

**IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

UNITED STATES OF AMERICA	:	CRIMINAL NO. <u>08-</u>
v.	:	DATE FILED: <u>December 11, 2008</u>
DANIEL LAIKIN	:	VIOLATIONS:
DENNIS BARSKY	:	18 U.S.C. § 371 (conspiracy - 1 count)
TIM DOUGHERTY	:	15 U.S.C. §§ 78j(b), 78ff, and 17 C.F.R.
		§ 240.10b-5 (securities fraud - 1 count)
		18 U.S.C. § 2 (aiding and abetting)

INDICTMENT

COUNT ONE

THE GRAND JURY CHARGES THAT:

BACKGROUND

At all times material to this indictment:

1. National Lampoon, Inc. (“National Lampoon”) was a company based in Los Angeles, California, that was involved primarily in media projects including feature films, television programming, online and interactive entertainment, home video, and book publishing. National Lampoon owned interests in all major National Lampoon properties, including the movies Animal House and the Vacation series. National Lampoon also operated a college television network and humor website. National Lampoon was publicly traded under the symbol “NLN” on the American Stock Exchange.
2. Defendant DANIEL LAIKIN was the chief executive officer of National Lampoon. Defendant LAIKIN also owned, alone and with partners, the majority of National Lampoon stock.

3. Defendant DENNIS BARSKY, according to National Lampoon SEC filings, was a “consultant” to National Lampoon and was compensated primarily in National Lampoon stock.

4. Defendant TIM DOUGHERTY was a stock promoter based in the Rochester, New York, area who was associated with the following entities: Clear Stock, Inc. (“Clear Stock”), Expedite Ventures, Inc. (“Expedite Ventures”), and Expedite Holdings, Inc. (“Expedite Holdings”).

5. The United States Securities and Exchange Commission (“the SEC”) was an independent agency of the United States which was charged by law with the duty of protecting investors by regulating and monitoring, among other things, the purchase and sale of publicly traded securities. One of the national securities markets regulated by the SEC was the American Stock Exchange.

THE CONSPIRACY

6. From in or about March 2008 through in or about June 2008, in the Eastern District of Pennsylvania, and elsewhere, defendants

**DANIEL LAIKIN,
DENNIS BARSKY, and
TIM DOUGHERTY**

conspired and agreed, together and with others known and unknown to the grand jury, to commit an offense against the United States, that is, to willfully and knowingly, directly and indirectly, by use of the means and instrumentalities of interstate commerce, and the facilities of national securities exchanges, use and employ manipulative and deceptive devices and contrivances, in violation of Title 17, Code of Federal Regulations, Section 240.10b-5, by: (a) employing

devices, schemes, and artifices to defraud; (b) making untrue statements of material facts and omitting to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; and (c) engaging in acts, practices, and courses of business which operated and would operate as a fraud and deceit upon any person, in connection with the purchase and sale of a security, in violation of Title 15, United States Code, Sections 78j(b) and 78ff, and Title 17, Code of Federal Regulations, Section 240.10b-5.

MANNER AND MEANS

7. It was a part of the conspiracy that defendants DANIEL LAIKIN, DENNIS BARSKY, TIM DOUGHERTY, and their co-conspirators sought to artificially inflate the price of National Lampoon stock by causing manipulative market activity in National Lampoon stock that was designed to appear to be the product of free and fair market forces. They did this in various ways, including the following:

- a. Agreeing to engage in manipulative and deceptive securities transactions to artificially increase the price of National Lampoon stock.
- b. Entering into illegal agreements to orchestrate their trading activity to create the false impression of increased market demand for National Lampoon stock.
- c. Coordinating trading activity with issuing National Lampoon press releases to provide a false pretext for the increased trading volume in National Lampoon stock.
- d. Agreeing to secretly bribe brokers and other individuals to purchase and hold, and cause their retail customers to purchase and hold, National Lampoon stock.

OVERT ACTS

8. In furtherance of the conspiracy and to accomplish its objects, defendants DANIEL LAIKIN, DENNIS BARSKY, and TIM DOUGHERTY committed the following overt acts, among others, in the Eastern District of Pennsylvania and elsewhere:

a. In or about March 2008, defendant LAIKIN agreed to pay Eduardo Rodriguez, charged elsewhere, approximately \$60,000 to help create artificial volume in National Lampoon stock. Defendant LAIKIN understood that Rodriguez would keep a portion of the payment as a fee and would use the balance of the payment to bribe brokers and/or stock promoters to cause their clients and others to purchase National Lampoon stock.

b. In or about March 2008, defendant DOUGHERTY agreed to cause volume purchases of National Lampoon stock in exchange for a kickback from Rodriguez of approximately ten percent of the purchases.

c. On or about March 14, 2008, defendant LAIKIN caused National Lampoon's Depository Trust Company Reports ("DTC Reports") to be emailed to Rodriguez. These reports contained lists of the investment houses that held the securities on behalf of their customers and are not generally available to the investing public. These reports are valuable to participants in stock manipulation schemes to help them keep track of the entities that hold a stock at any given point in time.

