

AO 257 (Rev. 6/78)

DEFENDANT INFORMATION RELATIVE TO A CRIMINAL ACTION - IN U.S. DISTRICT COURT

BY: COMPLAINT INFORMATION INDICTMENT
 SUPERSEDING

OFFENSE CHARGED

18 U.S.C. § 371; 15 U.S.C. §§ 78j(b), 78ff and 17 C.F.R. § 240.10b-5; 15 U.S.C. §§ 78j(b), 78ff; 15 U.S.C. §§ 77q(a), 77x; 18 U.S.C. § 1001(a)(1); 18 U.S.C. § 1001(a)(3); 18 U.S.C. § 1505; 18 U.S.C. § 2; 18 U.S.C. §§ 981(a)(1)(C), 982(a) & 28 U.S.C. § 2461(c)

Petty
 Minor
 Misdemeanor
 Felony

FILED

MAY 18 2017

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

PENALTY: See attached

Name of District Court, and/or Judge/Magistrate Location

NORTHERN DISTRICT OF CALIFORNIA

SAN FRANCISCO DIVISION

DEFENDANT - U.S.

▶ **Gregg Jaclin**

DISTRICT COURT NUMBER

CR17-0281 CRB

DEFENDANT

IS NOT IN CUSTODY

Has not been arrested, pending outcome this proceeding.

- 1) If not detained give date any prior summons was served on above charges ▶
- 2) Is a Fugitive
- 3) Is on Bail or Release from (show District)

IS IN CUSTODY

- 4) On this charge
 - 5) On another conviction } Federal State
 - 6) Awaiting trial on other charges
- If answer to (6) is "Yes", show name of institution

Has detainer been filed? Yes No

} If "Yes" give date filed

DATE OF ARREST ▶

Month/Day/Year

Or... if Arresting Agency & Warrant were not

DATE TRANSFERRED TO U.S. CUSTODY ▶

Month/Day/Year

This report amends AO 257 previously submitted

Name of Complainant Agency, or Person (& Title, if any)

Federal Bureau of Investigation

person is awaiting trial in another Federal or State Court, give name of court

this person/proceeding is transferred from another district per (circle one) FRCrp 20, 21, or 40. Show District

this is a reprosecution of charges previously dismissed which were dismissed on motion of:

U.S. ATTORNEY DEFENSE

SHOW DOCKET NO.

this prosecution relates to a pending case involving this same defendant

MAGISTRATE CASE NO.

prior proceedings or appearance(s) before U.S. Magistrate regarding this defendant were recorded under

Name and Office of Person

Furnishing Information on this form **BRIAN STRETCH**

U.S. Attorney Other U.S. Agency

Name of Assistant U.S.

Attorney (if assigned) **Benjamin Kingsley**

ADDITIONAL INFORMATION OR COMMENTS

PROCESS:

SUMMONS NO PROCESS* WARRANT

Bail Amount: _____

If Summons, complete following:

Arraignment Initial Appearance

* Where defendant previously apprehended on complaint, no new summons or warrant needed, since Magistrate has scheduled arraignment

Defendant Address: _____

Date/Time: **6/8/2017, 9:30 am**

Before Judge: **Duty Judge in SF**

Comments: _____

United States District Court

FOR THE
NORTHERN DISTRICT OF CALIFORNIA

VENUE: SAN FRANCISCO

FILED

MAY 18 2017

UNITED STATES OF AMERICA,

V.

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

Sm

CR17-0281 CRB

GREGG JACLIN,

DEFENDANT(S).

INDICTMENT

18 U.S.C. § 371 - Conspiracy; 15 U.S.C. §§ 78j(b), 78ff and 17 C.F.R. § 240.10b-5 - Fraud in Connection with Purchase and Sale of Securities; 15 U.S.C. §§ 78j(b), 78ff - False Filing Under the Securities Exchange Act of 1934; 15 U.S.C. §§ 77q(a), 77x - False Filing Under the Securities Act of 1933; 18 U.S.C. § 1001(a)(1) - Scheme to Conceal Material Facts from a Government Agency; 18 U.S.C. § 1001(a)(3) - False Writings to a Government Agency; 18 U.S.C. § 1505 - Obstructing Proceedings of the Securities and Exchange Commission; 18 U.S.C. § 2 - Aiding and Abetting; 18 U.S.C. §§ 981(a)(1)(C), 982(a) & 28 U.S.C. § 2461(c) - Criminal Forfeiture

A true bill.

