

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

<b>UNITED STATES OF AMERICA</b>	<b>:</b>	<b>CRIMINAL NO. <u>09-</u></b>
<b>v.</b>	<b>:</b>	<b>DATE FILED: <u>February 12, 2009</u></b>
<b>GEORGE GEORGIU</b>	<b>:</b>	<b>VIOLATIONS:</b>
	<b>:</b>	<b>18 U.S.C. § 371 (conspiracy - 1 count)</b>
	<b>:</b>	<b>15 U.S.C. §§ 78j(b), 78ff and 17 C.F.R.</b>
	<b>:</b>	<b>§ 240.10b-5 (securities fraud - 4 counts)</b>
	<b>:</b>	<b>18 U.S.C. § 1343 (wire fraud - 4 counts)</b>
	<b>:</b>	<b>18 U.S.C. § 2 (aiding and abetting)</b>
	<b>:</b>	<b>Notice of forfeiture</b>

**INDICTMENT**

**COUNT ONE**

**THE GRAND JURY CHARGES THAT:**

**BACKGROUND**

At all times material to this indictment:

1. Defendant GEORGE GEORGIU was a Canadian citizen, residing in the Toronto, Ontario, metropolitan area. Defendant GEORGIU was a former registered representative with the Investment Dealers Association of Canada (the “IDA”), who was banned from acting as broker by the IDA in 1995.

2. Neutron Enterprises, Inc. (“Neutron”) was a Nevada corporation based in Ontario, Canada. Neutron purported to be in the business of event marketing through the use of giant light emitting diode (“LED”) screens to advertise products and services. Neutron stock was publicly traded under the ticker symbol “NTRN” on Pink OTC Markets Inc., an inter-dealer electronic quotation and trading system in the over-the-counter (“OTC”) securities market, commonly referred to as the “Pink Sheets.” Neutron stock was also quoted on the OTC bulletin

board (“OTCBB”). In January 2008, Neutron changed its name to the Stock-Trak Group, Inc., and its ticker symbol to STKG. It also changed its business model to one promoting on-line, skill-based stock market simulation contests.

3. Avicena Group, Inc. (“Avicena”) was a Delaware corporation based in Palo Alto, California. Avicena was a biotechnology company that developed pharmaceuticals for the treatment of neurological and neuromuscular diseases. Avicena stock was publicly traded under the ticker symbol “AVGO” on the Pink Sheets beginning in March 2006. Avicena stock was also quoted on the OTCBB.

4. Hydrogen Hybrid Technologies, Inc. (“HYHY”) was a Nevada corporation based in Ontario, Canada. HYHY purportedly sold and distributed on-board hydrogen generating and injection systems for use in cars and light trucks to increase fuel efficiency and reduce air pollution. HYHY stock was publicly traded under the ticker symbol “HYHY” on the Pink Sheets and the OTCBB.

5. Northern Ethanol, Inc. (“Northern Ethanol”) was a Delaware corporation based in Ontario, Canada. Northern Ethanol claimed that its objective was to become a low-cost leader in the production of ethanol and its co-products in industrial zoned areas. Northern Ethanol was headquartered in a building owned by defendant GEORGE GEORGIOU and his co-conspirators and never actually produced any ethanol. Northern Ethanol stock was publicly traded under the ticker symbol “NOET” on the Pink Sheets and the OTCBB.

6. An individual known to the grand jury and identified here as KW was a resident of Bucks County, Pennsylvania. As described below, KW conspired with defendant GEORGE GEORGIOU and others to manipulate the prices of Avicena and Neutron. In or about

July 2007, unbeknownst to defendant GEORGIU and his co-conspirators, KW began cooperating with federal law enforcement. KW has been separately charged.

7. A special agent of the Federal Bureau of Investigation (the “FBI”) posed as a person with access to a network of corrupt brokers who, in exchange for secret bribes, would assist in stock manipulation schemes. Specifically, the undercover agent (the “UC”) explained that his brokers could make substantial purchases of a stock, which they would “park,” or hold, in clients’ accounts in order to artificially inflate the price of the targeted stock.

8. The United States Securities and Exchange Commission (the “SEC”) was an independent agency of the United States which was charged by law with protecting investors by regulating and monitoring, among other things, the purchase and sale of publicly traded securities, including securities traded on the Pink Sheets and the OTCBB. Federal securities laws prohibited fraud in connection with the purchase and sale of securities, including the manipulation of security prices by engaging in “matched trades,” “wash sales,” and “marking the close.”

9. A “matched trade” is an order to buy or sell securities that is entered with knowledge that a matching order on the opposite side of the transaction has been or will be entered for the purpose of: (1) creating a false or misleading appearance of active trading in any publicly traded security; or (2) creating a false or misleading appearance with respect to the market for any such security.

10. A “wash sale” is an order to buy or sell securities resulting in no change of

beneficial ownership for the purpose of: (1) creating a false or misleading appearance of active trading in any publicly traded security; or (2) creating a false or misleading appearance with respect to the market for any such security.

11. “Marking the close” is a form of market manipulation that involves attempting to influence the closing price of a publicly traded security by executing purchase or sale orders at or near the close of normal trading hours. Such activity can artificially inflate or depress the closing price for the security and can affect the price of “market-on-close” orders, which are orders submitted to purchase shares at, or as near as possible to, the closing price.

### **THE CONSPIRACY**

12. From at least in or about April 2004 through in or about September 2008, in the Eastern District of Pennsylvania and elsewhere, defendant

### **GEORGE GEORGIU**

conspired and agreed, together and with others known and unknown to the grand jury, to commit offenses against the United States, that is:

a. Securities fraud – 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; and

b. Wire fraud – to devise and intend to devise a scheme and artifice to defraud and obtain money and property by means of false and fraudulent pretenses, representations, and promises, and for the purpose of executing the scheme and artifice and attempting to do so, transmitting and causing to be transmitted by means of wire communication in interstate and foreign commerce, writings, signs, signals, and sounds, in violation of Title 18, United States Code, Section 1343.

#### **MANNER AND MEANS**

13. It was a part of the conspiracy that defendant GEORGE GEORGIU and his co-conspirators sought to manipulate the markets for Neutron, Avicena, HYHY, and Northern Ethanol stock (collectively the “Target Stocks”) by artificially inflating the demand for, and prices of, the Target Stocks, to allow defendant GEORGIU and his co-conspirators to profit on their significant holdings of the Target Stocks by: (1) selling their holdings; and (2) using the artificially inflated prices of the Target Stocks as collateral to obtain margin (i.e., the ability to borrow money from a broker to purchase stock) in brokerage accounts and to obtain other loans. They did this in the following ways:

- a. agreeing to engage in manipulative and deceptive securities transactions to artificially increase the Target Stocks’ prices;
- b. entering into illegal agreements to orchestrate their trading activity

to create the false impression of increased market demand for the Target Stocks, including engaging in matched trading, wash sales, and marking the close;

c. dominating, and attempting to dominate, the market for the Target Stocks;

d. using nominees, multiple accounts, and off-shore brokerage accounts to conceal their ownership of the Target Stocks and their involvement in the conspiracy. These accounts included those in the names of individuals known to the grand jury and identified here as KW, KG, RW, and RB. They also used accounts in the names of entities, including Starport Landing (“Starport”), Fercan Developments (“Fercan”), and Zaitch Enterprises (“Zaitch”). In addition, defendant GEORGIU and his co-conspirators controlled off-shore accounts at Accuvest Limited (“Accuvest”), Alliance Investment Management (“Alliance”), Caledonia Corporate Management Group Limited (“Caledonia”), and Temple Securities (“Temple”);

e. using nominee email accounts and other secretive methods to communicate and conceal their identities while involved in the stock manipulation activity;

f. agreeing to secretly bribe brokers and other individuals to purchase and hold, and cause their retail customers to purchase and hold, the Target Stocks;

g. coordinating trading activity with issuing press releases to provide a false pretext for the increased trading volume in the Target Stocks;

h. using mass promotions, including mail and electronic mail, to induce the investing public to purchase the Target Stocks without revealing their involvement in the promotion campaigns and their interest in the Target Stocks; and

i. threatening physical violence against individuals who might sell the Target Stocks at a time that was inconsistent with the goals of the conspiracy.