d. On or about March 19, 2008, defendant LAIKIN caused approximately \$60,000 to be wire transferred from a bank account in Indianapolis, Indiana, to a

bank account in Blue Bell, Pennsylvania, for the benefit of Rodriguez as payment for generating volume purchases in National Lampoon stock.

e. On or about March 19, 2008, Rodriguez caused approximately \$40,000 to be wire transferred from Blue Bell, Pennsylvania, to an account controlled by defendant DOUGHERTY in New York, New York, as payment for generating volume purchases in National Lampoon stock.

f. On or about March 20, 2008, defendant DOUGHERTY purchased approximately 5,000 shares of National Lampoon stock for approximately \$9,354 in an Expedite Holdings account.

g. On or about March 24, 2008, defendant DOUGHERTY purchased approximately 5,000 shares of National Lampoon stock for approximately \$9,659 in a Clear Stock account.

h. On or about March 25, 2008, defendant DOUGHERTY sold 5,000 shares of National Lampoon stock for approximately \$9,611 from his Expedite Holdings account and purchased 5,000 shares of National Lampoon stock for approximately \$10,475 in his Clear Stock account.

i. On or about March 26, 2008, defendant DOUGHERTY purchased approximately 5,000 shares of National Lampoon stock for approximately \$10,544 in an Expedite Ventures account.

j. On or about March 27, 2008, defendant DOUGHERTY purchased approximately 10,000 shares of National Lampoon stock for approximately \$20,624 in an Expedite Holdings account.

k. On or about March 28, 2008, defendant DOUGHERTY purchased approximately 2,500 shares of National Lampoon stock for approximately \$5,343 in an Expedite Ventures account.

l. On or about March 31, 2008, defendant DOUGHERTY purchased approximately 5,000 shares of National Lampoon stock for approximately \$10,577 in an Expedite Holdings account.

m. On or about April 2, 2008, defendant DOUGHERTY purchased approximately 10,000 shares of National Lampoon stock for approximately \$21,619 in an Expedite Ventures account.

n. On or about April 7, 2008, defendant DOUGHERTY purchased approximately 10,000 shares of National Lampoon stock for approximately \$20,420 in an Expedite Holdings account.

o. On or about April 7, 2008, Rodriguez emailed defendant DOUGHERTY to complain that defendant DOUGHERTY had not delivered enough buying of National Lampoon stock.

p. On or about April 8, 2008, defendant DOUGHERTY responded to Rodriguez by email the following day, stating that he was doing his “best to round up” purchases of 10,000 shares per day but that he was “not buying them all personally so they wont all be at one firm.” Defendant DOUGHERTY further stated that he was looking for more “budget” to do the deal and complained that Rodriguez had told him that there was an average daily volume of 20,000 shares, but, according to defendant DOUGHERTY, there would be no trading activity in National Lampoon stock without defendant DOUGHERTY’s purchases.

q. On or about April 8, 2008, Rodriguez emailed defendant DOUGHERTY to say that his “intentions were never just to have a couple of guys buy but more about getting [National Lampoon’s] name out there.” Rodriguez stated that his “recommendation is that we try to blow this out this week instead of over the next 2 weeks. [W]e just need 3 big days”

r. On or about April 8, 2008, defendant DOUGHERTY responded by email to Rodriguez’s April 8, 2008 email by stating that the “truth is your intentions may not have been to have a couple of guys buy but that is what you asked for. If I spent your budget just getting the word out you would not have seen trades. You told me straight out that our goal is [\$2.50] and you think 5k-10K a day would get us there”

s. On or about April 8, 2008, defendant LAIKIN emailed Rodriguez to inform him that the non-public press release that defendant LAIKIN had previously sent to Rodriguez was fine and that Rodriguez would “have to get some buyers in here ASAP.”

t. On or about April 11, 2008, Rodriguez emailed defendant DOUGHERTY to complain that defendant DOUGHERTY had failed to deliver on his promise to purchase 10,000 shares of National Lampoon stock each day for four weeks.

u. Defendant DOUGHERTY responded to Rodriguez by email that “I bought for more then 2 weeks, I told you 10K would be my goal. Lets be honest do you know anyone who gets your 400k worth of buying for 40 grand I would never commit to a 10 for 1 its unheard of. you told me this had 20k in real avg buying Thats a lie”

v. On or about April 15, 2008, defendant LAIKIN emailed Rodriguez a non-public National Lampoon press release dated April 17, 2008.

w. On or about April 15, 2008, defendant DOUGHERTY emailed Rodriguez and stated that “I bought the shit out of NLN for what I was paid”

x. On or about April 22, 2008, Rodriguez met in Newtown, Pennsylvania with an individual who was secretly cooperating with the government (identified here as the “CW”). At this meeting, Rodriguez stated that he was being paid by defendant LAIKIN and others to artificially inflate the trading volume in National Lampoon stock in exchange for a fee. Rodriguez proposed that the CW join this effort and share the fee. Defendant LAIKIN joined the meeting by conference call and agreed to set up a time for all of them to meet in person.