Karen Williams

Foreman

Filed in open court this 18 day of

May, 2017

Karen L. Hom

KAREN L. HOM

JOSEPH C. SPERO

Clerk

UNITED STATES MAGISTRATE JUDGE

Bail, \$

Summons for 6/8/2017

PENALTY SHEET ATTACHMENT

Count One:

18 U.S.C. § 371 – Conspiracy

Maximum penalties: 5 years of imprisonment (18 U.S.C. § 371)
\$250,000 fine (18 U.S.C. § 3571(b)(3))
3 years of supervised release (18 U.S.C. § 3583(b)(2))
\$100 special assessment (18 U.S.C. § 3013)

Count Two:

15 U.S.C. §§ 78j(b), 78ff; 17 C.F.R. § 240.10b-5 – Fraud in Connection with Purchase and Sale of Securities

Maximum penalties: 20 years of imprisonment (15 U.S.C. § 78ff)
\$5,000,000 fine (15 U.S.C. § 78ff)
3 years of supervised release (18 U.S.C. § 3583(b)(2))
\$100 special assessment (18 U.S.C. § 3013)

Count Three:

15 U.S.C. §§ 78j(b), 78ff – False Filing under the Securities Exchange Act of 1934

Maximum penalties: 20 years of imprisonment (15 U.S.C. § 78ff)
\$5,000,000 fine (15 U.S.C. § 78ff)
3 years of supervised release (18 U.S.C. § 3583(b)(2))
\$100 special assessment (18 U.S.C. § 3013)

Count Four:

15 U.S.C. §§ 77q(a), 77x – False Filing under the Securities Act of 1933

Maximum penalties: 5 years of imprisonment (15 U.S.C. § 77x)
\$10,000 fine (15 U.S.C. § 77x)
3 years of supervised release (18 U.S.C. § 3583(b)(2))
\$100 special assessment (18 U.S.C. § 3013)

Count Five:

18 U.S.C. § 1001(a)(1) – Scheme to Conceal Material Fact from a Government Agency

Maximum penalties: 5 years of imprisonment (18 U.S.C. § 1001)
\$250,000 fine (18 U.S.C. § 3571(b)(3))
3 years of supervised release (18 U.S.C. § 3583(b)(2))
\$100 special assessment (18 U.S.C. § 3013)

Count Six:

18 U.S.C. § 1001(a)(3) – False Writings to a Government Agency

Maximum penalties: 5 years of imprisonment (18 U.S.C. § 1001)
\$250,000 fine (18 U.S.C. § 3571(b)(3))
3 years of supervised release (18 U.S.C. § 3583(b)(2))
\$100 special assessment (18 U.S.C. § 3013)

Counts Seven and Eight:

18 U.S.C. § 1505 – Obstruction of Justice

Maximum penalties: 5 years of imprisonment (18 U.S.C. § 1505)
\$250,000 fine (18 U.S.C. § 3571(b)(3))
3 years of supervised release (18 U.S.C. § 3583(b)(2))
\$100 special assessment (18 U.S.C. § 3013)

1 BRIAN J. STRETCH (CABN 163973)
2 United States Attorney

FILED

MAY 18 2017

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

8 UNITED STATES DISTRICT COURT
9 NORTHERN DISTRICT OF CALIFORNIA
10 SAN FRANCISCO DIVISION

CR17-0281
CRB

11 UNITED STATES OF AMERICA,
12 Plaintiff,

13 v.

14 GREGG JACLIN,
15 Defendant.

) CASE NO.

) VIOLATIONS: 18 U.S.C. § 371 – Conspiracy; 15
) U.S.C. §§ 78j(b), 78ff and 17 C.F.R. § 240.10b-5 –
) Fraud in Connection with Purchase and Sale of
) Securities; 15 U.S.C. §§ 78j(b), 78ff – False Filing
) under the Securities Exchange Act of 1934; 15 U.S.C.
) §§ 77q(a), 77x – False Filing under the Securities Act
) of 1933; 18 U.S.C. § 1001(a)(1) – Scheme to Conceal
) Material Facts from a Government Agency; 18 U.S.C.
) § 1001(a)(3) – False Writings to a Government
) Agency; 18 U.S.C. § 1505 – Obstructing Proceedings
) of the Securities and Exchange Commission; 18
) U.S.C. § 2 – Aiding and Abetting; 18 U.S.C.
) §§ 981(a)(1)(C), 982(a) & 28 U.S.C. § 2461(c) –
) Criminal Forfeiture

) SAN FRANCISCO VENUE

21)
22 INDICTMENT

23 The Grand Jury charges:

24 At all times relevant to this Indictment:

25 Applicable Securities Laws

26 1. The United States Securities and Exchange Commission (“SEC”) was an independent
27 agency of the United States. The SEC regulated the securities industry and enforced various securities
28 laws, including the Securities Act of 1933, 15 U.S.C. § 77a *et seq.* (“Securities Act”), and the Securities

INDICTMENT

1 Exchange Act of 1934, 15 U.S.C. § 78a *et seq.* (“Exchange Act”). Regulations promulgated by the SEC
2 defined and implemented the requirements of the statutes. Under the Securities Act and its
3 implementing regulations, a transaction offering or selling a security that used any means or instruments
4 of interstate commerce or the mails was required either to be registered with the SEC or to fall under an
5 exemption. To register an offer or sale of securities, companies were required to file a “registration
6 statement.” The SEC provided various forms for registration statements, including, as relevant to this
7 Indictment, Form S-1. SEC Rule 144 provided a commonly used exemption from registration, a part of
8 which applied to the sale of securities by a person who was not an “affiliate” of the company. 17 C.F.R.
9 § 230.144(k).