### **OVERT ACTS**

In furtherance of the conspiracy and to accomplish its objects, defendant GEORGE GEORGIOU and his co-conspirators committed the following overt acts, among others, in the Eastern District of Pennsylvania and elsewhere:

#### **The Neutron Manipulation Scheme**

1. In or about the summer of 2004, defendant GEORGE GEORGIOU met with KW and discussed manipulating the price of Neutron stock. Defendant GEORGIOU explained that he and his co-conspirators controlled the vast majority of the free trading stock (stock that can be sold without any restrictions) and told KW that they could make a lot of money by illegally pumping the value of Neutron stock through such manipulative devices as matched trades, wash sales, and email blasts. Email blasts are electronic mailings sent all at once to a large number of email addresses to induce others to purchase a stock. KW purchased Neutron stock and agreed to follow defendant GEORGIOU's directions on when and how to trade the stock to artificially inflate its value.

2. On or about December 17, 2004, KW sent defendant GEORGE GEORGIOU an email asking defendant GEORGIOU how KW could sell 365,000 shares of Neutron in a way that "does not put pressure on the stock."

3. On or about December 17, 2004, defendant GEORGE GEORGIOU responded to KW's email and advised him to "sell 125,000 shares between 2.25 and 2.75 and another 125,000 between 2.75 and 3.50 and the balance between 3.50 and 4.50."

4. On or about December 17, 2004, defendant GEORGE GEORGIOU sent KW an email asking KW to identify the brokerage accounts that held his Neutron shares so that defendant GEORGIOU could monitor KW's trading activity.

5. On or about January 10, 2005, defendant GEORGE GEORGIOU sent KW an email stating that "we are ready with crosses in the morning" so that they could execute matched trades and/or wash sales.

6. On or about February 2, 2005, defendant GEORGE GEORGIOU sent KW an email inquiring whether KW or any of his associates had purchased Neutron stock that day.

7. On or about July 8, 2005, KW sent defendant GEORGE GEORGIOU an email seeking his assistance in purchasing Neutron stock because there was an "unknown" seller in the market which threatened to drive the price down.

8. On or about August 18, 2005, KW wired \$120,000 to defendant GEORGE GEORGIOU as payment for discounted Neutron shares that defendant GEORGIOU was providing to KW as a reward for his participation in the Neutron stock manipulation scheme.

9. On or about November 3, 2005, KW emailed defendant GEORGE GEORGIOU a tally of the manipulative trading in Neutron stock that KW had performed at the direction of defendant GEORGIOU.

10. On or about November 3, 2005, at defendant GEORGE GEORGIOU's direction, KW used two accounts that he controlled to execute a wash sale of approximately 69,150 shares of Neutron for approximately \$203,993.

11. On or about November 25, 2005, defendant GEORGE GEORGIOU sent KW an email directing him to not trade in Neutron stock that day so that they could "squeeze" a



short seller of the stock by artificially maintaining the price of the stock and forcing the seller to purchase the stock at an artificially high price in order to complete the transaction. Short selling is a practice in which an individual commits to sell a stock at a current price with the objective of being able to replace that stock at a lower price and profiting from the decline in the price of the stock. If the stock price increases, then the seller suffers a loss.

12. On or about December 12, 2005, defendant GEORGE GEORGIOU sent KW an email informing KW that defendant GEORGIOU and his co-conspirators had arranged for a 50,000 share bid at \$2.20 per share for Neutron stock.

13. On or about January 8, 2006, defendant GEORGE GEORGIOU sent KW an email with an Internet link to an email promotion campaign that defendant GEORGIOU and his co-conspirators were preparing for Neutron to induce investors to purchase the stock.

14. On or about March 9, 2006, defendant GEORGE GEORGIOU sent KW an email in which defendant GEORGIOU expressed frustration that he had a “large seller out of nowhere” who was threatening to drive down the price of Neutron stock.

15. On or about March 9, 2006, KW responded to defendant GEORGE GEORGIOU’s email to assure him that KW was not selling Neutron stock.

16. On or about March 21, 2006, KW sent an email to defendant GEORGE GEORGIOU informing him that KW’s Neutron bid had been “hit” at \$2.13 and that they “need to provide some support for this thing.”

17. On or about March 21, 2006, defendant GEORGE GEORGIOU sent an email to KW stating that he had two million shares of buying coming into Neutron stock and that he was going to get the share price to \$3.50.

18. On or about June 1, 2006, defendant GEORGE GEORGIOU and his co-conspirators sold approximately 500,000 shares of Neutron stock, for approximately \$950,000, from an account at Alliance. Approximately half of these shares were “purchased” in an account in the name of KG, defendant GEORGIOU’s wife, and approximately half were purchased by KW for approximately \$475,000.

19. On or about June 6, 2006, defendant GEORGE GEORGIOU sent an email to KW telling him that he was about to wire KW \$475,000 to cover the cost of KW purchasing the Neutron stock from defendant GEORGIOU.

20. On or about July 18, 2006, defendant GEORGE GEORGIOU and his co-conspirators caused accounts held at Alliance (the buyer) and Temple (the seller) to engage in a matched trade of approximately 525,000 shares of Neutron stock at \$2.20 per share, for a total of approximately \$1,155,000.

21. On or about August 7, 2006, defendant GEORGE GEORGIOU and his co-conspirators caused accounts held in the name of RB (the seller) and KW (the buyer) to engage in a matched trade of 100,000 shares of Neutron stock at \$2.45 per share, for a total of approximately \$245,000.

22. On or about August 8, 2006, defendant GEORGE GEORGIOU and his co-conspirators caused accounts held in the name of KW (the seller) and RB (the buyer) to engage in a matched trade of 90,000 shares of Neutron stock at \$2.32 for a total of approximately \$208,800.

23. On or about August 10, 2006, defendant GEORGE GEORGIOU and his co-conspirators caused accounts held at Alliance (the seller) and in the name of KG (the buyer) to

engage in a matched trade of 100,000 shares of Neutron stock at \$2.40 per share, for a total of approximately \$240,000.

24. On or about December 4, 2006, at the direction of defendant GEORGE GEORGIOU, KW executed a wash sale of 200,000 shares of Neutron for approximately \$474,000.

25. On or about July 5, 2007, defendant GEORGE GEORGIOU spoke on the telephone to KW (who had begun cooperating with federal law enforcement) about Neutron stock. Defendant GEORGIOU said that he and his co-conspirators were starting another buying program for Neutron stock. Defendant GEORGIOU said that they would “start slowly in July, intensify it in August, and have it hit full steam in September,” raising the stock price to \$3.00 per share after a mailing campaign and “massive volume” in the stock.

