

UNITED STATES DISTRICT COURT  
FOR THE CENTRAL DISTRICT OF CALIFORNIA

June 2023 Grand Jury

UNITED STATES OF AMERICA,  
  
Plaintiff,  
  
v.  
  
KALISTRATOS KABILAFKAS,  
aka "Kelly Kabilafkas," and  
JACK EDWARD DANIELS,  
  
Defendants.

CR No. 2:24-cr-00270-MRA

I N D I C T M E N T

[18 U.S.C. § 371: Conspiracy to  
Commit Securities Fraud; 15 U.S.C.  
§§ 78j(b), 78ff(a), and 17 C.F.R.  
§ 240.10b-5: Securities Fraud;  
18 U.S.C. § 981 and 28 U.S.C.  
§ 2461(c): Criminal Forfeiture]

The Grand Jury charges:

COUNT ONE

[18 U.S.C. §§ 371, 2(b)]

[ALL DEFENDANTS]

A. OVERVIEW

1. From in or around May 2014 to in or around November 2018, defendant KALISTRATOS KABILAFKAS, also known as "Kelly Kabilafkas," defendant JACK EDWARD DANIELS, and others known and unknown to the Grand Jury, conspired to engage, and did engage, in a securities fraud scheme to defraud investors and potential investors whereby

1 defendants KABILAFKAS and DANIELS, directly and through  
2 coconspirators and nominees, carried out a "pump-and-dump" scheme by  
3 (i) covertly amassing the freely tradeable shares of a public company  
4 (Airborne Wireless Network), (ii) using investors' funds to pay for a  
5 multi-million-dollar stock promotion advertising campaign, and  
6 (iii) liquidating such holdings at inflated prices for the  
7 defendants' and their coconspirators' own personal gain and to the  
8 detriment of investors.

9 RELEVANT INDIVIDUALS AND ENTITIES

10 At times relevant to this Indictment:

11 2. Defendant KABILAFKAS was a resident of Ventura County,  
12 California.

13 3. Defendant DANIELS was a resident of Ventura County,  
14 California.

15 4. Ample-Tee, Inc. ("Ample-Tee") (stock ticker: ATLW) was a  
16 shell company incorporated in Nevada. In or around October 2015,  
17 defendant KABILAFKAS acquired all the shares of Ample-Tee, and  
18 subsequently renamed Ample-Tee as Airborne Wireless Network.

19 5. Airborne Wireless Network was a publicly traded company  
20 (stock ticker: ABWN) with offices in Simi Valley, California, in the  
21 Central District of California. Airborne Wireless Network was  
22 promoted as a business that was developing high-speed broadband  
23 wireless internet that would be delivered through a network of  
24 inflight aircraft. Hereinafter, "Airborne" refers to the Ample-  
25 Tee/Airborne Wireless Network from in or around October 2015 and  
26 later. According to public filings and disclosures, defendant  
27 DANIELS was the President and a Director of Airborne; however,  
28 defendant KABILAFKAS in fact controlled Airborne.

1           6.    Apcentive, Inc. ("Apcentive") was a privately held  
2 corporation incorporated in Nevada that maintained offices in the  
3 Central District of California.

4           7.    Coconspirator 1 ("CC-1") was a resident of Ventura County,  
5 California.

6           8.    Coconspirator 2 ("CC-2") was a resident of Canada and  
7 negotiated the sale of Airborne to defendant KABILAFKAS.

8           9.    Coconspirator 3 ("CC-3") was a resident of Greece and  
9 conspired with defendant KABILAFKAS to open brokerage accounts to  
10 facilitate the sale of Airborne stock.

11          10.   Coconspirator 4 ("CC-4") was a dual U.S.-Greek national and  
12 a resident of Ventura County, California. CC-4 conspired with  
13 defendant KABILAFKAS to open brokerage accounts to facilitate the  
14 sale of Airborne stock.

15          11.   Charity A was a non-profit corporation that was established  
16 to support the charitable works of a religious ministry. Funds that  
17 defendant KABILAFKAS used to purchase Airborne were transferred  
18 through Charity A's bank accounts.

19          12.   Foundation A was a charitable foundation that made  
20 donations to non-profit entities, including Charity A. CC-1 was a  
21 trustee of Foundation A.

22               RELEVANT TERMS

23          13.   "Over the Counter" or "OTC" stock markets were operated by  
24 a network of broker-dealers who quoted prices to buy or sell penny  
25 stocks. The broker-dealers would buy or sell penny stocks with other  
26 broker-dealers for their own account or for the account of the  
27 broker-dealer's customer. An individual investor could place orders  
28 to buy or sell penny stocks available to trade on OTC stock markets

1 through their broker-dealers. Broker-dealers typically accepted  
2 orders to buy or sell through various means including orders placed  
3 via phone, email, or through online trading platforms.

4 14. "Restricted Shares" referred to securities acquired in an  
5 unregistered, private sale from the issuing company (the issuer) or  
6 from an affiliate of the issuer. Restricted Shares typically bore a  
7 "restrictive" legend stating that the shares could not be resold in  
8 the OTC stock market unless the sale was otherwise exempt from the  
9 registration requirements of the federal securities laws and the U.S.  
10 Securities and Exchange Commission's ("SEC") rules.

11 15. "Unrestricted Shares" referred to freely tradeable  
12 securities that were issued pursuant to a registration statement, did  
13 not bear a "restrictive" legend, and could be readily resold on the  
14 OTC stock market.

