

JMK:MEB/LHE
F. #2014R00437

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK

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UNITED STATES OF AMERICA

S U P E R S E D I N G
I N D I C T M E N T

- against -

CHRISTOPHER F. CASTALDO,
HERSCHEL C. KNIPPA III,
also known as "Tres," and
LOUIS F. PETROSSI,

Cr. No. 16-234 (S-1) (BMC)
(T. 15, U.S.C., §§ 77q(b), 77x, 78j(b) and
78ff; T. 18, U.S.C., §§ 371, 981(a)(1)(C),
982(a)(1), 982(b)(1), 1349, 1956(h), 2 and
3551 et seq.; T. 21, U.S.C., § 853(p);
T. 28, U.S.C., § 2461(c))

Defendants.

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THE GRAND JURY CHARGES:

INTRODUCTION

At all times relevant to this Indictment, unless otherwise indicated:

I. The Defendants

1. The defendant CHRISTOPHER F. CASTALDO, a resident of Glen Head, New York, was the Founder and Chief Executive Officer of StockTradersPress, Inc. ("STP") and the Founder and President of Wall Street Buy Sell Hold Inc. ("WSBSH"), firms located in Glenwood Landing, New York, that provided investment research to potential investors. CASTALDO previously worked as a registered representative at Stratton Oakmont, Inc., a now-defunct Long Island, New York broker-dealer that had been registered with the United States Securities and Exchange Commission ("SEC") and the Financial Industry Regulatory Authority, Inc. ("FINRA"). STP was a subscription-based service that purported to provide independent, unbiased equities research through publications sent to subscribers. STP employed purportedly

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unbiased account executives who acted as liaisons between the subscribers and STP's research staff. STP's publications typically focused on securities issued by large, established companies. WSBSH was also a subscription-based service that purportedly provided independent, non-biased research reports to its subscribers regarding smaller companies, including small-cap and micro-cap companies. WSBSH also employed purportedly unbiased account executives who acted as liaisons between the subscribers and WSBSH's research staff.

2. The defendant HERSCHEL C. KNIPPA III, also known as "Tres," a resident of Dallas, Texas, was the owner and head trader at Kenai Capital Management LLC, a commodities trading firm located in Dallas, Texas. From approximately 1993 to 1998, KNIPPA worked as a registered representative at an SEC-registered broker dealer. KNIPPA regularly appeared on various television news networks, including Fox Business and the Business News Network, a Canadian television channel, to discuss investment strategies.

3. The defendant LOUIS F. PETROSSI, a resident of Reno, Nevada, was the Founder and Chief Executive Officer of the Wealth Research Institute, a purported investment research firm. From approximately 1988 to 1992, PETROSSI worked as a registered representative at an SEC-registered broker-dealer. PETROSSI claimed, in both books he authored and presentations at investor conferences, that he had more than 30 years of experience as a "Financial & Investment Analyst" in the United States, China and Europe. PETROSSI also claimed, in written presentation materials distributed to potential investors that, at the Wealth Research Institute, "Our Mission is to Help People Identify Investments to Multiply Wealth and Buy Them at a Fair Price."

II. The Publicly Traded Company and Related Shell Company

4. ForceField Energy Inc. (“ForceField”) was a Nevada corporation with its principal place of business in New York, New York. ForceField was known as SunSi Energies Inc. until the company changed its name in February 2013 as part of the company’s change in focus from solar energy to Light Emitting Diode (“LED”) lighting. ForceField purported to be a worldwide distributor and provider of LED lighting products and solutions, and had a class of securities registered under Section 12 of the Securities Exchange Act of 1934. ForceField’s common stock was listed on the NASDAQ under the ticker symbol “FNRG.”