26. On or about July 9, 2007, defendant GEORGE GEORGIOU met with KW in New York, New York, to discuss the Neutron and other stock manipulation schemes. Defendant GEORGIOU explained that Neutron stock had been “slipping” because he was now focused on manipulating Avicena stock, but that it was “easy” to get Neutron stock back to \$2.00 per share.

27. On or about July 17, 2007, defendant GEORGE GEORGIOU spoke on the telephone to KW about the “PR campaign” for Neutron stock which he said was beginning around the end of July. Defendant GEORGIOU said that the stock would spike to \$1.20, stay in that range (between \$1.15 and \$1.35) for most of August, then go up to \$2.00 in the first week of September, and climax in October at approximately \$3.00 to \$3.50 per share. Defendant GEORGIOU said that the campaign would include mailers, email blasts, and a call room. A call

room, also known as a “boiler room,” refers to the practice commonly used by stock manipulators of using multiple “salespersons” to make large numbers of unsolicited telephone calls to potential investors and brokers to induce them to purchase a stock.

28. On or about August 7, 2007, defendant GEORGE GEORGIOU met in person with KW in New York, New York, and discussed numerous stock manipulation schemes, including Neutron. Defendant GEORGIOU said that he and his co-conspirators were still planning to do a massive stock manipulation scheme in Neutron. Defendant GEORGIOU said that they were going to artificially increase the price of the Neutron stock to \$3.00 per share and substantially increase the volume by engaging in a major mailing campaign, a major emailing campaign, and arranging for “institutions” to buy shares of Neutron stock. Defendant GEORGIOU said that the stock’s price would peak in September.

29. On or about August 29, 2007, defendant GEORGE GEORGIOU spoke on the telephone to KW about manipulating Neutron stock and said that the campaign would begin in the following week.

30. On or about August 30, 2007, defendant GEORGE GEORGIOU and his co-conspirators caused accounts held in the names of Starport (the buyer) and Fercan (the seller) to engage in a matched trade of 240,000 shares of Neutron stock at 66 cents per share, for a total of approximately \$157,200.

31. On or about August 15, 2008, defendant GEORGE GEORGIOU spoke on the telephone to KW about manipulating Neutron stock. Defendant GEORGIOU said that he had a brokerage account in his wife’s name that held one million shares of Neutron stock and that he must sell them as soon as possible. Defendant GEORGIOU urged KW to buy 500,000 shares

and hold them for three to four weeks. He said that Neutron would issue two positive press releases in September, and that defendant GEORGIOU would buy back the stock from KW after the announcements.

### **The Avicena Manipulation Scheme**

32. In or about April 2004, defendant GEORGE GEORGIOU agreed to help finance Avicena with approximately \$3 million, but required that, in exchange, he receive 21 million shares of Avicena stock at a cost basis of approximately 14 cents per share when the stock went public. Defendant GEORGIOU further required all other shareholders to have restricted stock to allow defendant GEORGIOU to control all of Avicena's free trading stock. Defendant GEORGIOU had the stock assigned to various nominees, including his wife, KG.

33. On or about March 24, 2006, defendant GEORGE GEORGIOU and his co-conspirators caused the first public trade of Avicena stock by selling 50,000 shares from their Fercan account, at \$2.75 per share, to Empire Financial, the market maker that defendant GEORGIOU had enlisted. A market maker is a firm that facilitates trading in a stock, provides quotes both a buy and sell price for a stock, and potentially profits from the price spread. Defendant GEORGIOU's trade here effectively set the opening price for the stock and was the only trade in Avicena stock that day.

34. On or about March 24, 2006, defendant GEORGE GEORGIOU sent KW an email asking KW if he had been able to "muster some activity for AVGO today" and stating that it "would be great to get as many people involved as possible consider[ing] we all believe its on its way to \$10." KW responded that he would try.

35. On or about April 11, 2006, defendant GEORGE GEORGIOU and his co-

conspirators caused accounts held in the names of Temple (the buyer) and Alliance (the seller) to engage in a matched trade of 200,000 shares of Avicena stock at \$3.00 per share, for a total of approximately \$600,000.

36. On or about April 24, 2006, defendant GEORGE GEORGIOU and his co-conspirators caused accounts held by KW (the buyer) and Fercan (the seller) to engage in a matched trade of 35,000 shares of Avicena stock at \$3.59 per share, for a total of approximately \$125,650.

37. On or about April 28, 2006, defendant GEORGE GEORGIOU and his co-conspirators caused accounts held by KW (the buyer) and Fercan (the seller) to engage in a matched trade of 15,000 shares of Avicena stock at \$3.90 per share, for a total of approximately \$58,500.

38. On or about May 1, 2006, defendant GEORGE GEORGIOU and his co-conspirators caused accounts held by KW (the buyer) and Fercan (the seller) to engage in a matched trade of 25,000 shares of Avicena stock at \$4.00 per share, for a total of approximately \$100,000.

39. On or about May 2, 2006, defendant GEORGE GEORGIOU and his co-conspirators caused accounts held by KW (the buyer) and Fercan (the seller) to engage in a matched trade of 18,000 shares of Avicena stock at \$4.10 per share, for a total of approximately \$73,800.

40. On or about May 5, 2006, defendant GEORGE GEORGIOU and his co-

conspirators caused accounts held by KW (the buyer) and Fercan and Alliance (the sellers) to engage in a matched trade of 40,000 shares of Avicena stock at \$4.30 per share, for a total of approximately \$172,000.

41. On or about May 8, 2006, defendant GEORGE GEORGIOU and his co-conspirators caused accounts held by KW (the buyer) and Alliance (the seller) to engage in a matched trade of 10,000 shares of Avicena stock at \$4.45 per share, for a total of approximately \$44,500.

42. On or about May 8, 2006, defendant GEORGE GEORGIOU and his co-conspirators caused accounts held by KW (the buyer) and Fercan (the seller) to engage in a matched trade of 10,000 shares of Avicena stock at \$4.40 per share, for a total of approximately \$44,000.

43. On or about May 9, 2006, KW sent an email to defendant GEORGE GEORGIOU stating that KW would “try to talk in code” and asking whether he could do a “cross” trade in Avicena.

44. On or about May 9, 2006, at the direction of defendant GEORGE GEORGIOU, KW executed a wash sale of 100,000 shares of Avicena stock at \$4.70 per share, for a total of approximately \$470,000.

45. On or about May 19, 2006, KW sent an email to defendant GEORGE GEORGIOU inquiring whether defendant GEORGIOU had sent an email blast to promote Avicena stock.

46. On or about May 20, 2006, KW sent an email to defendant GEORGE GEORGIOU informing him that KW had a significant number of shares of Avicena stock that he was soon planning to sell and that defendant GEORGIOU should “start lining things up.”

47. On or about May 21, 2006, KW sent an email to defendant GEORGE GEORGIOU with a list of KW-controlled accounts and passwords so that defendant GEORGIOU could confirm that KW was holding (and not selling) the Avicena stock that KW had purchased as part of their scheme.

48. On or about May 21, 2006, after KW sent an email to defendant GEORGE GEORGIOU complaining that defendant GEORGIOU had not arranged for KW to sell his positions as defendant GEORGIOU had promised, defendant GEORGIOU assured KW that he would be “taken out” of his positions in Avicena stock.

49. On or about May 22, 2006, KW forwarded an email to defendant GEORGE GEORGIOU demonstrating that KW had caused others to purchase Avicena stock as part of their scheme.

50. In or about November 2006, defendant GEORGE GEORGIOU and one of his co-conspirators met with KW in Toronto, Ontario, to discuss the Avicena stock manipulation scheme. At this meeting, defendant GEORGIOU and his co-conspirator claimed to have associates in organized crime who would physically harm KW if he did anything to threaten their scheme, such as selling or attempting to sell his restricted Avicena stock.