15 B. OBJECT OF THE CONSPIRACY

16 16. Beginning no later than in or around May 2014 and  
17 continuing through at least in or around November 2018, in Ventura  
18 County, within the Central District of California, and elsewhere,  
19 defendants KABILAFKAS and DANIELS conspired with one another and  
20 others, known and unknown to the Grand Jury, to knowingly and  
21 willfully, directly and indirectly, use the means and  
22 instrumentalities of interstate commerce, and of the mails, in  
23 connection with the purchase and sale of securities, to employ, and  
24 cause others to use and employ, manipulative devices and  
25 contrivances, in violation of Title 17, Code of Federal Regulations,  
26 Section 240.10b-5 by:

27 a. employing, and causing others to employ, devices,  
28 schemes, and artifices to defraud;

1           b. making, and causing others to make, untrue statements  
2 of material fact and omitting to state, and causing others to omit to  
3 state, material facts necessary in order to make the statements made,  
4 in light of the circumstances under which they were made, not  
5 misleading; and

6           c. engaging, and causing others to engage, in acts,  
7 practices, and courses of business which operated and would operate  
8 as a fraud and deceit upon persons, to wit: (i) concealing from  
9 Apcentive investors plans to use a patent related to the provision of  
10 wireless access as a device to promote a pump and dump scheme,  
11 (ii) using Apcentive investors' funds to secretly acquire all of the  
12 Unrestricted Shares of Airborne to carry out such a scheme, (iii)  
13 concealing the true ownership of the Unrestricted Shares of Airborne  
14 stock, and (iv) selling the Unrestricted Shares on the OTC stock  
15 market during a multi-million-dollar advertising campaign designed to  
16 inflate Airborne's stock price, all in violation of Title 15, United  
17 States Code, Sections 78j(b) and 78ff(a), and Title 17, Code of  
18 Federal Regulations, Section 240.10b-5.

19 C. MANNER AND MEANS OF THE CONSPIRACY

20           17. The object of the conspiracy was to be carried out, and was  
21 carried out, in substance, as follows:

22                   **Defendants Used Apcentive to Acquire and Use the Wireless**  
23                   **Patent as a Device to Defraud Potential Investors**

24           a. In or around May 2014, defendant KABILAFKAS, together  
25 with other coconspirators, acquired a controlling number of shares of  
26 Apcentive stock, a privately held corporation. In or around April  
27 2015, defendant KABILAFKAS caused Apcentive to acquire a patent (the  
28 "Wireless Patent") for an untested technology to connect wireless

1 communication systems between inflight commercial aircraft to form a  
2 satellite network that would, in concept, deliver highspeed internet  
3 access.

4 b. Defendants KABILAFKAS and DANIELS, together with other  
5 coconspirators, knowingly and willfully used, and caused others to  
6 use, the Wireless Patent as a promotional gimmick and a device to  
7 defraud investors to buy Apcentive stock.

8 c. In or around July 2016, defendants KABILAFKAS and  
9 DANIELS, together with other coconspirators, defrauded Apcentive  
10 investors by (i) causing Apcentive to sell its Wireless Patent to  
11 Airborne in exchange for Restricted Shares of Airborne stock, and  
12 (ii) concealing that defendant KABILAFKAS secretly held all of  
13 Airborne's Unrestricted Shares that he planned to dump on the OTC  
14 stock market.

15 **Defendant KABILAFKAS and CC-1 Conspired to Acquire**  
16 **Airborne's Stock Using a \$475,000 Sham "Donation" Routed**  
17 **through Foundation A and Charity A**

18 d. In or around May 2015, defendant KABILAFKAS and CC-1,  
19 together with other coconspirators, conspired to secretly acquire all  
20 of the Unrestricted Shares and Restricted Shares of Airborne stock.

21 e. To secretly obtain Airborne's stock, defendant  
22 KABILAFKAS and CC-1 conspired to cause Foundation A to transfer funds  
23 to Charity A under the false pretenses that the funds were a  
24 charitable donation.

25 f. Defendant KABILAFKAS and CC-1 falsely represented to  
26 Charity A's administrator ("Individual 1") that defendant KABILAFKAS  
27 could withdraw the funds from Charity A's bank account to use the  
28 funds to purchase Apcentive stock for Charity A.

1           g. In or around August 2015, defendant KABILAFKAS caused  
2 Individual 1 to give defendant KABILAFKAS three pre-signed but  
3 otherwise blank checks from Charity A's bank account by making false  
4 representations and promises to Individual 1 that defendant  
5 KABILAFKAS would use the checks to purchase Apcentive stock on behalf  
6 of Charity A.

7           h. On or about August 17, 2015, CC-1 wired the sham  
8 \$475,000 donation from Foundation A to Charity A's bank account.

9           i. On or about August 18, 2015, defendant KABILAFKAS used  
10 the three pre-signed checks to withdraw \$474,500 of the \$475,000 sham  
11 donation from Charity A's bank account.

12           j. On or about August 18, 2015, defendant KABILAFKAS  
13 filled out the first two checks from Charity A's account for a total  
14 of \$119,500 and without authorization from Individual 1 deposited  
15 those checks in two of defendant KABILAFKAS's personal bank accounts.

16           k. On or about August 19, 2015, defendant KABILAFKAS  
17 wrote the third check from Charity A's bank account for \$355,000 and  
18 deposited the check in an escrow account to be used to pay CC-2 in  
19 exchange for delivering all of Airborne's stock to defendant  
20 KABILAFKAS.

21           l. Despite defendant KABILAFKAS and CC-1 falsely  
22 promising Individual 1 that Charity A would receive shares of  
23 Apcentive stock, neither defendant KABILAFKAS nor CC-1 delivered any  
24 shares to Charity A or to Individual 1.