5. Adventure Overseas Holding Corporation (“AOHC”) was an International Business Corporation (“IBC”) formed in 2004 in Belize City, Belize. An accountant in Belize was named in AOHC’s incorporation documents as the IBC’s president, secretary and sole director. In reality, Co-Conspirator 1, a ForceField executive whose identity is known to the Grand Jury, controlled AOHC and its associated bank and brokerage accounts.

III. Relevant Terms and Definitions

6. An IBC was an offshore, untaxed company, formed under the laws of a foreign jurisdiction, which was not permitted to engage in business within the jurisdiction in which it was incorporated. An owner of an IBC could deposit money and transfer stock to an IBC to facilitate banking and securities trading activities while maintaining a level of anonymity for the IBC’s true owner because an IBC’s ownership records were typically not publicly available.

7. The term “nominee” referred to a person or firm into whose name securities and properties were transferred to facilitate transactions, while concealing the actual

owner of the securities and properties. The use of nominees was designed to conceal the true ownership of the securities and other properties.

8. A “broker” was any person engaged in the business of effecting securities transactions on behalf of clients. Section 15 of the Securities Exchange Act of 1934 (the “Exchange Act”) required that, among other things, most brokers register with the SEC. Rule 10b-10 of the Exchange Act required that brokers disclose certain information to clients before or at the completion of securities transactions, including the disclosure of the amount of remuneration received or to be received by the brokers in connection with the transactions. An associated person of an issuer of securities, including a person who was a partner, officer, director or employee of the issuer, was normally not deemed to be a broker, unless, among other things, that person was compensated through the payment of commissions based directly or indirectly upon transactions in securities of the issuer.

9. A “private placement” was an offering of a company’s stock that was not registered with the SEC and was not offered to the investing public. Only investors who met certain income and net worth criteria could invest in private placements because private placements did not have the same investor protections as offerings that were registered with the SEC.

IV. The Fraudulent Scheme

10. In or about and between December 2009 and April 2015, the defendants CHRISTOPHER F. CASTALDO, HERSCHEL C. KNIPPA III, also known as “Tres,” and LOUIS F. PETROSSI, together with others, including Co-Conspirator 1, engaged in a scheme to defraud investors and potential investors in ForceField by, among other things: (a) concealing payments to stock promoters and brokers who promoted and sold ForceField stock to investors

and potential investors while purporting to be independent of the company; (b) falsely claiming to potential investors that the stock promoters had invested their own money in ForceField and had purchased ForceField stock when they had not; (c) disseminating favorable promotional information about ForceField to potential investors to increase demand for ForceField stock while failing to disclose the co-conspirators' intent to sell their ForceField shares; (d) orchestrating the trading of ForceField stock to create the appearance of genuine trading volume and interest in the stock; and (e) using nominees to purchase and sell ForceField stock without disclosing this information to investors and potential investors.

A. The Corrupt Promoters

11. In furtherance of the fraudulent scheme, from approximately December 2009 to April 2015, Co-Conspirator 1 hired individuals (the "Corrupt Promoters"), including the defendants CHRISTOPHER F. CASTALDO, HERSCHEL C. KNIPPA III and LOUIS F. PETROSSI, to promote ForceField and to induce investors to purchase ForceField stock or enter into private placements with ForceField without disclosing to potential investors their kickback arrangements with Co-Conspirator 1. In addition, among other things, KNIPPA and PETROSSI represented to potential investors that they had personally invested money in ForceField by purchasing the company's stock when, in fact, they had not. Through a series of private placements, ForceField raised more than \$19.7 million from investors, a number of whom were induced to invest by Co-Conspirator 1 and the Corrupt Promoters through various means, including through appearances at investor conferences and annual shows.