10 2. Under the Exchange Act and its implementing regulations, reporting companies were
11 generally required to file with the SEC both periodic disclosures (on Forms 10-K and 10-Q) and special
12 disclosures (on Form 8-K), when a material change occurred, to provide up-to-date information about
13 the companies.

14 3. EDGAR was an electronic filing system maintained by the SEC for companies to file
15 registration statements, 10-Ks, 10-Qs, and 8-Ks (collectively, “public filings”). Public filings submitted
16 to EDGAR were available to anyone with access to the Internet and remained available indefinitely.

17 4. The Securities Act and the Exchange Act, and their implementing regulations, required
18 that public filings contained particular disclosures or types of information. Among the categories of
19 information required by these laws was substantial information about the individuals who, in various
20 ways, were deemed to control public companies. Specifically, under the Securities Act, registration
21 statements were required to contain the names “of the directors or persons performing similar
22 functions”; “of the promoters in the case of a business to be formed, or formed within two years prior to
23 the filing of the registration statement”; and “of all persons, if any, owning of record or beneficially, if
24 known, more than 10 per centum of any class of stock of the issuer, or more than 10 per centum in the
25 aggregate of the outstanding stock of the issuer.” 15 U.S.C. § 77aa(4), (6). Under the Exchange Act,
26 individuals were required to file disclosures if they obtained, directly or indirectly, beneficial ownership
27 of more than five percent of any equity security class registered under 15 U.S.C. § 78l. 15 U.S.C.
28 § 78m(d).

1 5. Additionally, SEC Regulation S-K required that public filings under both the Exchange
2 Act and the Securities Act contain further information regarding control of a company. 17 C.F.R.
3 § 229.10. These requirements included, but were not limited to, the following:

4 - “describe briefly any arrangement or understanding between [any director or executive officer]
5 and any other person(s) (naming such person(s)) pursuant to which he was or is to be selected as
6 a [director or officer],” 17 C.F.R. § 229.401(a)–(b);

7 - to provide information regarding any person who is known to the registrant to be the owner,
8 beneficial or otherwise, of more than five percent of any class of the registrant’s voting
9 securities, 17 C.F.R. § 229.403(a);

10 - if the company had a promoter in the last five years, certain filings, including Form S-1
11 registration statements, were required to disclose the name and various information about any
12 promoter, 17 C.F.R. § 229.404(c)(1); and

13 - to disclose the name of and various information about “any person who acquired control of a
14 registrant that is a shell company,” 17 C.F.R § 229.404(c)(2).

15 6. The Securities Act and implementing regulations imposed additional requirements on
16 “blank check” companies. 15 U.S.C. § 77g(b); *see also* 17 C.F.R. § 230.419. Both the Securities Act
17 and the Exchange Act and their implementing regulations imposed additional requirements on “shell
18 companies.” 17 C.F.R. §§ 230.405, 240.12b-2. The cover pages for Forms 10-Q and 10-K included
19 check boxes in which a company disclosed whether it was a “shell company” under the regulations.

20 7. SEC regulations also required the provision of information not explicitly prescribed by
21 other rules. Specifically, the regulations required that, “[i]n addition to the information expressly
22 required to be included in a [registration statement, statement, or report], there shall be added such
23 further material information, if any, as may be necessary to make the required statements, in the light of
24 the circumstances under which they are made, not misleading.” 17 C.F.R. §§ 230.408, 240.12b-20.

25 8. The SEC reviewed the registration statements of companies wishing to register a public
26 offering of their securities, to ensure compliance with the Securities Act and its implementing
27 regulations. The SEC possessed the authority to declare a registration statement effective, at which
28 point the securities transactions registered in the statement could be lawfully completed. In making this

1 determination, the SEC regularly issued comment letters on proposed registration statements filed by
2 companies. These comment letters sought further information or questioned particular information
3 provided in the registration statements, and companies were required to respond to these letters in order
4 for the SEC to declare their proposed registration statements effective. The SEC also, among other
5 things, investigated possible violations of federal securities laws and regulations and brought
6 administrative and civil actions to enforce those laws and regulations.

7 Relevant Individuals

8 9. Defendant Gregg JACLIN resided in New Jersey. JACLIN was an attorney who
9 practiced law in New Jersey.

10 10. I.H. resided in Santa Monica, California.

11 11. J.N. resided in the Northern District of California.

12 12. M.H. resided in Florida. M.H. was an attorney who practiced law in Florida.

13 13. S.W. resided, at relevant times, in the Northern District of California.

14 14. C.A. resided in various places, including in California.