25           **Defendant KABILAFKAS, CC-1, and Others Conspired to**  
26           **Secretly Acquire All of Airborne's Stock**

27           m. In or around 2012, CC-2 and other coconspirators stole  
28 Ample-Tee's founder's ("Individual 2") identity to incorporate Ample-

1 Tee in Nevada and registered shares of Ample-Tee stock with the SEC,  
2 without Individual 2's knowledge or permission.

3 n. Unbeknownst to Individual 2, CC-2 and other  
4 coconspirators made multiple SEC filings that falsely listed  
5 Individual 2 as Ample-Tee's sole shareholder, President, and Chief  
6 Executive Officer. Individual 2 was also unaware that CC-2 and other  
7 coconspirators issued Unrestricted Shares of Ample-Tee stock in or  
8 around September 2013 to approximately 30 shareholders purportedly  
9 from Thailand (the "Thai Shareholders").

10 o. In or around 2015, for the purpose of using Ample-Tee  
11 in a scheme to defraud, CC-2 and other conspirators, prepared pre-  
12 signed and pre-notarized, but otherwise blank, contracts for the  
13 purchase and sale of the Thai Shareholders' Ample-Tee stock  
14 certificates and related documents (collectively, the "Blank Sales  
15 Documents").

16 p. Because the Blank Sales Documents were pre-signed but  
17 otherwise blank, the coconspirators could use the Blank Sales  
18 Documents as a device and scheme to defraud by fraudulently filling  
19 in a purchaser's name, purchase price, and date of purchase to  
20 fraudulently convey the Thai Shareholders' Unrestricted Shares of  
21 Ample-Tee's stock to any person.

22 q. In or around August 2015, defendant KABILAFKAS agreed  
23 to purchase from CC-2 all of Airborne's stock and the Blank Sales  
24 Documents. The Blank Sales Documents allowed defendant KABILAFKAS,  
25 CC-1, and other coconspirators to falsely fill in the purchaser's  
26 name, purchase price, and date of purchase to fraudulently convey the  
27 Thai Shareholders' Unrestricted Shares of Airborne's stock to any  
28 person.



1           r. Prior to finalizing the purchase of Airborne's stock,  
2 in order to confirm that Airborne's stock could be used in a pump-  
3 and-dump scheme to defraud, defendant KABILAFKAS and CC-2 verified  
4 that (i) an SEC-registered broker-dealer ("Broker-Dealer 1") would  
5 accept the falsely completed Blank Sales Documents and Thai  
6 Shareholders' Airborne stock certificates for deposit, and  
7 (ii) Airborne stock could be electronically traded on the OTC stock  
8 market.

9           s. On or about October 20, 2015, defendant KABILAFKAS and  
10 CC-2 finalized the sale of Airborne's stock for \$350,000. Defendant  
11 KABILAFKAS caused multiple wire transfers for approximately \$350,000  
12 - funds misappropriated from Charity A - to CC-2 and other  
13 coconspirators, and CC-2 caused the Thai Shareholders' Airborne stock  
14 certificates and related Blank Sales Documents to be sent to  
15 defendant KABILAFKAS, which gave defendant KABILAFKAS complete  
16 control of Airborne's stock.

17                   **Defendant KABILAFKAS Controlled Airborne's Officers and**  
18                   **Directors**

19           t. In or around August 2015, shortly before defendant  
20 KABILAFKAS's acquisition of Airborne and to conceal defendant  
21 KABILAFKAS's involvement with the management of Airborne, defendant  
22 KABILAFKAS recruited defendant DANIELS to act as Airborne's new  
23 president and sole director.

24           u. Beginning on or about October 20, 2015, defendant  
25 KABILAFKAS conspired with defendant DANIELS to direct and control  
26 Airborne, even though defendant KABILAFKAS held no formal position as  
27 an officer or director.

1 v. Despite having no formal role in Airborne, defendant  
2 KABILAFKAS selected and exercised decision-making and control over  
3 Airborne's CEO and other executives, and directed defendant DANIELS  
4 on how to respond to inquiries from Airborne's public accounting  
5 firm.

6 **Defendants KABILAFKAS and DANIELS Filed False and**  
7 **Materially Misleading Reports About the Sale of Airborne on**  
8 **the SEC's Website**

9 w. On or about October 20, 2015, immediately following  
10 the purchase of Airborne, defendants KABILAFKAS and DANIELS knowingly  
11 and willfully filed an SEC Form 8-K published on the SEC's website  
12 that contained material misrepresentations and omissions.

13 x. Specifically, the SEC Form 8-K falsely stated that  
14 defendant DANIELS purchased all of Individual 2's approximately 84.1  
15 million Restricted Shares of Airborne stock for \$250,000 cash using  
16 defendant DANIELS's personal funds. This statement was false and  
17 misleading because:

18 i. Defendant DANIELS had not purchased any Airborne  
19 stock, nor were any of defendant DANIELS' personal funds used to make  
20 such a purchase;

21 ii. Individual 2 was unaware that shares of Airborne  
22 stock had been issued to Individual 2 and that such shares had been  
23 sold;

24 iii. Individual 2 did not receive any money for the  
25 sale of Airborne's stock; and

26 iv. Defendant KABILAFKAS had used the funds from CC-  
27 1's sham donation from Foundation A provided to Charity A to obtain  
28 the Airborne shares.

