

# United States District Court

FOR THE  
NORTHERN DISTRICT OF CALIFORNIA

VENUE: SAN FRANCISCO

**CRB**

UNITED STATES OF AMERICA,

v.

**CR 15 517**

JAMES ALAN CRAIG,

**FILED**

NOV 05 2015

SUSAN Y. SOONG  
CLERK, U.S. DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA

DEFENDANT(S).

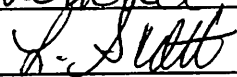
## INDICTMENT

18 U.S.C. § 641 - Theft of Government Property; 18 U.S.C. § 981(a)  
(1)(C), 28 U.S.C. § 2461(c) -  
Criminal Forfeiture

A true bill.

  
Foreman

Filed in open court this 5<sup>th</sup> day of

November, 2015  
  
Clerk

Bail, \$

No bail arrest warrant

BRIAN J. STRETCH (CABN 163973)  
Acting United States Attorney

**FILED**

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SUSAN Y. SOONG  
CLERK, U.S. DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA

UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF CALIFORNIA

**CRB**

SAN FRANCISCO DIVISION

**CR No. 15 517**

UNITED STATES OF AMERICA,

Plaintiff,

v.

JAMES ALAN CRAIG,

Defendant.

INDICTMENT

The Grand Jury charges:

Introductory Allegations

At all times relevant to this Indictment:

1. The defendant, JAMES ALAN CRAIG, was an individual who resided in and around

Dunragit, Scotland, United Kingdom. CRAIG traded in the United States securities market using

securities trading accounts like one at TradeMonster belonging to his girlfriend, L.K.

2. Audience, Inc. ("Audience") was a voice and sound technology company headquartered

in Mountain View, California, whose securities were publicly traded on the NASDAQ stock exchange

and registered under Section 12 of the Securities and Exchange Act of 1934 (15 U.S.C. § 781).

3. Sarepta Therapeutics, Inc. ("Sarepta") was a biopharmaceutical company headquartered

in Bothell, Washington, whose securities were publicly traded on the NASDAQ stock exchange and

1 registered under Section 12 of the Securities and Exchange Act of 1934 (15 U.S.C. § 781).

2 4. Twitter, Inc. ("Twitter") was a self-publication site headquartered in San Francisco,  
3 California, that allowed users to issue "Tweets" containing information that could be viewed by all other  
4 Twitter users, of which there were millions.

5 COUNT ONE: (18 U.S.C. § 1348 – Securities Fraud)

6 The Scheme to Defraud

7 5. From in or about December 2012 to in or about July 2013, CRAIG devised and executed  
8 a material scheme to defraud others in connection with the purchase and sale of securities of publicly-  
9 traded companies in order to obtain money and property by means of materially false and fraudulent  
10 pretenses, representations, and promises, and by omissions and concealment of material facts. As a  
11 result of this scheme to defraud, CRAIG caused losses to shareholders of publicly-traded companies in  
12 an amount that exceeded approximately \$1,600,000.00.

13 6. Specifically, CRAIG set up accounts at Twitter using names similar to market research  
14 firms and issued so-called "Tweets" with false and fraudulent information about publicly-traded  
15 securities. These false and fraudulent Tweets issued by CRAIG caused the price of the securities to  
16 rapidly decline. CRAIG then bought those securities through his girlfriend's brokerage account and  
17 later sold them at a higher price per security.

18 Manner and Means of the Scheme to Defraud

19 7. On or about January 25, 2013 CRAIG set up a Twitter account with the handle  
20 @Mudd1Waters using the alias "Shun Ho" and a Gmail address he previously created. As the Twitter  
21 account's profile picture, CRAIG used the logo of Muddy Waters Research, a market research firm, in  
22 an effort to make the account appear to be associated with that firm. As part of that same effort, he used  
23 a name associated with C.B., the founder of Muddy Waters Research, as the account's handle.

24 8. On or about January 29, 2013, CRAIG used the @Mudd1Waters Twitter account to  
25 publish multiple false and fraudulent Tweets about Audience's business activities, such as that Audience  
26 was being investigated by the "DOJ" on rumored fraud charges.

27 9. On or about January 29, 2013, Audience's security price fell significantly in the wake of  
28 CRAIG's Tweets until trading was halted. That same day, CRAIG used L.K.'s TradeMonster account

1 to purchase 300 shares of Audience's securities.

2 10. On or about January 30, 2013, after he bought 100 more shares of Audience's securities,  
3 CRAIG sold all 400 securities at a per-share price higher than the 300 he had bought the day before.

4 11. On or about January 29, 2013, CRAIG set up a Twitter account with the handle  
5 @citreonrearc using a false email address purporting to belong to Citron Research. As the Twitter  
6 account's profile picture, CRAIG used the logo of Citron Research, a market research firm, in an effort  
7 to make the account appear to be associated with that firm.

8 12. On or about January 30, 2013, CRAIG used the @citreonrearc Twitter account to  
9 publish multiple false and fraudulent Tweets about Sarepta's business activities, such as that Sarepta's  
10 trial papers were seized by the "FDA."

11 13. On or about January 30, 2013, Sarepta's security price fell significantly in the wake of  
12 CRAIG's Tweets. That same day, CRAIG used L.K.'s TradeMonster account to purchase 700 total  
13 shares of Sarepta's securities.

14 14. On or about February 1, 2013, CRAIG sold all 700 securities at an average per-share  
15 price higher than the average per-share price he had bought them on January 30, 2013.

16 15. In furtherance of his scheme, CRAIG made material misrepresentations, and omitted and  
17 concealed material facts, including the following:

18 a. CRAIG made his @Mudd1Waters Twitter account appear to look like the account  
19 of a legitimate market research firm when it was not;

20 b. CRAIG falsely claimed in multiple Tweets that Audience was being investigated  
21 by the "DOJ" when it was not;

22 c. CRAIG falsely claimed in multiple Tweets that Audience was being investigated  
23 on rumored fraud charges when it was not;

24 d. CRAIG made his @citreonrearc Twitter account appear to look like the account  
25 of a legitimate market research firm when it was not;

26 e. CRAIG falsely claimed in multiple Tweets that Sarepta's biopharmaceutical  
27 results were tainted and doctored when they were not; and

28 f. CRAIG falsely claimed in multiple Tweets that Sarepta's trial papers were seized

1 by the "FDA" when they were not.

2 16. Between on or about December 2012 and July 2013, in the Northern District of  
3 California and elsewhere, the defendant,

4 JAMES ALAN CRAIG,


5 did knowingly execute and attempt to execute a material scheme and artifice to defraud others in  
6 connection with securities, including those of Audience and Sarepta, and to obtain, by means of material  
7 false and fraudulent pretenses, representations, and promises, money and property in connection with the  
8 purchase and sale of securities, including those of Audience and Sarepta, each of which were registered  
9 under Section 12 of the Securities and Exchange Act of 1934 (15 U.S.C. § 781) and were required to file  
10 reports under Section 15(d) of the Securities and Exchange Act of 1934 (15 U.S.C. § 78o(d)), in  
11 violation of Title 18, United States Code, Section 1348.

12  
13 DATED: November 5, 2015

A TRUE BILL.

14  
15   
16 FOREPERSON

17 BRIAN J. STRETCH  
18 Acting United States Attorney

19   
20 DAVID R. CALLAWAY  
21 Chief, Criminal Division

22 (Approved as to form:  )  
23 AUSA Rees