing, which is scheduled for July 13.

The case was tried by Assistant U.S. Attorneys R. Stephen Stigall and Deborah Prisinzano Mikkelsen.

According to the Indictment, Gordon was the major shareholder of TeleServices Internet Group, Inc. (TSIG) and served, at various times, as the company's CEO, CFO, chairman and director. Gordon was also the founder and chairman of Phoenix Information Systems, Inc. (Phoenix).

In convicting Gordon, the jury found that he, along with at least eight others, operated a scheme in which they used deceptive and manipulative practices in connection with the fraudulent issuance, purchase and resale of stock of TSIG from December 1996 through November 2001.

TSIG stock was publicly traded on the Over the Counter Electronic Bulletin Board System. According to the Indictment, the conspiracy involved Gordon as the chairman of TSIG, at least four licensed securities brokers, two of whom resided and worked in New Jersey, a securities attorney from Denver, Colo., and a Canadian securities broker employed at Union Securities in Vancouver.

During the trial, the jury heard the testimony of more than 16 government witnesses and viewed hundreds of pieces of evidence regarding Gordon's scheme to manipulate the company's stock price. The jury found that Gordon, with the assistance of other insiders, was able to secretly gain control of nearly 100 million free-trading shares of TSIG stock and sold those shares in the public marketplace to unsuspecting investors. In the end, Gordon and co-conspirators received millions of dollars, leaving unsuspecting investors with worthless or near worthless stock.

For instance, Gordon and several his co-conspirators executed fraudulent agreements between TSIG and offshore entities, which they secretly controlled. Typically, the offshore entities were located in the Cayman Islands.

Gordon and his co-conspirators also entered into fraudulent consulting agreements with other entities. The consulting agreements falsely indicated that the entities provided a service to TSIG and in exchange, in lieu of monetary payment, the co-conspirators caused millions of shares of the TSIG stock to be issued in the name of the entities, according to trial testimony and evidence. The fraudulent consulting agreements allowed the co-conspirators to bypass federal securities registration requirements, including, among other things, full and complete disclosure of insider transactions.

The fraudulently received shares were then laundered through brokerage accounts that were controlled by co-conspirators and maintained in Canada and the United States. Over time, those shares were systematically sold utilizing the services of the co-conspiring licensed securities brokers, who would sustain the stock's per share price through orchestrated transactions using prearranged sale and purchase prices. Often, the brokers purchased the TSIG shares for their retail customers' portfolios without the customer's authorization. Afterward, the ill-gotten proceeds were often laundered by wire transferring those funds from the brokerage accounts to an attorney trust account located in Denver and then dispersed to the co-conspirators. In total, the co-conspirators received approximately \$15 million through their fraud scheme.

The long-term investigation was an effort of the Federal Bureau of Investigation and the Internal Revenue Service, Criminal Investigation Division. Many of the victims of the scheme reside in coastal and southern New Jersey communities. Anyone who believes they may have been victimized in the stock scheme should contact the FBI's Atlantic City Resident Agency at (609) 677-6400.

Count One, charging conspiracy to commit securities, carries a maximum statutory sentence of 5 years in prison and a fine of up to \$250,000 or twice the gross proceeds of the fraud, whichever is greater. Count Two, conspiracy to commit money laundering carries a maximum statutory sentence of 20 years in prison and a fine of up to \$500,000 or twice the gross proceeds of the fraud, whichever is greater.

Eight of Gordon's co-conspirators have pleaded guilty and are awaiting sentencing.

In determining an actual sentence, Judge Jerome B. Simandle will consult the advisory U.S. Sentencing Guidelines, which provide appropriate sentencing ranges that take into account the severity and characteristics of the offense, the defendant's criminal history, if any, and other factors. The judge, however, is not bound by those guidelines in determining a sentence.

Parole has been abolished in the federal system. Defendants who are given custodial terms must serve nearly all that time.

Christie credited Special Agents of the FBI's Atlantic City Resident Agency, under the direction of Acting Special Agent in Charge Pedro Ruiz in Newark, the IRS Criminal

Investigation Division, under the direction of Special Agent in Charge William Offord, the FBI's Denver Field Office, under the direction of Special Agent in Charge Richard C. Powers, and the National Association of Securities Dealers, Washington, D.C., with the investigation.

The government is represented by Assistant U.S. Attorneys R. Stephen Stigall and Deborah Prisinzano Mikkelsen of the Criminal Division in Camden.

–end–

Defense Attorney: Frank Louderback, Esq. St Petersburg, Fla.