1           y.     The October 20, 2015 SEC Form 8-K also:

2                i.     Concealed the fact that CC-2 and other  
3     coconspirators stole Individual 2's identity and created the pre-  
4     signed Blank Sales Documents for the purpose of using Airborne's  
5     stock in the scheme to defraud investors;

6                ii.    Concealed the fact that defendant KABILAFKAS, CC-  
7     1, and other coconspirators had acquired all of the Unrestricted  
8     Shares of Airborne, which defendant KABILAFKAS could sell at any  
9     time; and

10              iii.   Falsely stated that defendant DANIELS—Airborne's  
11     only officer and director—(1) was the sole holder of approximately  
12     84.1 million shares of Airborne stock, purchased with defendant  
13     DANIELS's personal funds, and (2) "held voting power equal to  
14     approximately 74% of Airborne's voting securities." In fact, on or  
15     about October 20, 2015, defendant KABILAFKAS acquired all of  
16     Airborne's Restricted Shares (purportedly purchased by defendant  
17     DANIELS) and all of Airborne's Unrestricted Shares.

18              z.     Beginning at least on or about October 20, 2015  
19     through at least November 14, 2018, defendants KABILAFKAS and DANIELS  
20     knowingly and willfully filed and caused to be filed reports on the  
21     SEC's website, that contained untrue statements of material fact and  
22     omitted facts that made statements materially misleading, including  
23     but not limited to: (1) an SEC Form 10-K, annual report for the  
24     fiscal year ending August 31, 2016, filed with the SEC on or about  
25     December 13, 2016; (2) an SEC Form 10-K, annual report for the fiscal  
26     year ending August 31, 2017, filed with the SEC on or about November  
27     14, 2017; and (3) an SEC Form 10-K, annual report for the fiscal year  
28     ending August 31, 2018, filed with the SEC on or about November 14,

1 2018. Within these reports, defendants KABILAFKAS and DANIELS made,  
2 and caused to be made, various false and misleading statements and  
3 omissions, including claims that:

4 i. Defendant DANIELS purchased all of Individual 2's  
5 approximately 84.1 million Restricted Shares of Airborne stock for  
6 \$250,000; and

7 ii. Airborne had 31 shareholders, when in fact,  
8 defendant KABILAFKAS had acquired all of Airborne's shares.

9 aa. Defendants KABILAFKAS and DANIELS concealed, and  
10 caused Airborne to omit from Airborne's SEC filings, that defendant  
11 DANIELS paid defendant KABILAFKAS, directly and indirectly, with  
12 funds from Airborne's bank accounts.

13 bb. Defendant DANIELS concealed, and caused Airborne to  
14 falsely state in its SEC filings, that defendant DANIELS at relevant  
15 times did not receive compensation from Airborne. But, in fact, as  
16 Airborne's president, defendant DANIELS wrote checks to himself from  
17 Airborne's bank account for tens of thousands of dollars.

18 cc. Defendants KABILAFKAS and DANIELS concealed, and  
19 caused Airborne to omit from Airborne's SEC filings, the criminal  
20 history of certain directors and officers of Airborne.

21 //

**Defendants KABILAFKAS and DANIELS, and their Coconspirators  
Deceived Airborne's Transfer Agent and Multiple Broker-  
Dealers in Order to Trade Unrestricted Shares of Airborne  
Stock**

dd. Beginning in or around September 2016, defendants KABILAFKAS and DANIELS, and other coconspirators, submitted, and caused others to submit, falsified Airborne stock certificates and related Blank Sales Documents to the Transfer Agent for Airborne to deceive the Transfer Agent into reissuing the stock certificates in the names of defendant KABILAFKAS, his coconspirators, and third-party nominees.

ee. In or around September and October 2016, for the purpose of depositing and trading Unrestricted Shares of Airborne stock, defendant KABILAFKAS, CC-1, and other coconspirators, opened additional brokerage accounts with Broker-Dealer 1 in the names of CC-1, CC-3, and in the name of a nominee ("Nominee 1"), who was an associate known to defendant KABILAFKAS.

ff. Beginning in or around November 2016, Broker-Dealer 1 stopped accepting new deposits of Unrestricted Shares of Airborne stock.

gg. After Broker-Dealer 1 stopped accepting new deposits, defendant KABILAFKAS, CC-1, and other coconspirators submitted, and caused others to submit, certificates of Unrestricted Shares of Airborne stock fraudulently obtained from the Transfer Agent and the falsified Blank Sales Documents to other broker-dealers to deceive the broker-dealers into accepting the Unrestricted Shares of Airborne stock for deposit.

hh. From in or around August 2016 to in or around April 2018, defendant KABILAFKAS knowingly and willfully sold millions of

1 Unrestricted Shares of Airborne stock to the investing public through  
2 brokerage accounts in defendant KABILAFKAS's own name and in the  
3 names of other coconspirators and nominees resulting in defendant  
4 KABILAFKAS obtaining millions of dollars in personal profit.

5 ii. From in or around June 2017 to in or around May 2018,  
6 CC-1 knowingly and willfully sold his secretly acquired Unrestricted  
7 Shares of Airborne stock to the investing public in furtherance of  
8 the scheme to defraud. CC-1 sold approximately several hundred  
9 thousand Unrestricted Shares of Airborne stock for more than \$1.25  
10 million in personal profit.

11 **Defendant KABILAFKAS Concealed His Role in an Email Stock**  
12 **Promotion Campaign That He Organized to Inflate Airborne's**  
13 **Stock Price**

14 jj. Between in or around August 2016 and in or around July  
15 2018, defendants KABILAFKAS and DANIELS, and their coconspirators,  
16 conspired to cause Airborne to spend millions of dollars on an  
17 extensive media campaign that was part of the scheme to defraud. The  
18 media campaign promoted Airborne's stock, which substantially drove  
19 up Airborne's stock price on the OTC stock market.