12. From approximately June 2011 to June 2014, the defendant CHRISTOPHER F. CASTALDO, together with STP and WSBSH employees who worked at his direction, promoted ForceField to potential investors through telephone calls, in person and by

publishing investment research reports touting ForceField's stock. In total, CASTALDO and his employees solicited more than \$600,000 in purchases of ForceField stock from more than 40 investors. In exchange for CASTALDO's promotion of ForceField stock, between approximately June 2011 and January 2014, Co-Conspirator 1 paid CASTALDO a total of approximately \$314,000. To that end, between approximately June 2011 and January 2012, Co-Conspirator 1 caused ForceField to transmit approximately \$128,000 through wire transfers to a WSBSH bank account controlled by CASTALDO (the "WSBSH bank account"). Additionally, between approximately June 2012 and January 2014, Co-Conspirator 1 caused AOHC and other entities and individuals to transmit more than \$183,000 through wire transfers to the WSBSH bank account. Additionally, CASTALDO received compensation from Co-Conspirator 1 for his promotion of investments in ForceField in the form of the company's stock. Specifically, between approximately June 2011 and January 2014, Co-Conspirator 1 issued to CASTALDO a total of approximately 152,500 Forcefield shares. Between approximately March 2012 and September 2014, CASTALDO sold almost all of those shares, earning a profit of approximately \$220,000.

13. Neither Co-Conspirator 1 nor the defendant CHRISTOPHER F. CASTALDO disclosed to potential investors in ForceField the kickbacks CASTALDO received from Co-Conspirator 1 for his promotional efforts. In addition, at the time of their investments, CASTALDO did not disclose to investors that CASTALDO intended to sell and was selling the ForceField stock that he had received.

14. From approximately July 2014 to March 2015, Co-Conspirator 1 paid the defendant HERSCHEL C. KNIPPA III kickbacks for promoting ForceField to investors. KNIPPA promoted ForceField to potential investors by making presentations about ForceField at

investor conferences and by speaking about ForceField on the Fox Business and Business News Network channels. For example, on or about July 15, 2014, KNIPPA appeared on “Varney & Co.,” a financial news show on Fox Business, and recommended purchasing ForceField stock. When the host asked KNIPPA whether he owned ForceField shares, KNIPPA responded, “You bet I do. I put my money where my mouth is.” Contrary to his assertion, KNIPPA did not, at the time, own ForceField stock. Additionally, during this television appearance, KNIPPA did not disclose that he was contemporaneously considering becoming Forcefield’s head of investor relations and was negotiating the terms of his compensation for that position. On or about August 20, 2014, KNIPPA made a television appearance, as a guest co-host, on the Business News Network. During that appearance, KNIPPA recommended purchasing ForceField stock, without disclosing that he was being paid commissions on the sales of ForceField stock that he generated, and that he had already received wire payments from AOHC totaling approximately \$18,000. In total, KNIPPA solicited more than \$1.19 million in ForceField private placements from at least ten investors.

15. In exchange for the defendant HERSCHEL C. KNIPPA III’s solicitation efforts, Co-Conspirator 1 caused ForceField to wire commission payments of between ten and fifteen percent of the investments KNIPPA solicited to AOHC accounts, which funds were then wired to a bank account controlled by KNIPPA. In sum, Co-Conspirator 1 wired more than \$120,000 in kickbacks to KNIPPA. To avoid detection of the scheme, KNIPPA used encrypted communication services and corresponded with Co-Conspirator 1’s alias e-mail accounts. Neither Co-Conspirator 1 nor KNIPPA disclosed to potential investors in ForceField that KNIPPA received commissions for soliciting their investments.

16. From approximately January 2009 to April 2015, the defendant LOUIS F. PETROSSI promoted the sale of ForceField stock to potential investors through in person meetings, telephone calls and presentations at various investor conferences. During investor conference presentations at which he promoted investments in ForceField, PETROSSI represented himself as affiliated with the Wealth Research Institute, a purportedly independent organization providing investment recommendations based on its own research and analysis. Contrary to these representations, PETROSSI received from Co-Conspirator 1 a ten percent commission in the form of money and ForceField shares. PETROSSI also represented to investors that he had personally invested in ForceField. In contrast, at the time he made such representations to investors, PETROSSI did not own any ForceField stock. In total, PETROSSI solicited more than \$4.5 million from more than 60 investors in ForceField private placements. Neither Co-Conspirator 1 nor PETROSSI disclosed to potential investors in ForceField the commissions PETROSSI received from Co-Conspirator 1.