51. On or about January 5, 2007, defendant GEORGE GEORGIOU and his co-conspirators caused accounts held at Caledonia (the buyer) and Fercan (the seller) to engage in a matched trade of 1,250 shares of Avicena stock at \$5.75 per share, for a total of approximately \$7,188. Defendant GEORGIOU ordered this trade at approximately 3:57 p.m. to mark the close for that day.

52. On or about January 12, 2007, defendant GEORGE GEORGIOU and his co-conspirators traded 91,000 shares of Avicena stock, which represented approximately 99.5



percent of the shares traded that day, with the RB and Fercan accounts selling to KW at prices between \$5.90 and \$6.00 per share. This trading marked the close that day at \$6.00 per share.

53. On or about January 20, 2007, defendant GEORGE GEORGIU sent KW an email stating, "I need you to have 25 people buy 100 shares each this week - no matter what."

54. On or about January 22, 2007, defendant GEORGE GEORGIU and his co-conspirators caused accounts held in the name of RB (the buyer) and Temple (the seller) to engage in a matched trade of 50,000 shares of Avicena stock, at \$6.00 per share, which represented virtually all of the shares traded that day.

55. On or about January 30, 2007, defendant GEORGE GEORGIU arranged to buy 1,697,000 shares of Avicena stock from KW at a significantly discounted price off market, using RW as a nominee, so that defendant GEORGIU could ensure that KW would not sell the shares in the open market and thus lower the price of the stock.

56. On or about January 30, 2007, KW sent an email to defendant GEORGE GEORGIU informing him that KW had told his broker to bid on Avicena stock up to \$5.95 and that if "that does not get hit in 10 minutes I will go 2 pennies higher every 10 or 15 minutes!"

57. On or about January 30, 2007, defendant GEORGE GEORGIU sent an email to KW instructing him to buy 20,000 shares of Avicena stock at \$6.04 per share.

58. On or about February 6, 2007, KW sent an email to defendant GEORGE GEORGIU informing him that KW's accounts were "shut down," providing defendant GEORGIU a list of Avicena stock transactions that KW had made at the direction of defendant GEORGIU, and stating, "I hope I helped you!"

59. On or about February 7, 2007, defendant GEORGE GEORGIU sent an email to KW to inquiring when he would be ready to begin buying Avicena stock again.

60. On or about March 12, 2007, defendant GEORGE GEORGIOU sent an email to KW warning him that Avicena stock “better not collapse or there will be 2 holes dug - one for each of us.”

61. On or about March 13, 2007, defendant GEORGE GEORGIOU caused the 1,697,000 shares of Avicena stock that he had purchased from KW to be wired to one of his Canadian brokerage accounts.

62. On or about July 5, 2007, defendant GEORGE GEORGIOU spoke on the telephone to KW (who had begun cooperating with federal law enforcement) about Avicena. Defendant GEORGIOU complained that the stock price was declining, which was hurting Avicena’s ability to close a \$10 million financing deal. Defendant GEORGIOU asked KW for “a little bit of help” with the stock and told him that the purchase of only “a couple hundred thousand shares” would get the stock back to \$5.50 or \$6.00 per share. Defendant GEORGIOU agreed to meet KW in New York in a few days to discuss the deal in more detail.

63. On or about July 9, 2007, defendant GEORGE GEORGIOU met KW in New York and discussed both his historical and current plans to manipulate the price of Avicena stock. Specifically, defendant GEORGIOU acknowledged that he had directed individuals to buy and sell the stock at certain times, often having them engage in matched trades with each other. Defendant GEORGIOU and KW agreed that this activity created the false impression of volume in the stock which was “good for borrowing against it.” Defendant GEORGIOU and KW discussed various ways to continue manipulating Avicena stock including: (a) finding additional individuals who could each buy “a couple hundred thousand shares” of Avicena stock with the understanding that defendant GEORGIOU and his co-conspirators were willing to “cover” any losses that these individuals incurred from purchasing Avicena stock; and (b) using

the UC to bribe brokers to buy Avicena stock and “park” or hold the stock in their clients’ accounts. They also discussed the importance of making sure that the UC was “not a cop” and agreed that defendant GEORGIU would pay KW hundreds of thousands of dollars for his participation in this ongoing stock manipulation activity.

64. On or about July 11, 2007, defendant GEORGE GEORGIU spoke on the telephone to KW and asked him to arrange for the UC or another individual to buy Avicena stock to “perk it up.” Defendant GEORGIU said that he needed to increase the price of the stock from \$4.00 per share to \$4.25 or \$4.50 per share to close an Avicena financing deal.

65. On or about July 18, 2007, defendant GEORGE GEORGIU received an email from an individual known to the grand jury and identified here as JA, whom defendant GEORGIU had enlisted to help him manipulate Avicena stock. In this email, JA described how defendant GEORGIU had directed him to purchase 51,000 shares of Avicena stock at “various limit order prices that you provided me with” and that, in exchange for a fee, JA was to “hold these shares for [defendant GEORGIU] until no later than Monday the 23<sup>rd</sup> of July, 2007 during which day you shall tell me if and when to dispose of the 51,000 shares (at what prices and at what quantities.” In response, defendant GEORGIU tried to conceal the agreement by falsely denying its existence and admonishing JA to “never send anything like this ever ever again.” Defendant GEORGIU further explained that individuals who are engaged in illegal activities should refrain from discussing them explicitly in emails.

66. On or about July 26, 2007, defendant GEORGE GEORGIU spoke on the telephone to KW to make arrangements to meet with the UC about his stock manipulation schemes. Defendant GEORGIU asked if the UC would artificially inflate Avicena stock

through a “gradual process” or a “slingshot.” Defendant GEORGIOU reiterated his demand that the UC hold the stock that was purchased and that he buy a substantial number of shares.

67. On or about August 7, 2007, defendant GEORGE GEORGIOU met with KW in New York before their scheduled meeting with the UC and discussed the UC’s potential role in defendant GEORGIOU’s stock manipulation schemes. Defendant GEORGIOU threatened KW that if the UC was “a cop, God help you.”

68. On or about August 7, 2007, defendant GEORGE GEORGIOU and KW met with the UC. Defendant GEORGIOU discussed his control over Avicena stock and his need to manipulate it. Defendant GEORGIOU said that when he was not “supporting the stock” it substantially declined in value. He said that he needed the UC’s services because he and his co-conspirators owned \$40 million in Avicena stock, including \$20 million on margin. Defendant GEORGIOU said that he wanted the UC to get the stock to \$6.00 or \$7.00 per share with significant volume so that they could encourage others to buy the stock and defendant GEORGIOU could reduce his holdings and sell his shares for a good price. Defendant GEORGIOU and the UC discussed that defendant GEORGIOU would pay the UC and his corrupt brokers a kickback for buying substantial quantities of Avicena stock. They also discussed that the purchases would be made in such a way as to avoid regulatory scrutiny.

69. On or about August 23, 2007, defendant GEORGE GEORGIOU and his co-conspirators caused accounts held at Starport (the buyer) and Fercan (the seller) to engage in a matched trade of 7,700 shares of Avicena stock at \$3.80 per share, for a total of approximately \$29,260.

70. On or about September 5, 2007, defendant GEORGE GEORGIOU spoke on the telephone to KW and asked KW to purchase \$600,000 of Avicena stock from defendant GEORGIOU. Defendant GEORGIOU said that he would give KW the money to buy the stock.