20 kk. The promotional campaign involved, among other things,  
21 mass-marketing emails from stock promoters, television and print  
22 advertisements, press releases, SEC Form 8-K filings, and an  
23 electronic billboard in New York City's Times Square.

24 ll. In or around August 2016, in furtherance of the scheme  
25 to defraud, defendant KABILAFKAS paid, and caused to be paid, stock-  
26 promoter companies that sent mass-marketing promotional emails  
27 touting Airborne to prospective investors with statements that  
28 included:

APPROX. DATES	MASS-MARKETING EMAILS
August 27, 2016	<p>"ABWN [Airborne] surges 60% from our alert... big week of trades ahead"</p> <p>"Our first pick, ABWN, traded just as we anticipated on the major technical breakout from our alert around \$0.60, all the way to \$0.98 on Friday for a 60%+ gain."</p>
August 28, 2016	<p>"ABWN demands your attention right now!"</p> <p>"My newest tech play ABWN has been running hard this past month. <b>The gains have been INSANE!</b>"</p>
August 29, 2016	<p>"ABWN update up 13% closing at the high of the day."</p> <p>"Good morning traders, ABWN continued it's [sic] momentum and started to go viral... Keep an eye on this one and remember your trading rules. We would not be surprised to see some more upward movement today."</p>
August 29, 2016	<p>"ABWN just hit a new 52-week high.. this stock is on FIRE!"</p> <p>"My newest pick could deliver <b>KING SIZED</b> gains so add it to your watch lists right away! The ticker is <b>ABWN</b>. <b>ABWN</b> is my hot new tech stock that needs your immediate attention. Shares of <b>ABWN</b> have been absolutely explosive this month."</p>

mm. Defendant KABILAFKAS concealed his ownership and control of the Unrestricted Shares of Airborne stock from the stock promoters, and caused the mass-marketing emails to include materially false and misleading statements. For example, certain emails stated that the email authors were compensated by a "non-affiliated third party" for profiling Airborne. In fact, however, defendant KABILAFKAS paid one stock promoter hundreds of thousands of dollars through third party intermediaries and bank accounts held in the name

1 of one of the Thai Shareholders ("Nominee 2") and other nominees that  
2 were controlled by defendant KABILAFKAS.

3 nn. During the promotional campaign, in or around August  
4 2016, Airborne's share price more than doubled by the end of August  
5 2016 from approximately \$0.38 to approximately \$1.02.

6 oo. From on or about August 25, 2016, to on or about  
7 September 2, 2016, defendant KABILAFKAS and his coconspirators  
8 profited from the stock-promotion campaign by placing orders through  
9 Broker-Dealer 1 to sell hundreds of thousands of defendant  
10 KABILAFKAS's Unrestricted Shares of Airborne stock held in Nominee  
11 2's brokerage account, which defendant KABILAFKAS controlled.  
12

13  
14 **Defendants KABILAFKAS and DANIELS Used Funds Raised Through**  
15 **Airborne's Sales of Securities to Pay for the Television**  
**and Other Promotional Advertising Campaign**

16 pp. In addition to mass-marketing emails, defendants  
17 KABILAFKAS and DANIELS also caused Airborne to pay millions of  
18 dollars for the promotional advertising campaign for television,  
19 print, and other media advertising.

20 qq. Because Airborne did not generate revenue, defendants  
21 KABILAFKAS and DANIELS solicited and raised funds through Airborne's  
22 sale of securities directly from investors, including sales of  
23 Restricted Shares of Airborne stock to fund the advertising campaign.  
24 Defendants KABILAFKAS and DANIELS concealed from Airborne's investors  
25 that Airborne's majority shareholder—defendant KABILAFKAS—was  
26 directing investors' money to fund the media advertising campaign for  
27 the purpose of boosting Airborne's stock price and enabling defendant  
28



1 KABILAFKAS to sell his Unrestricted Shares for substantial personal  
2 profit and to the detriment of Airborne's investors.

3 rr. Using Airborne's funds, defendants KABILAFKAS and  
4 DANIELS orchestrated Airborne's television and print advertising  
5 campaign. For example, in or around September 2016, defendants  
6 KABILAFKAS and DANIELS arranged for Airborne to advertise on cable  
7 television news networks to promote the investing public's interest  
8 in buying Airborne stock.  
9

10 **Defendants KABILAFKAS and DANIELS Used Promotional**  
11 **Advertising Campaign to Inflate Airborne's Stock Price**

12 ss. Defendants KABILAFKAS and DANIELS caused Airborne to  
13 purchase through an advertising company ("Advertising Co. 1")  
14 television commercial airtime from in or around November 2016 to in  
15 or around July 2018 for the purpose of promoting demand to buy  
16 Airborne stock.  
17

18 tt. Defendant KABILAFKAS willfully and knowingly  
19 orchestrated this advertising campaign for the purpose of inflating  
20 Airborne's stock price. For example, defendant KABILAFKAS told an  
21 associate that Airborne's promotional advertising campaign was like  
22 adding "chemical" to Airborne's stock price. Defendant KABILAFKAS  
23 also likened the stock market to a coliseum because the purpose of  
24 the promotional efforts was to "entertain the crowd."  
25

26 uu. On or about August 6, 2016, defendant KABILAFKAS  
27 contacted a representative of Advertising Co. 1 ("Individual 3"),  
28 about working on a "CRAZY PROJECT right up [Individual 3's] alley."