B. The Corrupt Brokers

17. In approximately October 2014, Co-Conspirator 1 hired Co-Conspirator 2, an investor relations professional whose identity is known to the Grand Jury, and gave Co-Conspirator 2 money to pay a network of corrupt registered brokers (the “Corrupt Brokers”) to recommend and then purchase ForceField stock in their clients’ brokerage accounts. Specifically, Co-Conspirator 1 paid Co-Conspirator 2 a ten percent commission for purchases of ForceField shares generated by the Corrupt Brokers, which Co-Conspirator 2 then shared with the Corrupt Brokers who generated the ForceField stock purchases. Co-Conspirator 1, Co-Conspirator 2 and the Corrupt Brokers did not disclose to the Corrupt Brokers’ clients the ten percent commission paid to the Corrupt Brokers for their clients’ purchases of ForceField stock.

In an effort to conceal the source of the kickbacks, Co-Conspirator 1 transferred funds from ForceField's bank accounts in the United States to AOHC's offshore bank accounts and often paid Co-Conspirator 2 through AOHC's bank accounts. Additionally, in furtherance of the scheme, Co-Conspirator 1, Co-Conspirator 2 and the Corrupt Brokers used prepaid, disposable cellular telephones and encrypted, content-expiring messaging applications such as Wickr and Threema to communicate with each other. Co-Conspirator 2 also attempted to conceal his kickback payments to the Corrupt Brokers by withdrawing large sums of money from his bank account and paying the Corrupt Brokers in cash.

18. Based on the fraudulent actions of the defendants CHRISTOPHER F. CASTALDO, HERSCHEL C. KNIPPA III and LOUIS F. PETROSSI, together with others, including Co-Conspirator 1 and Co-Conspirator 2, from approximately January 1, 2014 to April 10, 2015 alone, the price of ForceField's stock rose from a low of \$4.55 per share to a high of \$7.82 per share, an increase of approximately 42 percent. At its peak share price, ForceField's market capitalization was approximately \$131 million.

COUNT ONE
(Conspiracy to Commit Securities Fraud)

19. The allegations contained in paragraphs one through 18 are hereby realleged and incorporated by reference as if fully set forth in this paragraph.

20. In or about and between December 2009 and April 2015, both dates being approximate and inclusive, within the Eastern District of New York and elsewhere, the defendants CHRISTOPHER F. CASTALDO, HERSCHEL C. KNIPPA III, also known as "Tres," and LOUIS F. PETROSSI, together with others, did knowingly and willfully conspire to use and employ one or more manipulative and deceptive devices and contrivances, contrary to

Rule 10b-5 of the Rules and Regulations of the United States Securities and Exchange Commission, Title 17, Code of Federal Regulations, Section 240.10b-5, by: (a) employing one or more devices, schemes and artifices to defraud; (b) making one or more untrue statements of material fact and omitting to state one or more 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 one or more acts, practices and courses of business which would and did operate as a fraud and deceit upon one or more investors and potential investors in ForceField, in connection with the purchase and sale of investments in ForceField, directly and indirectly, by use of means and instrumentalities of interstate commerce and the mails, contrary to Title 15, United States Code, Sections 78j(b) and 78ff.