71. On or about September 6, 2007, defendant GEORGE GEORGIOU spoke on the telephone to KW and again urged him to buy Avicena stock to artificially inflate its price. Defendant GEORGIOU communicated to KW that he would be compensated for this purchase.

72. On or about September 24, 2007, defendant GEORGE GEORGIOU spoke on the telephone to KW and again urged him to generate buying in Avicena stock. Defendant GEORGIOU said that he was looking for “someone to play ball” with him.

73. On or about April 17, 2008, defendant GEORGE GEORGIOU met with KW in Chicago, Illinois, and discussed, among other things, their historical manipulation of Avicena stock. Defendant GEORGIOU confirmed that he and his co-conspirators had manipulated the stock over the years and that defendant GEORGIOU had used nominees to conceal his ownership interest in the stock and his connection to the various accounts that traded in the stock. Defendant GEORGIOU told KW that even though defendant GEORGIOU had purchased KW’s shares of Avicena stock at a below-market price, it was actually a good deal for KW. Defendant GEORGIOU explained to KW, “You thought I was screwing you. I kept telling you . . . it’s an artificial market. The moment I walk away, this is a 50 cent stock.” Defendant GEORGIOU said that he was not interested in manipulating the stock at that time because his shares were restricted and he could not benefit from any current manipulation.

### **The HYHY Manipulation**

74. On or about April 17, 2008, defendant GEORGE GEORGIOU met with KW in Chicago, Illinois, and discussed his scheme to manipulate HYHY stock. Defendant

GEORGIOU told KW that he and his “group” controlled all but 400,000 of the 21 million free trading shares of HYHY stock. He said that the stock was trading at 30 cents per share because he had “done nothing” to inflate the price so that he could “position people cheaply for them to build confidence.” Defendant GEORGIOU said that he would begin to raise the price of HYHY stock with a 10-million-piece mailing campaign and eventually “whip the deal into a frenzy.” Defendant GEORGIOU also attempted to conceal his scheme from authorities. He told KW, who was taking notes during the meeting, “You would never burn me, right? . . . Those are dangerous notes you’re taking . . . .”

75. On or about May 29, 2008, defendant GEORGE GEORGIOU spoke on the telephone to KW about his scheme to manipulate HYHY stock. Defendant GEORGIOU said that he had hired a “group” to participate in the manipulation. He further stated that they began their campaign on May 23, 2008, and that it would go in “full force” in the following week. In fact, on May 23, 2008, the trading volume in HYHY stock increased by approximately 600 percent, and the price increased by approximately 100 percent, from the previous day’s closing price.

76. On or about May 29, 2008, defendant GEORGE GEORGIOU sent an email to a representative managing the Zitech account stating that he authorized another individual to place only sell orders of HYHY in the Zitech account. Defendant GEORGIOU instructed that no other information about the account should be provided to this individual.

77. On or about May 30, 2008, defendant GEORGE GEORGIOU spoke on the telephone to KW to further discuss his scheme to manipulate HYHY stock. Defendant GEORGIOU explained that he and his co-conspirators intended to inflate the stock price to \$3.00 per share. That day, defendant GEORGIOU and his co-conspirators traded among their Starport,

Alliance, and Zitech accounts approximately 1,829,500 shares of HYHY, which represented virtually all of the trading volume that day.

78. In or about June 2008, defendant GEORGE GEORGIU and his co-conspirators hired Corporate Printing Services to generate a HYHY “tout sheet” and had it mailed to approximately seven million addresses across the United States. Tout sheets are investing newsletters that provide glowing reports about a company and are designed to induce investors to purchase stock in that company. They are commonly used by stock manipulators seeking to “pump” a stock price. This HYHY tout sheet repeatedly urged the reader to “get in on the ground floor” and reap “500% gains” by investing in HYHY stock. This tout sheet failed to disclose that defendant GEORGIU and his co-conspirators had paid for the mailing campaign, were actively manipulating the stock, or that they had any interest in the stock.

79. On or about June 3, 2008, defendant GEORGE GEORGIU directed that Accuvest wire \$705,000 from the Zitech account to Corporate Printing Services.

80. On or about June 4, 2008, defendant GEORGE GEORGIU and his co-conspirators caused accounts held in the names of Starport (the buyer) and Zitech (the seller) to engage in a matched trade of 250,000 shares of HYHY stock at \$1.40 per share, for a total of approximately \$350,000.

81. On or about June 6, 2008, defendant GEORGE GEORGIU and his co-conspirators caused accounts held in the name of Starport (the buyer) and Zitech (the seller) to engage in a matched trade of 500,000 shares of HYHY stock at \$1.50 per share, for a total of approximately \$750,000.

82. On or about June 10, 2008, defendant GEORGE GEORGIU directed that Accuvest wire \$1.5 million from the Zitech account to Corporate Printing Services.

83. On or about June 18, 2008, defendant GEORGE GEORGIOU directed that 289,000 shares of HYHY stock be sold from his Accuvest account at \$2.50 per share, for a total of approximately \$721,321.80.

84. On or about June 19, 2008, defendant GEORGE GEORGIOU spoke on the telephone to KW and told him that the “machine was oiled” for HYHY.

85. On or about June 19, 2008, defendant GEORGE GEORGIOU and his co-conspirators caused accounts held in the name of Zitech (the buyer) and Starport (the seller) to engage in a matched trade of 200,000 shares of HYHY stock at \$2.59 per share, for a total of approximately \$518,000.

86. On or about August 13, 2008, defendant GEORGE GEORGIOU met with KW and the UC in Philadelphia and confirmed his role in manipulating HYHY stock. Defendant GEORGIOU bragged that he and his co-conspirators had moved the share price from 50 cents to \$2.50. Before ending their conversation, defendant GEORGIOU stated, “Nobody is wearing a wire, right?”

87. On or about September 4, 2008, defendant GEORGE GEORGIOU spoke on the telephone to KW. Defendant GEORGIOU said that he and his co-conspirators were going to start to “run” HYHY again, not to previous levels of \$2.50 per share but up to about \$1.80 or \$1.90 per share with a significant spike in volume. Defendant GEORGIOU said that a sale at \$1.80 would yield a quick profit of about 40 cents per share.

88. On or about September 8, 2008, defendant GEORGE GEORGIOU spoke on the telephone to KW and urged KW to buy a block of HYHY stock for him.



89. On or about September 10, 2008, defendant GEORGE GEORGIOU spoke on the telephone to KW and again implored KW to buy a block of HYHY stock for him. When KW said that he was unable to make such a purchase, defendant GEORGIOU insisted that he find a way.

90. On or about September 17, 2008, defendant GEORGE GEORGIOU met with the UC in Philadelphia and told him that he and his co-conspirators did not do a “mailer” in HYHY during the previous week because of the turmoil in the financial markets.

### **The Northern Ethanol Manipulation**

91. On or about July 9, 2007, defendant GEORGE GEORGIOU met with KW in New York and discussed his plan to manipulate Northern Ethanol stock. Defendant GEORGIOU said that he would “walk up” the share price from \$1.00 to \$2.00 after the stock started trading and that, because of his significant holdings in the stock, he would make at least \$25 million, and up to \$150 million, in profit on a “decent move” in the stock.

92. On or about April 9, 2008, defendant GEORGE GEORGIOU and his co-conspirators caused accounts held in the names of Starport (the buyer) and Zaitech (the seller) to engage in a matched trade of 200,000 shares of Northern Ethanol stock at \$1.45 per share, for a total of approximately \$290,000. This was the only trading that occurred in Northern Ethanol stock on this day.