1           vv. Defendant KABILAFKAS directed Advertising Co. 1 on the  
2 content and placement of Airborne's advertisements. Defendant  
3 KABILAFKAS negotiated and directed an agreement for Advertising Co. 1  
4 to produce television commercials and other advertising media for  
5 Airborne. Defendant DANIELS executed the agreements on behalf of  
6 Airborne as the company President.

7           ww. On or about October 25, 2016, defendant KABILAFKAS  
8 sent a text message to Individual 3 to confirm receipt of Advertising  
9 Co. 1's media buying proposal for Airborne. Defendant KABILAFKAS  
10 instructed Individual 3 to book television advertising timeslots on  
11 cable news networks including CNBC, Fox Business, and Fox News.  
12 Defendant KABILAFKAS added "I don't wanna to [sic] give anyone chance  
13 to drag their feet. Lets [sic] pay for spots, make videos and start  
14 the party."

15           xx. Airborne's television commercials typically aired on  
16 multiple days and on multiple channels during specific periods that  
17 ranged from approximately two-week to six-week periods. During many  
18 of these television advertising periods, Airborne's stock price  
19 increased for short periods of time.

20           yy. For example, Airborne ran television commercials from  
21 on or about December 5, 2016 to on or about December 30, 2016.  
22 During this period, Airborne's stock price increased from  
23 approximately \$0.72 per share to \$1.69 per share, which was an  
24 increase of approximately a 135%.

25           zz. Similarly, Airborne paid for television commercials  
26 from on or about January 25, 2017 to on or about February 28, 2017.  
27 During that same period, Airborne's stock price increased from  
28

1 approximately \$1.30 per share to its peak of \$4.07 per share, which  
2 was an increase of more than 200%.

3           aaa. Defendants KABILAFKAS and DANIELS caused Airborne to  
4 buy additional television commercial airtime spots to attempt to  
5 replicate the spikes in Airborne's stock price. For example, in or  
6 around October 2017, Airborne ran its television commercials  
7 approximately seven times a day on Fox Business and Fox News. In the  
8 first half of October 2017, Airborne's stock price increased from  
9 approximately \$0.81 to approximately \$1.45, which was an increase of  
10 approximately 80%.

11           bbb. From on or about December 18, 2017, to on or about  
12 December 29, 2017, defendants KABILAFKAS and DANIELS caused Airborne  
13 to increase its television advertising to approximately nine to 14  
14 times per day on Fox News and Fox Business. During this period,  
15 Airborne's stock price increased from approximately \$1.22 to  
16 approximately \$2.96 per share, which was an increase of more than  
17 140%.

18           ccc. The advertising purchases defendants KABILAFKAS and  
19 DANIELS orchestrated were the drivers of Airborne's stock, and by on  
20 or about January 2, 2018, days after the television advertising run  
21 on Fox News and Fox Business ended, Airborne's stock price fell by  
22 almost one-third, from approximately \$2.96 to approximately \$1.97.

23           **Defendant KABILAFKAS Dumped His Secretly Acquired**  
24           **Unrestricted Shares When the Promotional Advertising**  
25           **Campaign Caused Airborne's Stock Price to Spike**

26           ddd. Defendant KABILAFKAS capitalized on the stock price  
27 spikes by selling substantial volumes of his secretly acquired  
28 Unrestricted Shares of Airborne stock. For example, between on or

about December 18, 2017, and on or about December 29, 2017, during which time Airborne increased its television advertising on Fox News and Fox Business to approximately nine to fourteen times per day and Airborne's stock price increased to approximately \$2.96 per share, defendant KABILAFKAS sold substantial volumes of his secretly acquired Unrestricted Shares of Airborne stock through brokerage accounts held in his own name and in accounts he controlled but were held in the names of coconspirators as shown below:

Shares of Airborne Stock Sold From on or about December 18, 2017, to on or about December 29, 2017			
Account Holder	Broker-Dealer	Approx. Number Shares Sold	Approx. Gross Sales of ABWN
Defendant KABILAFKAS	Broker-Dealer 1	255,000	\$620,000
CC-3	Broker-Dealer 1	353,000	\$913,000
CC-4	Broker-Dealer 2	420,000	\$1,003,000

**Defendant KABILAFKAS Controlled and Directed Trading in the Brokerage Accounts of Coconspirators and Nominees**

eee. Defendant KABILAFKAS controlled and directed trading in the brokerage accounts for CC-3, CC-4, Nominee 1, Nominee 2, and other coconspirators and nominees, including through the following means:

i. Defendant KABILAFKAS used email accounts and telephone lines associated with the brokerage accounts to impersonate the accountholders.

ii. Defendant KABILAFKAS impersonated the coconspirators and nominees to place orders with Broker-Dealers to sell the Unrestricted Shares of Airborne stock.

1                   iii. Defendant KABILAFKAS impersonated the  
2 coconspirators and nominees to grant other coconspirators trading  
3 authorization over certain nominees' accounts.

4       D.   OVERT ACTS

5           18. On or about the following dates, in furtherance of the  
6 conspiracy and to accomplish its object, defendants KABILAFKAS and  
7 DANIELS, together with their coconspirators, committed and willfully  
8 caused others to commit the following overt acts, among others,  
9 within the Central District of California, and elsewhere:

10       Overt Act No. 1:     On August 5, 2015, defendant KABILAFKAS  
11 forwarded an email from CC-2 to Apcentive's president that contained  
12 electronic copies of the Thai Shareholders' Airborne stock  
13 certificates and the Blank Sales Documents.