21. In furtherance of the conspiracy and to effect its objects, within the Eastern District of New York and elsewhere, the defendants CHRISTOPHER F. CASTALDO, HERSCHEL C. KNIPPA III, also known as “Tres,” and LOUIS F. PETROSSI, together with others, committed and caused to be committed, among others, the following:

OVERT ACTS

- a. On or about September 6, 2010, Co-Conspirator 1 caused ForceField to enter into a Finder’s Fee Agreement with AOHC.
- b. On or about August 12, 2011, CASTALDO sent an e-mail to Co-Conspirator 3, a ForceField executive whose identity is known to the Grand Jury, providing the account and routing information for the WSBSH bank account.
- c. On or about July 5, 2012, PETROSSI sent an e-mail to Co-Conspirator 1 informing Co-Conspirator 1 that he had identified a potential ForceField investor and that this investor would be calling Co-Conspirator 1 to discuss investing in ForceField.

d. In or around July 2012, PETROSSI gave a presentation recommending the purchase of ForceField stock to attendees of an investor conference during which he stated “I don’t recommend anything that I don’t invest at least a hundred thousand of my own money. And I invest usually from a hundred thousand up to a million dollars.”

e. On or about September 6, 2013, CASTALDO sent an e-mail to Co-Conspirator 1 about commissions, stating: “Are you wiring money today? We are owed \$15K . . . we are owed money for the work we did. We won’t continue until we are brought up to date.”

f. Or about September 9, 2013, CASTALDO sent an e-mail to Co-Conspirator 1, stating: “Amazing[,] when we don’t work you barely trade . . . Call me when you are in NY, we don’t work for free.”

g. On or about June 17, 2014, KNIPPA sent a text message to Co-Conspirator 1, stating: “Hire me and put me on the road. I am sick of Chicago . . . Getting sick of day to day pit stuff.” Co-Conspirator 1 replied, “Can you pitch ForceField to investor and brokers”? KNIPPA replied, “I can pitch it as good as anyone in the world . . . Set em up and will knock em down.”

h. On or about June 26, 2014, KNIPPA sent an e-mail to Co-Conspirator 1, stating; “Let’s start a preliminary discussion of compensation. If the package is handsome enough, then this is just a simple question of math . . . How would you suggest we construct a compensation package?”

i. On or about July 15, 2014, KNIPPA appeared on “Varney & Co.” on the Fox Business Channel as a guest commentator. The show host asked KNIPPA before he finished his appearance to recommend one stock. In response, KNIPPA recommended that

viewers purchase ForceField. Following that, in response to the host asking whether he personally owned ForceField stock, KNIPPA replied, “You bet I do. I put my money where my mouth is. I’m a fund manager.”

j. On or about July 15, 2014, following his Fox Business Channel television appearance KNIPPA sent a text message to Co-Conspirator 1 including a screenshot of the stock chart for ForceField, showing the stock price.

k. On or about July 17, 2014, KNIPPA submitted an expense report to Co-Conspirator 1, requesting reimbursement totaling more than \$3,000 for travel related expenses to Las Vegas, Nevada, and New York.

l. On or about July 31, 2014, Co-Conspirator 1 caused AOHC to wire \$8,000 to KNIPPA.

m. On or about August 13, 2014, Co-Conspirator 1 caused AOHC to wire \$10,000 to KNIPPA.

n. On or about August 20, 2014, KNIPPA appeared on a Canadian television program called “The Street,” as a guest commentator. The show host identified KNIPPA as the owner of Kenai Capital Management, and said that it was unusual for KNIPPA to have a recommendation for a specific company. KNIPPA then explained ForceField’s business model and recommended that investors purchase ForceField stock.

o. On or about August 20, 2014, Co-Conspirator 1 sent a text message to KNIPPA, stating “5.70 closed with 43,700 traded. Great [] day . . . It gave me juice to get more people told them about you on tv. Stock going up etc . . . Great work.”

p. On or about August 29, 2014, PETROSSI sent an e-mail to Co-Conspirator 1 in which he stated that “[w]e took in more than \$200,000” at two investor conferences.

q. On or about September 22, 2014, PETROSSI sent a text message to Co-Conspirator 1 in response to a request by Co-Conspirator 1 to purchase ForceField shares, in which he stated: “I will go to bank and get 5k does that help[?] I am going to buy 1000 shares within [the] hour.”

r. On or about March 31, 2015, KNIPPA sent an e-mail to Co-Conspirator 1 to which he attached a spreadsheet that summarized the number of investors he had solicited for ForceField, the total amount of investment in the company for which he believed he was responsible and the commission he believed Co-Conspirator 1 owed him.