93. On or about April 23, 2008, defendant GEORGE GEORGIOU and his co-conspirators caused accounts held in the names of Starport (the buyer) and Zaitech (the seller) to engage in a matched trade of 150,000 shares of Northern Ethanol stock at \$1.50 per share, for a total of approximately \$225,000.

94. On or about May 14, 2008, defendant GEORGE GEORGIOU and his co-conspirators caused accounts held in the names of Starport (the buyer) and Zaitch (the seller) to engage in a matched trade of 100,000 shares of Northern Ethanol stock at \$1.48 per share, for a total of approximately \$148,000. This was the only trading that occurred in Northern Ethanol stock on this day.

95. On or about August 28, 2008, defendant GEORGE GEORGIOU and his co-conspirators caused accounts held in the names of Zaitch (the buyer) and Starport (the seller) to engage in a matched trade of 500,000 shares of Northern Ethanol stock at \$1.10 per share, for a total of approximately \$550,000.

96. On or about August 13, 2008, defendant GEORGE GEORGIOU met with KW and the UC in Philadelphia and discussed defendant GEORGIOU'S scheme to manipulate Northern Ethanol stock. Defendant GEORGIOU told the UC that he had total control of Northern Ethanol and that the stock was "really tight," meaning that defendant GEORGIOU already had substantial control over the total number of shares that could be traded. Defendant GEORGIOU said that his plan was to increase the share price to approximately \$2.50 to \$3.00. He said that he wanted to make sure, though, that the stock was "revved up" properly. Defendant GEORGIOU said that they would work the price up slowly for the first 60 days and then "ramp to a sling shot thereafter." Defendant GEORGIOU stated that he wanted the UC's brokers to purchase at least \$5 million to \$10 million in Northern Ethanol stock and that he would pay the UC a 25-percent kickback for the purchases that he generated as part of this scheme. Defendant GEORGIOU and the UC agreed that the UC would make an initial small purchase in Northern Ethanol stock as a test to make sure that the process for the buying campaign was in place.

97. On or about August 13, 2008, during the meeting in Philadelphia described above, defendant GEORGE GEORGIOU made clear his desire to conceal the illegal scheme from authorities. Defendant GEORGIOU told the UC that he would prefer to pay the kickbacks to the UC through foreign accounts, he asked if anyone in the meeting was “wearing a wire,” and he told KW to stop taking notes of their meeting because those “notes scare the shit out of me.” Defendant GEORGIOU also agreed that they should communicate surreptitiously during the scheme, using code names for the stocks they were manipulating and code names for the participants in the scheme. Defendant GEORGIOU said that they should purchase BlackBerrys in false names and communicate through a feature, called a “PIN,” that allows for device-to-device communication that defendant GEORGIOU believed was less susceptible to monitoring by law enforcement.

98. On or about August 15, 2008, defendant GEORGE GEORGIOU spoke on the telephone to KW. Defendant GEORGIOU said that the plan with the UC was still in place and that he picked up his “new device” for confidential communications.

99. On or about August 26, 2008, defendant GEORGE GEORGIOU spoke on the telephone to KW. They agreed that KW would “PIN” Georgiou the next day to provide wiring instructions for defendant GEORGIOU’s payments to the UC and to arrange for defendant GEORGIOU to provide KW and the UC with confidential Northern Ethanol shareholder lists. Defendant GEORGIOU reminded KW that the UC had committed to substantial buying in Northern Ethanol stock and that he hoped that the UC would follow through on his promise.

100. On or about September 2, 2008, defendant GEORGE GEORGIOU sent a “PIN” to KW describing the contents of a Northern Ethanol press release that would be made public the following day in conjunction with the UC’s test purchase in the stock.

101. On or about September 3, 2008, at the direction of defendant GEORGE GEORGIOU, the UC caused purported retail purchases to be made of 16,000 shares of Northern Ethanol stock at an average price of \$1.11 per share, for a total of approximately \$17,760. In reality, the FBI made those purchases with its undercover funds.

102. On or about September 8, 2008, defendant GEORGE GEORGIOU spoke on the telephone to KW and asked KW to “PIN” him the wiring instructions for the payment relating to the UC’s initial purchase of Northern Ethanol stock.

103. On or about September 10, 2008, defendant GEORGE GEORGIOU spoke on the telephone to KW. Defendant GEORGIOU told KW that an individual working for him had just brought \$5,000 in cash to a Western Union to wire the funds to KW for the UC’s initial purchase of Northern Ethanol stock.

104. On or about September 11, 2008, defendant GEORGE GEORGIOU and his co-conspirators caused \$5,000 to be wired from a Canadian bank account in the name of Starport to an undercover bank account maintained by the FBI in Philadelphia, Pennsylvania. This \$5,000 wire was a kickback for the shares purchased by the FBI on or about September 3, 2008.

105. On or about September 17, 2008, defendant GEORGE GEORGIOU met with the UC in Philadelphia to further discuss defendant GEORGIOU’s scheme to manipulate Northern Ethanol stock. Defendant GEORGIOU and the UC agreed that the UC’s brokers would purchase \$500,000 of Northern Ethanol stock per week for five months, for a total of \$10 million in purchases. Defendant GEORGIOU and the UC further agreed that the brokers would buy the stock in accounts over which they exercised discretion and would hold the stock for at least one year. Defendant GEORGIOU said that he would have the company issue press releases to justify

the buying activity. Defendant GEORGIOU further agreed to pay the UC a kickback of 25 percent, with the understanding that 20 percent would go to the brokers and five percent would go to the UC.

106. On or about September 17, 2008, during the meeting in Philadelphia, defendant GEORGE GEORGIOU again tried to make certain that he was concealing the scheme from authorities. He said that he preferred to wire the payments to the UC to foreign bank accounts, that he might need to be in a “hot tub” with the UC so that no one could be hiding a recording device, and that he needed assurance that no one involved in their scheme was a “cop.”

### **The Caledonia Fraud**

107. In or about December 2006, defendant GEORGE GEORGIOU and his co-conspirators opened an account at Caledonia in the Bahamas in the name of RW.

108. In or about December 2006, defendant GEORGE GEORGIOU explained to Caledonia representatives that he and his “group” were interested in a margin-eligible account that would enable them to obtain loans and purchase stock without using their own funds. Defendant GEORGIOU represented that this margin would be collateralized by approximately \$15 million worth of Avicena and Neutron stock. Defendant GEORGIOU did not disclose that the value of these securities was artificially inflated.

109. On or about December 22, 2006, defendant GEORGE GEORGIOU and his co-conspirators purchased, on margin through the Caledonia account, 20,000 shares of Avicena stock at \$6.24 per share, for approximately \$124,800.

110. In or about December 2006, defendant GEORGE GEORGIOU told Caledonia representatives that he would transfer assets into the Caledonia account to cover the

margin for the millions of dollars of trading he was directing in the Caledonia account.

Defendant GEORGIU never transferred any assets.

111. In or about January 2007, defendant GEORGE GEORGIU went to the Bahamas and met with Caledonia representatives. At this meeting, defendant GEORGIU falsely represented that his “group” was acquiring large blocks of Avicena and Neutron stock (on margin in the Caledonia account) to sell them to institutional clients in large quantities.

112. In or about February 2007, defendant GEORGE GEORGIU met with Caledonia representatives in Toronto and falsely represented that he and his group would transfer assets to cover the more than \$20 million deficit in the Caledonia account. Defendant GEORGIU and his co-conspirators never transferred any assets to Caledonia.