15 15. For most of the relevant time period, JACLIN practiced law at Anslow & Jaclin, a law
16 firm located in New Jersey that specialized in securities work. JACLIN ran Anslow & Jaclin with
17 another partner. For approximately one month in or about September 2011, Anslow & Jaclin merged
18 with another firm, and JACLIN practiced at that firm until the merger was dissolved and Anslow &
19 Jaclin was relaunched as its own entity. Anslow & Jaclin dissolved permanently in or about September
20 2013. Beginning at or about that time, JACLIN practiced law as a partner at a different law firm in New
21 Jersey.

22 16. At each firm, JACLIN supervised other attorneys, paralegals, and other staff at the firm.
23 At Anslow & Jaclin, JACLIN did not report to anyone with respect to his practice.

24 JACLIN's Securities Law Practice

25 17. For the entire relevant time period, JACLIN specialized in representing very small
26 companies that were or wished to become publicly traded companies. When public, these companies
27 were often referred to as "penny stocks." JACLIN utilized what he referred to as the "self-filing"
28 model, through which he guided companies from their incorporation to their sale as publically traded

1 companies. As part of this model, JACLIN, through his firm, prepared and filed documentation to:
2 (1) incorporate the company; (2) conduct a “private placement offering,” where the stock of the
3 company was offered to a limited group of investors; (3) register the sales of shares to the investors with
4 the SEC, by filing a proposed Form S-1 registration statement, responding to the SEC’s comments on S-
5 1s, and filing amended S-1s in response to those comments or for other reasons; (4) filing continued
6 disclosures, including 10-Qs, 10-Ks, and 8-Ks, for the company; (5) working with a “market maker” to
7 obtain clearance from the Financial Industry Regulatory Authority (“FINRA”) to publish stock price
8 quotations for the company on an “over the counter” marketplace, including by submitting FINRA Form
9 211; and (6) working with a market maker and stock transfer agent to obtain “DTC eligibility,” referring
10 to the Depository Trust Company, which allowed the settling of securities trades electronically. Once
11 this process was completed, JACLIN often aided his client companies in finding a buyer and guided his
12 client companies through a “reverse merger,” wherein JACLIN’s client company was, in effect, sold to a
13 private company with ongoing business as a method of taking that private company public. JACLIN
14 acted as a broker in some of these transactions, and in some cases, continued to represent the successor
15 company.

16 18. Anslow & Jaclin was paid a set fee for the self-filing process, from incorporation to being
17 publicly traded, and then was paid an additional amount for finding and putting into effect the reverse
18 merger.

19 Relevant Shell Company Entities

20 19. Eastern Services Holdings, Inc. (“Eastern Services”), was a Nevada corporation. Anslow
21 & Jaclin served as company counsel and prepared SEC filings for the company.

22 20. New Image Concepts, Inc. (“New Image”), was a Nevada corporation. Anslow & Jaclin
23 served as company counsel and prepared SEC filings for the company.

24 21. FormulaWon, Inc. (“FormulaWon”), was a Nevada corporation. Anslow & Jaclin served
25 as company counsel and prepared SEC filings for the company.

26 22. PR Complete Holdings, Inc. (“PR Complete”), was a Nevada corporation. Anslow &
27 Jaclin served as company counsel and prepared SEC filings for the company. PR Complete entered into
28 a reverse merger on or about December 11, 2009, and the resulting company was YesDTC Holdings,

1 Inc. (“YesDTC”), which was based in the Northern District of California. YesDTC was purchased by a
2 group including J.N. The stock of YesDTC was subject to market manipulation in 2011.

3 23. Cigarette, Inc. (“Cigarette”), was a Nevada corporation. Anslow & Jaclin served as
4 company counsel and prepared SEC filings for the company.

5 24. Resume in Minutes, Inc. (“Resume in Minutes”), was a Nevada corporation. Anslow &
6 Jaclin served as company counsel and prepared SEC filings for the company.

7 25. Rapid Holdings, Inc. (“Rapid Holdings”), was a Nevada corporation. Anslow & Jaclin
8 served as company counsel and prepared SEC filings for the company.

9 26. Movie Trailer Galaxy, Inc. (“Movie Trailer Galaxy”), was a Nevada corporation.
10 Anslow & Jaclin served as company counsel and prepared SEC filings for the company.

11 27. Health Directory, Inc., (“Health Directory”) was a Nevada corporation. Anslow & Jaclin
12 served as company counsel and prepared SEC filings for the company.

13 28. Comp Services, Inc., (“Comp Services”) was a Nevada corporation. Anslow & Jaclin
14 served as company counsel and prepared SEC filings for the company.

15 29. Counseling International, Inc., (“Counseling International”) was a Nevada corporation.
16 Anslow & Jaclin served as company counsel and prepared SEC filings for the company.

