



U.S. Department of Justice

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FOUNDER OF ENERGY DRINK COMPANY CHARGED WITH TAX EVASION

LAS VEGAS - - The former CEO of a Nevada sports energy drink company, Xyience, Inc., has been indicted by the Federal Grand Jury on tax evasion charges, announced Greg Brower, United States Attorney for the District of Nevada.

Russell Pike, of Las Vegas, is charged with one count of Tax Evasion for failing to file a federal individual income tax return for 2006 and failing to pay taxes on over \$6.9 million in income he earned in 2006. Pike is also charged with using nominees and a forward-dated stock sale agreement to conceal his true income from the IRS. Pike was arrested yesterday in Las Vegas and is scheduled to appear in U.S. District Court at 3:00 p.m. today before U.S. Magistrate Judge Peggy A. Leen for an initial appearance and arraignment.

Pike founded Xyience, Inc., which manufactured, marketed and sold sports energy drinks, most notably, Xenergy, which was sold in over 45,000 stores throughout the United States. The Indictment alleges that upon the inception of Xyience in 2004, Pike received at least 12 million shares of Xyience stock. During 2006, Pike sold over 4.4 million shares of his Xyience stock for approximately \$6.9 million. This includes a sale on about November 2, 2006, in which Pike sold over 3 million shares of Xyience stock to an investor for approximately \$5 million. In early 2007, Pike requested that the investor change the date of the stock purchase agreement from 2006 to 2007, so that Pike could avoid paying taxes for 2006.

In June 2006, Pike listed his income as \$100,000 plus on a brokerage account application. In July 2007, Pike listed his assets as \$27 million and his liabilities as \$2 million on a life insurance application. In September and November 2006, Pike purchased a condominium in Las Vegas which was titled in the name of a nominee, made payments on a 2005 Lexus SUV that was held in the name of a nominee, and purchased a 2007 Mercedes Benz for \$151,614.

If convicted, Pike faces up to five years in prison and a \$250,000 fine.

The case is being investigated by Internal Revenue Service Criminal Investigation and is being prosecuted by Assistant United States Attorney Nicholas D. Dickinson.

The public is reminded that a Indictment contains only charges and is not evidence of guilt. The defendant is presumed innocent and entitled to a fair trial at which the government has the burden of proving guilt beyond a reasonable doubt.

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