113. In or about March 2007, defendant GEORGE GEORGIU and his co-conspirators borrowed from Caledonia approximately \$3,394,000 to purchase 1,697,000 shares of Avicena from KW. The loan was ostensibly secured by Avicena and Neutron stock held in the name of defendant GEORGIU’s wife at another brokerage firm. The loan was never repaid.

114. In or about March 2007, defendant GEORGE GEORGIU and his co-conspirators borrowed from Caledonia approximately \$2.8 million to purchase Neutron stock and provide financing to Neutron. The loan was ostensibly secured by Avicena and Neutron stock held in the name of defendant GEORGIU’s wife at another brokerage firm. The loan was supposed to be repaid within a week, but has never been repaid.

115. In or about April 2007, defendant GEORGE GEORGIU falsely represented to Caledonia representatives that he would transfer assets to cover the significant margin deficit that he and his co-conspirators had caused in the Caledonia account. No assets were ever transferred.

116. In or about May 2007, defendant GEORGE GEORGIOU and at least one of his co-conspirators met with a Caledonia representative in Toronto. In this meeting, defendant GEORGIOU falsely represented that his “group” would transfer approximately \$6 million into the Caledonia account within a week. No assets were ever transferred.

---

**The Accuvest Fraud**

117. In or about June 2007, defendant GEORGE GEORGIOU and his co-conspirators met with representatives of Accuvest Limited in Nassau, Bahamas, to discuss opening a brokerage account.

118. In or about September 2007, defendant GEORGE GEORGIOU and his co-conspirators opened an account at Accuvest in the name of Zaitech. The trading in the account was to be handled through an advisory agreement with William Wright Associates (“Wright”), an Accuvest affiliate based in California.

119. On or about October 5, 2007, defendant GEORGE GEORGIOU and his co-conspirators deposited 1.5 million shares of HYHY stock into the Zaitech account. The purported value of this stock was approximately \$4,125,000, and Accuvest agreed to provide margin up to 10 percent of the value of the account. Defendant GEORGIOU and his co-conspirators did not disclose that the value of these securities was artificially inflated.

120. In or about October 2007, defendant GEORGE GEORGIOU met with a representative of Wright in California to discuss the Zaitech account and investment strategies. Defendant GEORGIOU falsely represented that additional assets would be transferred into the Zaitech account and that he and his “group” were interested in liquidating the HYHY stock.

121. On or about November 29, 2007, defendant GEORGE GEORGIOU and

his co-conspirators deposited one million shares of HYHY into the Zitech account, with a purported value of approximately \$1,950,000. Defendant GEORGIOU and his co-conspirators did not disclose that the value of these securities was artificially inflated.

122. On or about January 2, 2008, defendant GEORGE GEORGIOU and his co-conspirators deposited 2.5 million shares of HYHY into the Zitech account, with a purported value of approximately \$3,250,000. Defendant GEORGIOU and his co-conspirators did not disclose that the value of these securities was artificially inflated.

123. In or about January 2008, a Wright representative met with defendant GEORGE GEORGIOU and some of his co-conspirators in Toronto. At that meeting, defendant GEORGIOU and his co-conspirators stated that they soon would liquidate their holdings in HYHY and have Wright manage the proceeds. They also showed the Wright representative account statements from Caledonia that purported to hold securities worth more than \$40 million and stated that they soon would transfer those assets to Wright.

124. On or about January 25, 2008, defendant GEORGE GEORGIOU and his co-conspirators deposited 10 million shares of Northern Ethanol into the Zitech account, with a purported value of approximately \$10 million. Defendant GEORGIOU and his co-conspirators did not disclose that the value of these securities was artificially inflated.

125. On or about January 30, 2008, defendant GEORGE GEORGIOU directed Wright to wire \$2 million from the Zitech account to an account controlled by one of defendant GEORGIOU's co-conspirators.

126. On or about February 13, 2008, defendant GEORGE GEORGIOU and his co-conspirators deposited 10 million shares of Northern Ethanol into the Zitech account, with a purported value of approximately \$10 million. Defendant GEORGIOU and his co-conspirators



did not disclose that the value of these securities was artificially inflated.

127. On or about April 9, 2008, defendant GEORGE GEORGIU directed that Wright wire \$600,000 from the Zitech account to Avicena.

128. On or about April 30, 2008, defendant GEORGE GEORGIU directed that Wright wire \$600,000 from the Zitech account to Team One Marketing, a Canadian company associated with defendant GEORGIU.

129. On or about May 29, 2008, defendant GEORGE GEORGIU sent an email to Wright authorizing another individual to place sell orders of HYHY in the Zitech account. Defendant GEORGIU instructed Wright not to provide any other information to this individual.

130. On or about June 5, 2008, defendant GEORGE GEORGIU directed Wright to wire \$170,000 from the Zitech account to Team One Marketing.

131. On or about July 21, 2008, defendant GEORGE GEORGIU, using a nominee email account, sent Wright a list of additional assets that could be transferred for their management. These assets were never transferred.

132. On or about August 18, 2008, defendant GEORGE GEORGIU directed Wright to wire \$170,000 from the Zitech account to Team One Marketing.

133. On or about August 28, 2008, defendant GEORGE GEORGIU forwarded account opening documents to Wright for a new account in the name of an individual known to the grand jury and identified here as BE, which was funded with 10 million shares of Northern Ethanol. Defendant GEORGIU did not disclose that the value of these securities was artificially inflated.

134. On or about September 12, 2008, defendant GEORGE GEORGIU directed Wright to wire \$320,000 from Zitech account to Team One Marketing.

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

## **COUNT TWO**

### **THE GRAND JURY FURTHER CHARGES THAT:**

1. Paragraphs 1, 2, and 6 through 11, and Overt Acts 1 through 31 of Count One are incorporated here.

2. From at least in or about the summer of 2004 through in or about September 2008, in the Eastern District of Pennsylvania, and elsewhere, defendant

### **GEORGE GEORGIU**

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 Neutron, Inc. 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.

### **COUNT THREE**

#### **THE GRAND JURY FURTHER CHARGES THAT:**

1. Paragraphs 1, 3, and 6 through 11, and Overt Acts 32 through 73 of Count One are incorporated here.

2. From at least in or about April 2004 through in or about September 2008, in the Eastern District of Pennsylvania and elsewhere, defendant

#### **GEORGE GEORGIOU**

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 Avicena Group, Inc. 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.

## **COUNT FOUR**

### **THE GRAND JURY FURTHER CHARGES THAT:**

1. Paragraphs 1, 4, and 6 through 11, and Overt Acts 74 through 90 of Count One are incorporated here.

2. From at least in or about April 2008 through in or about September 2008, in the Eastern District of Pennsylvania and elsewhere, defendant

### **GEORGE GEORGIOU**

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 Hydrogen Hybrid Technologies, Inc. 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.

## **COUNT FIVE**

### **THE GRAND JURY FURTHER CHARGES THAT:**

1. Paragraphs 1, 5, and 6 through 11, and Overt Acts 90 through 106 of Count One are incorporated here.

2. From at least in or about the July 2007 through in or about September 2008, in the Eastern District of Pennsylvania and elsewhere, defendant

### **GEORGE GEORGIOU**

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 Northern Ethanol 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.