17 The Scheme

18 30. Beginning at a date unknown, but no later than March 2008, and continuing through
19 December 2013, JACLIN and I.H., by use of the means and instrumentalities of interstate commerce, the
20 mails, and the facilities of national securities exchanges, used and employed manipulative and deceptive
21 devices and contrivances in connection with the purchase and sale of securities, by employing devices,
22 schemes, and artifices to defraud; by making and causing to be made untrue statements of material fact
23 and omitting to state facts necessary in order to make the statements made, in light of the circumstances
24 under which they were made, not misleading; and engaging in acts, practices, and courses of business
25 which operated and would operate as a fraud and deceit upon purchasers of securities, which scheme is
26 described further below. Further, JACLIN and I.H. knowingly made or caused to be made false and
27 misleading filings and statements to the SEC and the public, schemed to conceal information from the
28 SEC, omitted to include information that they knew were required to be included in SEC filings, and

1 corruptly obstructed the proceedings of the SEC.

2 31. JACLIN and I.H. manufactured shell companies to sell to other individuals who used
3 those shell companies as publicly traded vehicles for market manipulation schemes. Together, JACLIN
4 and I.H. created, took public, and sold or attempted to sell approximately ten shell companies with little
5 or no ongoing business to individuals who purchased the companies and reverse-merged them into
6 existing private companies. These companies included New Image Concepts, FormulaWon, PR
7 Complete Holdings, Cigarette, Resume in Minutes, Rapid Holdings, Movie Trailer Galaxy, Health
8 Directory, Comp Services, and Counseling International. JACLIN and I.H. were able to successfully
9 sell eight of the companies, for a total of approximately \$2.25 million, to purchasers whom JACLIN and
10 I.H. knew would sell the shares of the companies to the public. These companies were then, in some
11 instances, the subject of market manipulation schemes. Two of the companies, Comp Services and
12 Counseling International, were the subject of SEC enforcement action before they could be sold. Prior
13 to creating these ten companies, JACLIN and I.H. also took an eleventh company, Eastern Services
14 Holdings, which was not incorporated by JACLIN and I.H., through much of JACLIN's self-filing
15 process.

16 32. JACLIN and I.H. had separate roles in the scheme. I.H. created, controlled, financed, and
17 owned the companies. JACLIN, through the law firms at which he worked, represented the companies
18 through all necessary stages of the process, from incorporation through reverse-merger, and oversaw the
19 preparation and filing of legally required documents for the companies. JACLIN also found the buyers
20 for many of the companies.

21 33. In each case, I.H., with JACLIN's knowledge and/or at his suggestion and direction,
22 found nominee CEOs, who, on paper, served as majority shareholders and sole directors of the
23 companies, but who exerted no control over the companies. Instead, the nominee CEOs were paid by
24 and took all of their direction from I.H., and were not involved in any substantive manner with the
25 companies beyond signing documents as directed by I.H. I.H., also with JACLIN's knowledge or at his
26 suggestion and direction, found or caused others to find nominee minority shareholders, for whom I.H.
27 fronted the money for their shares. I.H., with JACLIN's knowledge or at his suggestion and direction,
28 drafted fraudulent business plans for the companies, purporting that the companies had real plans to

1 engage in business and grow. In actuality, the companies were created and maintained for the sole
2 purpose of being sold as a shell to purchasers who, either individually or as a group, wished to control
3 all of the shares of the company. The companies were then used as a vehicle for a reverse merger.

4 34. Together, JACLIN and I.H., or those working at JACLIN's direction, prepared numerous
5 fraudulent documents to create these companies, register their shares for public sale, and sell the
6 companies in a reverse-merger transaction. These documents included, but were not limited to,
7 incorporation documents, S-1 registration statements, 10-Qs, 10-Ks, FINRA Form 211s and supporting
8 documentation, and attorney opinion letters. JACLIN and I.H. knew that these documents contained
9 material false or misleading statements, as well as omissions where there was a duty to disclose. These
10 false or misleading statements included, but were not limited to, reporting the nominee CEOs/directors
11 and shareholders as the actual CEOs/directors and shareholders; stating that the shareholders had
12 purchased their shares in a private offering, were selling the shares for their own account in the
13 registered offering, and were not affiliated with any of the shell company's officers, directors,
14 promoters, or any beneficial owner of 10% or more of the companies' securities; incorporating the
15 fraudulent business plans of the companies and falsely describing the companies' plans; stating that the
16 companies were not shell companies or not blank check companies, as defined by the securities laws;
17 and offering the opinion that particular shares of the companies were freely tradeable under securities
18 laws. The documents fraudulently omitted to disclose, despite the existence of a duty to do so, I.H.'s
19 role as the promoter and control person of the companies and the beneficial owner of the companies'
20 shares; I.H.'s role in selecting the nominees, his arrangements with them, and his role in directing all of
21 their actions or simply taking action on their behalf; and the true purpose of the companies.