y. On or about April 22, 2008, defendant LAIKIN emailed the National Lampoon DTC Reports to Rodriguez.

z. On or about April 22, 2008, Rodriguez emailed the National Lampoon DTC reports to the CW.

aa. On or about April 28, 2008, defendant DOUGHERTY purchased approximately 5,000 shares of National Lampoon stock for approximately \$7,775 in an Expedite Holdings account.

bb. On or about May 1, 2008, defendant LAIKIN, Rodriguez, and the CW met in Los Angeles, California to discuss artificially inflating National Lampoon stock. During this meeting, defendant LAIKIN said, among other things, that he was working with defendant BARSKY to inflate the stock price and that defendant LAIKIN and his partners owned approximately 70 percent of the company. Defendant LAIKIN explained that he wanted to get National Lampoon’s stock price up to \$5 per share from approximately \$2 per share so that it

would be more attractive for “strategic partnerships” and “acquisitions.” Defendant LAIKIN agreed to pay Rodriguez and the CW approximately 17 percent or “one for six” of the value of National Lampoon stock that they caused to be purchased and held with further stock incentives if the stock price hit certain benchmarks. Defendant LAIKIN stated that defendant BARSKY likely would send the fee by a wire transfer. Defendant LAIKIN also improperly provided Rodriguez and the CW with non-public information regarding National Lampoon’s financial performance. Defendant LAIKIN never publicly disclosed this agreement with Rodriguez and the CW.

cc. On or about May 14, 2008, defendant LAIKIN sent Rodriguez the National Lampoon non-objecting beneficial owners list (“NOBO list”). A NOBO list is a record containing the names of all the owners of a stock at a given point in time and is regularly updated to reflect shifts in ownership. This list generally is not available to the public and is valuable to participants in stock manipulation schemes to keep track of who owns the stock at any given time.

dd. On or about May 14, 2008, Rodriguez emailed the National Lampoon NOBO list to the CW.

ee. On or about May 19, 2008, defendant LAIKIN shared with Rodriguez the confidential contents of an upcoming National Lampoon press release. Defendant LAIKIN had arranged for the press release to be made public on the following day to coordinate the timing of the release with the stock purchases that Rodriguez and the CW caused as part of their conspiracy to manipulate National Lampoon stock.

ff. On or about May 19, 2008, Rodriguez provided the non-public

press release information to the CW.

gg. On or about May 20, 2008, at the direction of defendant LAIKIN, Rodriguez and the CW caused purported retail purchases to be made of approximately 25,000 shares of National Lampoon stock at approximately \$2.03 per share, for a total of approximately \$50,750. In reality, the Federal Bureau of Investigation (“FBI”) made those purchases with its undercover funds.

hh. On or about May 21, 2008, defendant BARSKY, Rodriguez, and the CW discussed by telephone manipulating National Lampoon stock, including manipulating the bid price for the stock and coordinating buying with the company’s financial reporting in June.

ii. On or about May 22, 2008, defendants LAIKIN and BARSKY caused approximately \$8,333 to be wired from a Las Vegas bank account to a bank account for Rodriguez’s benefit in Blue Bell, Pennsylvania, as payment for the May 20, 2008 purchase of 25,000 shares of National Lampoon stock. That same day, Rodriguez caused approximately \$6,625 to be wired an undercover account in Philadelphia that Rodriguez believed to be for the benefit of the CW, but which actually was maintained by the FBI.

jj. On or about June 2, 2008, defendant LAIKIN caused updated confidential National Lampoon DTC Reports to be emailed to Rodriguez.

kk. On or about June 24, 2008, defendant BARSKY discussed by telephone with Rodriguez manipulating the price of National Lampoon stock.

All in violation of Title 18, United States Code, Section 371.

COUNT TWO

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 1 through 5 and 7 and 8 of Count One are incorporated here.
2. From in or about March 2008 through in or about June 2008, in the

Eastern District of Pennsylvania and elsewhere, defendants

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willfully and knowingly, by the use of the means and instrumentalities of interstate commerce and the facilities of national securities exchanges, directly and indirectly, used and employed manipulative and deceptive devices and contrivances, and aided and abetted the use and employment of manipulative and deceptive devices and contrivances, in violation of Title 17, Code of Federal Regulations, Section 240.10b-5, by: (a) employing devices, schemes, and artifices to defraud; (b) making untrue statements of material fact and omitting to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and (c) engaging in acts, practices, and courses of business which operated and would operate as a fraud and deceit upon other persons in connection with purchases and sales of National Lampoon stock.

In violation of Title 15, United States Code, Sections 78j(b) and 78ff, Title 17,
Code of Federal Regulations, Section 240.10b-5, and Title 18, United States Code, Section 2.

A TRUE BILL:

GRAND JURY FOREPERSON

LAURIE MAGID
Acting United States Attorney