## **COUNTS SIX THROUGH EIGHT**

### **THE GRAND JURY FURTHER CHARGES THAT:**

1. Paragraphs 1, 2, 3, 6 through 11, and 13, and Overt Acts 107 through 116 of Count One are incorporated here.

2. At all times material to this indictment, Caledonia Corporate Management Group Limited (“Caledonia”) was a Bahamian brokerage firm. Caledonia had relationships with United States clearing firms that enabled its clients to trade on the United States securities markets.

### **THE SCHEME**

3. From at least in or about December 2006 through in or about September 2008, defendant

### **GEORGE GEORGIU**

devised and intended to devise a scheme to defraud Caledonia, and to obtain money and property by means of false and fraudulent pretenses, representations, and promises.

### **MANNER AND MEANS**

It was part of the scheme that:

4. Defendant GEORGE GEORGIU and his co-schemers took steps to artificially inflate and maintain the prices of Neutron and Avicena stock, including making manipulative trades in the stocks to reach certain prices through matched trading and wash sales.

5. Defendant GEORGE GEORGIU and his co-schemers opened an account at Caledonia in the name of an individual known to the grand jury, and identified here as RW, that would enable them to trade on margin that was purportedly secured by at least \$15 million of

Neutron and Avicena stock. Defendant GEORGIOU and his co-schemers did not disclose to Caledonia that the shares of Neutron and Avicena stock that they had pledged as collateral had been artificially inflated and were worth far less than \$15 million.

6. Defendant GEORGE GEORGIOU and his co-schemers used the artificially inflated stock prices to induce Caledonia to extend them credit by permitting them to trade on margin and by extending them cash loans.

7. Defendant GEORGE GEORGIOU and his co-schemers used the credit that Caledonia had extended them to purchase stock, including additional shares of Avicena and Neutron, which furthered their goals to manipulate the stocks and profit from their inflated prices.

8. Defendant GEORGE GEORGIOU and his co-schemers consistently made trades in the RW account that lost money and exceeded the margin percentages that Caledonia had offered to provide.

9. When Caledonia, on numerous occasions, requested additional security to support the credit in the RW account, defendant GEORGE GEORGIOU and his co-schemers falsely represented to Caledonia that he and his “group” would transfer additional assets into the RW account. In fact, defendant GEORGIOU and his co-schemers never transferred any other assets into the account.

10. Defendant GEORGE GEORGIOU and his co-schemers also took steps to prevent Caledonia from obtaining the Neutron and Avicena stock that they had pledged as collateral in the RW account. Specifically, defendant GEORGIOU and his co-schemers refused to authorize the transfer of the stock to Caledonia.



11. As a result of the false representations of defendant GEORGE GEORGIOU and his co-schemers concerning the collateral for the Caledonia account and their failure to provide additional assets, Caledonia was unable to cover the substantial deficits in the RW account. Defendant GEORGIOU and his co-schemers thus caused Caledonia to suffer approximately \$25 million in losses. Because Caledonia was unable to cover those massive losses, the firm could no longer operate and was liquidated.

### **THE WIRES**

12. On or about each of the dates set forth below, in the Eastern District of Pennsylvania and elsewhere, defendant

### **GEORGE GEORGIOU,**

for the purpose of executing the scheme described above, and attempting to do so, and aiding and abetting its execution, caused to be transmitted by means of wire communication in interstate and foreign commerce the writings, signs, signals, and sounds described below for each count, each transmission constituting a separate count:

<b>COUNT</b>	<b>DATE</b>	<b>DESCRIPTION</b>
SIX	1/30/07	Email from defendant GEORGIOU in Canada to KW in Bucks County, Pennsylvania, instructing KW to buy 20,000 shares of Avicena stock at \$6.04 per share.
SEVEN	1/31/07	Email from defendant GEORGIOU in Canada to KW in Bucks County, Pennsylvania, regarding the purchase of Avicena stock, using Caledonia funds.
EIGHT	3/12/07	Email from defendant GEORGIOU in Canada to KW in Bucks County, Pennsylvania, regarding the transfer of Avicena shares to Caledonia.

All in violation of Title 18, United States Code, Sections 1343, 1349, and 2.

## **COUNT NINE**

### **THE GRAND JURY FURTHER CHARGES THAT:**

1. Paragraphs 1 and 4 through 11, and 13, and Overt Acts 117 through 134 of Count One are incorporated here.

2. At all times material to this indictment, Accuvest Limited (“Accuvest”) was a Bahamian brokerage firm.

### **THE SCHEME**

3. From at least in or about June 2007 through in or about September 2008, defendant

### **GEORGE GEORGIOU**

devised and intended to devise a scheme to defraud Accuvest, and to obtain money and property by means of false and fraudulent pretenses, representations, and promises.

### **MANNER AND MEANS**

It was part of the scheme that:

4. Defendant GEORGE GEORGIOU and his co-schemers took steps to artificially inflate and maintain the prices of HYHY and Northern Ethanol stock, including making manipulative trades in the stocks to reach certain prices through matched trading and wash sales.

5. Defendant GEORGE GEORGIOU and his co-schemers opened an account at Accuvest in the name of Zaitch Enterprises (“Zaitch”). The trading in the account was to be handled through an advisory agreement with William Wright Associates (“Wright”), an Accuvest

affiliate based in California.

6. Defendant GEORGE GEORGIOU and his co-schemers represented to Accuvest and Wright that they would fund the Zaitech account with what purported to be millions of dollars worth of HYHY and Northern Ethanol stock. In fact, defendant GEORGIOU and his co-schemers never disclosed that they had artificially inflated the share prices of HYHY and Northern Ethanol stock and that they were worth far less than they had represented.

7. By falsely making it appear that there was valuable stock in the Zaitech account, defendant GEORGE GEORGIOU and his co-schemers fraudulently obtained margin and cash loans of approximately \$4 million from Accuvest.

8. Defendant GEORGE GEORGIOU and his co-schemers did not repay the money that they had borrowed on margin and in cash loans from Accuvest, and their artificially inflated stock did not cover the loans. As a result, defendant GEORGIOU and his co-schemers caused Accuvest to lose at least \$4 million.

9. On or about September 11, 2008, in the Eastern District of Pennsylvania, and elsewhere, defendant

**GEORGE GEORGIOU,**

for the purpose of executing the scheme described above, and attempting to do so, and aiding and abetting its execution, caused to be transmitted by means of wire communication in interstate and foreign commerce the following writings, signs, signals, and sounds: a \$5,000 wire transfer from a Starport Canadian bank account to a Philadelphia bank account as payment for manipulative trading in Northern Ethanol stock.

In violation of Title 18, United States Code, Sections 1343, 1349, and 2.

## **NOTICE OF FORFEITURE**

### **THE GRAND JURY FURTHER CHARGES THAT:**

1. As a result of the violations of Title 15, United States Code, Sections 78j(b), 78ff and Title 17 Code Federal Regulations § 240.10b-5 and Title 18, United States Code, Section 1343, set forth in this indictment, defendant

### **GEORGE GEORGIU**

shall forfeit to the United States of America any property, real or personal, that constitutes or is derived from proceeds traceable to the commission of such offenses, including, but not limited to, the sum of at least \$26 million.

2. If any of the property subject to forfeiture, as a result of any act or omission of the defendant:

- (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 Title 28, United States Code, Section 2461(c), incorporating Title 21, United States Code, Section 853(p), to seek forfeiture of any other

property of the defendant up to the value of the property subject to forfeiture.

All pursuant to Title 28, United States Code, Section 2461(c) and Title 18, United States Code, Section 981(a)(1)(C).

**A TRUE BILL:**

---

**GRAND JURY FOREPERSON**

---

**LAURIE MAGID**

**Acting United States Attorney**