22 35. The misrepresentations, promises, and omissions in these documents were disseminated
23 in various ways, including but not limited to, being filed publicly with the SEC on the EDGAR system,
24 where they were reviewed by the SEC and where could be viewed by future investors in the companies
25 or their successor public companies following the reverse mergers; sent by letter to the SEC; or
26 submitted to other entities, including FINRA, market makers, transfer agents, auditors, or DTC. They
27 were material to the various recipients. As a result of these and other material misrepresentations,
28 promises, and omissions made or directed to be made by JACLIN and I.H., the SEC allowed the

1 registration statements of the companies to become effective; the shares of the companies became
2 publicly tradeable, on over-the-counter marketplaces; I.H. was able to sell the shares of these companies,
3 with JACLIN's assistance, to other individuals, in reverse merger transactions; and as I.H. and JACLIN
4 knew they would, these other individuals were then able to sell the shares of these companies to the
5 public, in some instances in market-manipulation schemes. To later investors in the companies that
6 resulted from the reverse mergers, investments in the companies appeared more desirable, as their public
7 filings purported to have legitimate histories of actual business and approximately 25 to 35 prior
8 individual shareholders. In reality, they were simply publicly traded shell and/or blank check
9 companies, all controlled by the same person, I.H., who had a history of involvement with shell
10 companies that were eventually used in market manipulation.

11 36. Additionally, JACLIN, I.H., and the purchasers of the companies structured the sale
12 transactions to make it appear that I.H.'s various nominees were selling to various other individual
13 shareholders, when in reality, I.H. was selling shares directly to one individual or a control group of
14 individuals. This control structure facilitated later market-manipulation schemes, and JACLIN and I.H.
15 knew that the purchasers wanted all of the freely trading shares of the resulting company to be in
16 friendly, controllable hands.

17 37. As further part of the scheme to defraud, JACLIN and I.H. concealed and hid, and caused
18 to be concealed and hidden, the acts done and the purpose of the acts done in furtherance of the scheme,
19 including by:

- 20 a. hiding I.H.'s true role and the true purpose of the companies in all public filings
21 and in communications with other entities and regulators;
- 22 b. directing the nominee CEOs to open bank accounts (funded by I.H.) for the
23 companies, and directing those CEOs to pay bills out of the accounts;
- 24 c. making payment to I.H. for the sale of the shell companies through a "shareholder
25 representative," which was typically an overseas company controlled by I.H.;
- 26 d. obtaining blank share purchase agreements for the anticipated reverse merger
27 from the nominee shareholders at the same time that these nominees made their
28 "investment" (which was actually funded by I.H.), so as to minimize the difficulty of

1 finding those individuals again and obtaining their signature for the later sale;

2 e. deleting emails that showed direct communications between I.H. and JACLIN or
3 his staff, including by arranging for Anslow & Jaclin's IT provider to delete records of
4 communications between I.H. and employees of Anslow & Jaclin;

5 f. agreeing that I.H. should stop emailing Anslow & Jaclin attorneys, including
6 JACLIN, directly, and instead that I.H. should create email accounts for the nominee
7 CEOs, and either email Anslow & Jaclin from those accounts or direct those CEOs to
8 email Anslow & Jaclin from those accounts;

9 g. transferring the proceeds of the sale of a shell company from the Anslow & Jaclin
10 trust account to a nominee CEO and directing the nominee CEO to pay some of those
11 funds back to Anslow & Jaclin for legal services;

12 h. in public filings and in response to direct questions in letters from the SEC's
13 Division of Corporate Finance in late 2012 and January 2013, falsely stating that the
14 nominee CEO of Counseling International had resigned because she was pregnant and
15 that no one else other than counsel for Counseling International was involved in
16 arranging for her replacement, and failing to disclose that I.H. was involved in arranging
17 for her replacement;

18 i. directing and coaching nominee CEOs to give false testimony in response to
19 subpoenas issued by SEC offices in San Francisco and Los Angeles; and

20 j. coordinating their responses to the SEC's investigation regarding Counseling
21 International, and, in the case of JACLIN, testifying falsely regarding his role and his
22 knowledge of I.H.'s role in the SEC's investigation of Counseling International, and
23 giving false statements to the SEC, the Federal Bureau of Investigation, and the United
24 States Attorney's Office.

25 COUNT ONE: (18 U.S.C. § 371 – Conspiracy)

26 38. The factual allegations of Paragraphs 1 through 37 are re-alleged and incorporated as if
27 fully set forth here.