14       Overt Act No. 2:     On August 17, 2015, CC-1 sent wire transfer  
15 instructions on behalf of Foundation A to wire \$475,000 to Charity  
16 A's bank account.

17       Overt Act No. 3:     On August 19, 2015, defendant KABILAFKAS  
18 completed a pre-signed but otherwise blank bank check for Charity A's  
19 Chase bank account ending in x5219 for approximately \$355,000 and  
20 caused the check to be deposited in his attorney's trust account at  
21 First Citizens Bank ending in x9810.

22       Overt Act No. 4:     On September 4, 2015, defendant KABILAFKAS  
23 opened a securities brokerage account at Broker-Dealer 1 for the  
24 purpose of depositing and selling defendant KABILAFKAS's secretly  
25 acquired Unrestricted Shares of company stock.

26       Overt Act No. 5:     On September 18, 2015, defendant KABILAFKAS  
27 forwarded to Apcentive's company president the Apcentive corporate  
28

1 resolution to authorize an additional 100 million shares of Apcentive  
2 stock signed by CC-1.

3 Overt Act No. 6: On October 20, 2015, defendants KABILAFKAS  
4 and DANIELS filed, and caused to be filed, with the SEC an SEC Form  
5 8-K falsely stating that defendant DANIELS purchased all of the  
6 Restricted Shares of Airborne stock on October 20, 2015, for \$250,000  
7 in cash using his own personal funds.

8 Overt Act No. 7: On July 31, 2016, defendant DANIELS, as  
9 Airborne's president, entered into an Intellectual Property Purchase  
10 Agreement to buy the Wireless Patent from Apcentive for 40 million  
11 Restricted Shares of Airborne stock.

12 Overt Act No. 8: On October 25, 2016, defendant KABILAFKAS  
13 caused a bank wire transfer in the amount of approximately \$169,925  
14 to be withdrawn from a bank account ending x331-1 at Cayman Islands  
15 Global Fidelity Bank Ltd. in the name of Nominee 2 and deposited to a  
16 stock promoter's Bank of America account ending x8193 to pay for  
17 mass-marketing promotional emails touting Airborne.

18 Overt Act No. 9: On October 26, 2016, defendant DANIELS  
19 signed a check from Airborne's Wells Fargo Bank account ending in  
20 x6593 to Advertising Co. 1 for \$25,000 so that Advertising Co. 1  
21 would begin preparing marketing materials for Airborne's advertising  
22 campaign.

23 Overt Act No. 10: On December 13, 2016, defendants KABILAFKAS  
24 and DANIELS filed, and caused to be filed, with the SEC an SEC Form  
25 10-K annual report for the fiscal year ending August 31, 2016,  
26 falsely claiming that defendant DANIELS had purchased the  
27 approximately 84 million restricted shares of Airborne stock for  
28 \$250,000 on October 20, 2015.

1        Overt Act No. 11:    On November 14, 2017, defendants KABILAFKAS  
2 and DANIELS filed, and caused to be filed, with the SEC an SEC Form  
3 10-K annual report for the fiscal year ending August 31, 2017,  
4 falsely claiming that defendant DANIELS had purchased the  
5 approximately 84 million Restricted Shares of Airborne stock for  
6 \$250,000 on October 20, 2015.

7        Overt Act No. 12:    On April 20, 2018, defendant KABILAFKAS sold  
8 approximately 17,000 shares of Airborne stock through his brokerage  
9 account at Broker-Dealer 2 ending x5T95.

10       Overt Act No. 13:    On April 27, 2018, within the Central  
11 District of California, defendant KABILAFKAS sold, and caused to be  
12 sold, approximately 21,100 shares of Airborne stock for approximately  
13 \$21,736 through CC-4's account at Broker-Dealer 2 ending x1788.

14       Overt Act No. 14:    On May 22, 2018, CC-1 sold approximately 900  
15 shares of Airborne stock for approximately \$454.50 through his  
16 Broker-Dealer 3 brokerage account ending x2969 for approximately  
17 \$454.50.

18       Overt Act No. 15:    On June 4, 2018, in order to lull Individual  
19 1 into believing that defendant KABILAFKAS had sold shares of the  
20 stock that Charity A purportedly purchased with the sham donation  
21 orchestrated by defendant KABILAFKAS and CC-1, defendant KABILAFKAS  
22 sent, and caused to be sent, approximately \$25,000 via wire transfer  
23 from Chase Bank account ending x5718 to Individual 1's Chase Bank  
24 account ending x5832.

25       Overt Act No. 16:    On July 14, 2018, in order to lull  
26 Individual 1 into believing that defendant KABILAFKAS would  
27 eventually pay Charity A with profits from the sale of Airborne  
28 stock, and conceal from Individual 1 that Airborne's stock price had

1 dropped below \$0.01, defendant KABILAFKAS sent a text message to  
2 Individual 1 in which defendant KABILAFKAS stated, among other  
3 things, "I have several books set aside for the library," a coded  
4 reference indicating that defendant KABILAFKAS had money set aside  
5 for the benefit of Charity A from the sale of Airborne stock.

6 Overt Act No. 17: On November 14, 2018, defendants KABILAFKAS  
7 and DANIELS filed and caused to be filed with SEC a Form 10-K, annual  
8 report for the fiscal year ending August 31, 2018, falsely claiming  
9 that defendant DANIELS had purchased the 84.1 million restricted  
10 shares of Airborne stock for \$250,000 on October 20, 2015.