(Title 18, United States Code, Sections 371 and 3551 et seq.)

COUNT TWO
(Conspiracy to Commit Wire Fraud)

22. The allegations contained in paragraphs one through 18 are hereby realleged and incorporated by reference as if fully set forth in this paragraph.

23. In or about and between December 2009 and April 2015, both dates being approximate and inclusive, within the Eastern District of New York and elsewhere, the defendants CHRISTOPHER F. CASTALDO, HERSCHEL C. KNIPPA III, also known as “Tres,” and LOUIS F. PETROSSI, together with others, did knowingly and intentionally conspire to devise a scheme and artifice to defraud investors and potential investors in ForceField, and to obtain money and property from them by means of materially false and fraudulent pretenses, representations and promises, and for the purpose of executing such scheme

and artifice, to transmit and cause to be transmitted by means of wire communication in interstate and foreign commerce writings, signs, signals, pictures and sounds, contrary to Title 18, United States Code, Section 1343.

(Title 18, United States Code, Sections 1349 and 3551 et seq.)

COUNT THREE
(Money Laundering Conspiracy)

24. The allegations contained in paragraphs one through 18 are hereby realleged and incorporated by reference as if fully set forth in this paragraph.

25. In or about and between December 2009 and April 2015, both dates being approximate and inclusive, within the Eastern District of New York and elsewhere, the defendants CHRISTOPHER F. CASTALDO, HERSCHEL C. KNIPPA III, also known as “Tres,” and LOUIS F. PETROSSI, together with others, did knowingly and intentionally conspire to transport, transmit and transfer monetary instruments and funds to one or more places in the United States from one or more places outside the United States, (a) with the intent to promote the carrying on of specified unlawful activity, to wit: fraud in the sale of securities, in violation of Title 15, United States Code, Sections 78j(b) and 78ff, contrary to Title 18, United States Code, Section 1956(a)(2)(A), and (b) to conceal and disguise the nature, location, source, ownership and control of the proceeds of the specified unlawful activity, contrary to Title 18, United States Code, Section 1956(a)(2)(B)(i).

(Title 18, United States Code, Sections 1956(h) and 3551 et seq.)

COUNT FOUR
(Securities Fraud)

26. The allegations contained in paragraphs one through 18 are hereby realleged and incorporated by reference as if fully set forth in this paragraph.

27. In or about and between December 2009 and April 2015, both dates being approximate and inclusive, within the Eastern District of New York and elsewhere, the defendants CHRISTOPHER F. CASTALDO, HERSCHEL C. KNIPPA III, also known as “Tres,” and LOUIS F. PETROSSI, together with others, did knowingly and willfully use and employ one or more manipulative and deceptive devices and contrivances, contrary to Rule 10b-5 of the Rules and Regulations of the United States Securities and Exchange Commission, Title 17, Code of Federal Regulations, Section 240.10b-5, by: (a) employing one or more devices, schemes and artifices to defraud; (b) making one or more untrue statements of material fact and omitting to state one or more 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 one or more acts, practices and courses of business which would and did operate as a fraud and deceit upon one or more investors and potential investors in ForceField, in connection with the purchase and sale of investments in ForceField, directly and indirectly, by use of means and instrumentalities of interstate commerce and the mails.

(Title 15, United States Code, Sections 78j(b) and 78ff; Title 18, United States Code, Sections 2 and 3551 et seq.)

COUNT FIVE

(Failing to Disclose Payment for Advertising a Security)

28. The allegations contained in paragraphs one through 18 are hereby realleged and incorporated by reference as if fully set forth in this paragraph.