28 39. Beginning at a date unknown, but no later than March 2008, and continuing through

1 December 2013, in the Northern District of California and elsewhere, the defendant,

2 GREGG JACLIN,

3 and another person or persons known and unknown, did knowingly and willfully conspire to commit
4 offenses against the United States, namely, (a) fraud in connection with the offer and sale, and the
5 purchase and sale, of securities, in violation of Title 15, United States Code, Section 78j(b), 78ff, 77q(a),
6 and 77x and Title 17, Code of Federal Regulations, Section 240.10b-5; (b) the making of false and
7 misleading statements and omissions of material fact in reports and documents required to be filed under
8 the Securities Exchange Act of 1934 and the rules and regulations thereunder, in violation of Title 15,
9 United States Code, Section 78j(b) and 78ff; (c) the making of false and misleading statements of
10 material fact and omissions of material facts in reports and documents required to be filed under the
11 Securities Act of 1933, in violation of Title 15, United States Code, Sections 77q(a) and 77x; (d) the
12 falsification, concealment, and cover up by trick, scheme, and device of a material fact in a matter
13 within the jurisdiction of the executive branch of the Government of the United States, in violation of
14 Title 18, United States Code, Section 1001(a)(1); (e) the making and use of false writings and
15 documents, containing material false, fictitious, and fraudulent statements and entries, in a matter within
16 the jurisdiction of the executive branch of the Government of the United States, in violation of Title 18,
17 United States Code, Section 1001(a)(3); and (f) the corrupt influence, obstruction, and impediment of
18 the due and proper administration of the law under which a pending proceeding was being had before a
19 department or agency of the United States.

20 OVERT ACTS COMMITTED IN FURTHERANCE OF THE CONSPIRACY

21 40. In furtherance of the conspiracy and to effect the objects thereof, the following overt acts,
22 among others, were committed in the Northern District of California, and elsewhere:

- 23 a. On or about November 7, 2009, I.H. sold PR Complete Holdings to a group that
24 included J.N.;
- 25 b. On or about November 29, 2011, JACLIN and I.H. filed, or caused to be filed, the
26 Form 10-K for the fiscal year ended August 31, 2011, for Movie Trailer Galaxy,
27 and accompanying documents;

- 1 c. On or about August 31, 2012, JACLIN emailed I.H. and others, regarding the sale
- 2 of Movie Trailer Galaxy;
- 3 d. On or about September 3, 2012, JACLIN emailed I.H. and others, regarding the
- 4 sale of Movie Trailer Galaxy;
- 5 e. On or about September 3, 2012, JACLIN emailed S.W. and others, regarding the
- 6 filing of the Post-Effective Amendment No. 1 to the Form S-1 registration
- 7 statement for Movie Trailer Galaxy;
- 8 f. On or about September 4, 2012, JACLIN, I.H., and others filed, or caused to be
- 9 filed, Post-Effective Amendment No. 1 to the Form S-1 registration statement for
- 10 Movie Trailer Galaxy, and accompanying documents;
- 11 g. Between on or about September 14, 2012, and September 19, 2012, JACLIN
- 12 emailed S.W.;
- 13 h. On or about September 19, 2012, JACLIN caused a wire transfer to be sent from
- 14 Anslow & Jaclin to Movie Trailer Galaxy's bank account;
- 15 i. In or about September 2012, I.H. arranged for C.A. to travel to Los Angeles,
- 16 California, to meet with I.H. regarding C.A.'s scheduled testimony in a
- 17 proceeding of the SEC in San Francisco, California;
- 18 j. On or about September 29, 2012, JACLIN and I.H. spoke via telephone regarding
- 19 C.A.'s upcoming testimony in a proceeding of the SEC in San Francisco;
- 20 k. On or about September 30, 2012, JACLIN and I.H. spoke via telephone regarding
- 21 C.A.'s upcoming testimony in a proceeding of the SEC in San Francisco;
- 22 l. On or about October 1, 2012, I.H. travelled to San Francisco;
- 23 m. On or about October 1, 2012, I.H. met with C.A. and M.H., in San Francisco;
- 24 n. On or about October 1, 2012, JACLIN sent a text message to M.H., who was in
- 25 San Francisco; and
- 26 o. On or about October 2, 2012, JACLIN sent a text message to M.H., who was in
- 27 San Francisco.

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

1 COUNT TWO: (15 U.S.C. §§ 78j(b), 78ff; 17 C.F.R. § 240.10b-5; 18 U.S.C. § 2 – Fraud
2 in Connection with Purchase and Sale of Securities and Aiding and
Abetting)

3 41. Paragraphs 1 through 37 and Paragraph 40 of this Indictment are re-alleged and
4 incorporated as if fully set forth here.

5 42. Beginning at a date unknown, but no later than March 2008, and continuing through
6 December 2013, in the Northern District of California and elsewhere, the defendant,

7 GREGG JACLIN,

8 and others known and unknown, did knowingly and willfully, directly and indirectly, by the use of the
9 means and instrumentalities of interstate commerce, the mails, and the facilities of national securities
10 exchanges, use and employ manipulative and deceptive devices and contrivances in connection with the
11 purchase and sale of securities issued by Movie Trailer Galaxy, in violation of Title 17, Code of Federal
12 Regulations, Section 240.10b-5, by (a) employing devices, schemes, and artifices to defraud; (b) making
13 and causing Movie Trailer Galaxy, to make untrue statements of material fact and omitting to state facts
14 necessary in order to make the statements made, in light of the circumstances under which they were
15 made, not misleading; and (c) engaging in acts, practices, and courses of business which operated and
16 would operate as a fraud and deceit upon purchasers of the securities of Movie Trailer Galaxy.