COUNT TWO

[15 U.S.C. §§ 78j(b) and 78ff(a); 18 U.S.C. § 2;

17 C.F.R. § 240.10b-5]

[ALL DEFENDANTS]

19. The Grand Jury re-alleges paragraphs 1 through 15, 17, and 18 here.

A. THE SCHEME TO DEFRAUD

20. Beginning no later than in or around May 2014 and continuing through at least in or around November 2018, in Ventura County, within the Central District of California, and elsewhere, defendants KABILAFKAS and DANIELS, together with others known and unknown, each aiding and abetting the others, knowingly and willfully, directly and indirectly, used the means and instrumentalities of interstate commerce, and of the mails, in connection with the purchase and sale of securities, to employ, and cause others to use and employ, manipulative devices and contrivances, in violation of Title 17, Code of Federal Regulations, Section 240.10b-5 by:

a. employing, and causing others to employ, devices, schemes, and artifices to defraud;

b. making, and causing others to make, untrue statements of material fact and omitting to state, and causing others to omit 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, and causing others to engage, in acts, practices, and courses of business which operated and would operate as a fraud and deceit upon persons.

1 B. THE PURPOSE OF THE SCHEME AND ARTIFICE

2 21. It was the purpose of the scheme and artifice for the  
3 defendants KABILAFKAS and DANIELS to unjustly enrich themselves by:  
4 (i) concealing from Apcentive investors plans to use the Wireless  
5 Patent as a device to promote a pump and dump scheme, (ii) using  
6 Apcentive investors' funds to secretly acquire all of the  
7 Unrestricted Shares of Airborne to carry out such a scheme,  
8 (iii) concealing the true ownership of the Unrestricted Shares of  
9 Airborne stock, and (iv) selling the Unrestricted Shares on the OTC  
10 stock market during a multi-million-dollar advertising campaign  
11 designed to inflate Airborne's stock price.

12 C. THE MANNER AND MEANS OF THE SCHEME AND ARTIFICE

13 22. The scheme was carried out as described in paragraph 17.

14 D. EXECUTION OF THE FRAUDULENT SCHEME

15 23. On or about April 27, 2018, within the Central District of  
16 California, and elsewhere, for the purpose of executing the above-  
17 described scheme to defraud, and in furtherance of the manipulative  
18 and deceptive devices described above and using the instrumentalities  
19 of interstate commerce, defendants KABILAFKAS and DANIELS, each  
20 aiding and abetting the other, sold and caused to be sold  
21 approximately 21,100 shares of Airborne stock for approximately  
22 \$21,736 through CC-4's account at Broker-Dealer 2 ending X1788.

FORFEITURE ALLEGATION ONE

[18 U.S.C. § 981(a)(1)(C) and 28 U.S.C. § 2461(c)]

24. Pursuant to Rule 32.2 of the Federal Rules of Criminal Procedure, notice is hereby given that the United States of America will seek forfeiture as part of any sentence, pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c), in the event of the conviction of defendants KALISTRATOS KABILAFKAS and JACK EDWARD DANIELS of the offenses set forth in any of Counts One and Two of this Indictment.

25. Any defendant so convicted shall forfeit to the United States of America the following:

a. All right, title, and interest in any and all property, real or personal, constituting, or derived from, any proceeds traceable to the offenses, including, but not limited to, certain real property referred to herein as the following:

i. Residential Property 1 located in Ventura County, California, APN 5130-220-055;

ii. Residential Property 2 located in Ventura County, California, APN 5130-220-065;

iii. Residential Property 3 located in Ventura County, California, APN 5130-086-105;

iv. Residential Property 4 located in Ventura County, California, APN 5130-085-185;

v. Residential Property 5 located in Ventura County, California, APN 5130-283-015; and

vi. Residential Property 6 located in Ventura County, California, APN 5130-283-375.

1           b. To the extent such property is not available for  
2 forfeiture, a sum of money equal to the total value of the property  
3 described in subparagraph (a).

4           26. Pursuant to Title 21, United States Code, Section 853(p),  
5 as incorporated by Title 28, United States Code, Section 2461(c), any  
6 defendant so convicted shall forfeit substitute property, up to the  
7 value of the property described in the preceding paragraph if, as the  
8 result of any act or omission of said defendant, the property  
9 described in the preceding paragraph or any portion thereof

10 (a) cannot be located upon the exercise of due diligence; (b) has  
11 been transferred, sold to, or deposited with a third party; (c) has  
12 been placed beyond the jurisdiction of the court; (d) has been

13 //


14 //

1 substantially diminished in value; or (e) has been commingled with  
2 other property that cannot be divided without difficulty.

3  
4 A TRUE BILL

5  
6 /s/  
7 \_\_\_\_\_  
Foreperson

8 E. MARTIN ESTRADA  
9 United States Attorney

10   
11 MACK E. JENKINS  
12 Assistant United States Attorney  
Chief, Criminal Division

13 KRISTEN A. WILLIAMS  
14 Assistant United States Attorney  
Chief, Major Frauds Section

15 JAMES C. HUGHES  
16 Assistant United States Attorney  
Major Frauds Section

17 GLENN S. LEON  
18 Chief, Fraud Section  
19 Criminal Division  
U.S. Department of Justice

20 THEODORE M. KNELLER  
21 Trial Attorney, Fraud Section  
Criminal Division  
U.S. Department of Justice

22 MATT KAHN  
23 Trial Attorney, Fraud Section  
24 Criminal Division  
U.S. Department of Justice