29. On or about July 15, 2014, within the Southern District of New York, the defendant HERSCHEL C. KNIPPA III, also known as “Tres,” together with others, did knowingly and willfully, by use of one or more means and instrumentalities of interstate

commerce and of the mails, publish, give publicity to, and circulate a notice, circular, advertisement, newspaper, article, letter, investment service and communication which, though not purporting to offer the security for sale, described such security, to wit: by promoting ForceField stock during a television appearance on “Varney & Co.” on the Fox Business Channel, for a consideration received and to be received, directly and indirectly, from an issuer, underwriter and dealer, without fully disclosing the receipt, whether past or prospective, of such consideration and the amount thereof.

(Title 15, United States Code, Sections 77q(b) and 77x; Title 18, United States Code, Sections 2 and 3551 et seq.)

CRIMINAL FORFEITURE ALLEGATION
AS TO COUNTS ONE, TWO AND FOUR

30. The United States hereby gives notice to the defendants that, upon their conviction of any of the offenses charged in Counts One, Two and Four, the government will seek forfeiture in accordance with Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c), which require any person convicted of such offenses to forfeit any property, real or personal, constituting, or derived from, proceeds obtained directly or indirectly as a result of such offenses.

31. If any of the above-described forfeitable property, as a result of any act or omission of the defendants:

- (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 21, United States Code, Section 853(p), to seek forfeiture of any other property of the defendants up to the value of the forfeitable property described in this forfeiture allegation.

(Title 18, United States Code, Section 981(a)(1)(C); Title 21, United States Code, Section 853(p); Title 28, United States Code, Section 2461(c))

CRIMINAL FORFEITURE ALLEGATION
AS TO COUNT THREE

32. The United States hereby gives notice to the defendants that, upon their conviction of the offense charged in Count Three, the government will seek forfeiture, in accordance with Title 18, United States Code, Section 982(a)(1), which requires any person convicted of such offense to forfeit any property, real or personal, involved in such offense, or any property traceable to such property.

33. If any of the above-described forfeitable property, as a result of any act or omission of the defendants:

(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 21, United States Code, Section 853(p), to

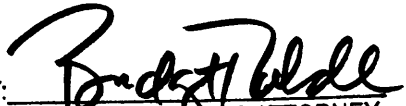
seek forfeiture of any other property of the defendants up to the value of the forfeitable property described in this forfeiture allegation.

(Title 18, United States Code, Sections 982(a)(1) and 982(b)(1); Title 21, United States Code, Section 853(p))

A TRUE BILL


FOREPERSON

ROBERT L. CAPERS
UNITED STATES ATTORNEY
EASTERN DISTRICT OF NEW YORK

BY: 
ACTING UNITED STATES ATTORNEY
PURSUANT TO 28 C.F.R. O.136

F. #2014R00437
FORM DBD-34
JUN. 85

No. _____

UNITED STATES DISTRICT COURT

EASTERN District of NEW YORK

CRIMINAL DIVISION

THE UNITED STATES OF AMERICA

vs.

*CHRISTOPHER F. CASTALDO, HERSCHEL C. KNIPPA III,
and LOUIS F. PETROSSI,*

Defendants.

SUPERSEDING INDICTMENT

(T. 15, U.S.C., §§ 77q(b), 77x, 78j(b) and 78ff; T. 18, U.S.C., §§ 371, 981(a)(1)(C), 982(a)(1), 982(b)(1), 1349, 1956(h), 2 and 3551 et seq.; T. 21, U.S.C., § 853(p); T. 28, U.S.C., § 2461(c))

A true bill.

Alex Santana Lombay
Foreperson

Filed in open court this _____ day,

of _____ A.D. 20 _____

Clerk

Bail, \$ _____

Mark E. Bini and Lauren Howard Elbert, Assistant U.S. Attorneys, (718) 254-8761/7577