17 All in violation of Title 15, United States Code, Sections 78j(b) and 78ff; Title 17, Code of
18 Federal Regulations, Section 240.10b-5; and Title 18, United States Code, Section 2.

19 COUNT THREE: (15 U.S.C. §§ 78j(b), 78ff and 18 U.S.C. § 2 – False Filing under the
20 Exchange Act and Aiding and Abetting)

21 43. Paragraphs 1 through 37 and Paragraph 40 of this Indictment are re-alleged and
22 incorporated as if fully set forth here.

23 44. On or about November 29, 2011, in the Northern District of California and elsewhere, the
24 defendant,

25 GREGG JACLIN,

26 in a Form 10-K filed with the SEC for the fiscal year ending August 31, 2011, did knowingly and
27 willfully make and cause Movie Trailer Galaxy, to (a) make material untrue statements of material fact;
28 (b) omit to state material facts necessary to make the statements made not misleading; and (c) omit to

1 state material facts required to be stated in a Form 10-K under the Exchange Act and its regulations and
2 rules.

3 45. Specifically, the Form 10-K:

- 4 a. Falsely stated that Movie Trailer Galaxy, “did not have any plan, arrangement, or
5 understanding to engage in a merger or acquisition with any other entity”;
- 6 b. Omitted to disclose that I.H. was a control person of Movie Trailer Galaxy;
- 7 c. Omitted to disclose that I.H. was an owner (beneficial or otherwise) of greater
8 than 5% of the company’s shares;
- 9 d. Omitted to disclose that I.H. had been a promoter of Movie Trailer Galaxy, in the
10 prior five years; and
- 11 e. Omitted to disclose the arrangement and understanding between I.H. and S.W.
12 through which she became sole director and executive officer of Movie Trailer
13 Galaxy.

14 All in violation of Title 15, United States Code, Sections 78j(b), 78m(d), and 78ff; Title 17, Code
15 of Federal Regulations, Sections 229.10, 229.401, 229.403, 229.404, 240-10b-5, and 240-12b-20, and
16 Title 18, United States Code, Section 2.

17 COUNT FOUR: (15 U.S.C. §§ 77q(a), 77x, and 18 U.S.C. § 2 – False Filing under the
18 Securities Act and Aiding and Abetting)

19 46. Paragraphs 1 through 37 and Paragraph 40 of this Indictment are re-alleged and
20 incorporated as if fully set forth here.

21 47. On or about September 4, 2012, in the Northern District of California and elsewhere, the
22 defendant,

23 GREGG JACLIN,

24 and others known and unknown, willfully and knowingly, in a Form S-1 registration statement filed by
25 Movie Trailer Galaxy under the Securities Act of 1933, did make and cause to be made untrue
26 statements of material fact, and omit to state and cause to be omitted material facts required to be stated
27 therein and necessary to make the statements made not misleading, including that:

- 1 a. Movie Trailer Galaxy, “did not have any plan, arrangement, or understanding to
- 2 engage in a merger or acquisition with any other entity”;
- 3 b. “[t]here are no agreements between the company and any selling shareholder
- 4 pursuant to which the shares subject to this registration statement were issued”;
- 5 c. “[t]o our knowledge, none of the selling shareholders or their beneficial
- 6 owners . . . has had a material relationship with us other than as a shareholder at
- 7 any time within the past three years”;
- 8 d. “[t]he selling stockholders are selling shares of common stock covered by this
- 9 prospectus for their own account”;
- 10 e. in the table listing “SECURITY OWNERSHIP OF CERTAIN BENEFICIAL
- 11 OWNERS AND MANAGEMENT,” stating S.W.’s name and address under
- 12 “each person known to us to own more than 5% of our outstanding shares of
- 13 common stock”;
- 14 f. “[n]one of the investors are affiliated with any of our directors, officers or
- 15 promoters or any beneficial owner of 10% or more of our securities”;
- 16 g. in the opinion letter signed by JACLIN, “the shares of common stock to be sold
- 17 by the selling shareholders have been duly authorized and are legally issued, fully
- 18 paid and non-assessable”;
- 19 h. Omitted to disclose that I.H. was a control person of Movie Trailer Galaxy;
- 20 i. Omitted to disclose that I.H. was an owner (beneficial or otherwise) of greater
- 21 than 5% and greater than 10% of the company’s shares;
- 22 j. Omitted to disclose that I.H. had been a promoter of Movie Trailer Galaxy, in the
- 23 prior five years; and
- 24 k. Omitted to disclose the arrangement and understanding between I.H. and S.W.
- 25 through which she became sole director and executive officer of Movie Trailer
- 26 Galaxy.

27 All in violation of Title 15, United States Code, Sections 77q(a), 77x, 77aa, and 2; Title 17, Code
28 of Federal Regulations, Sections 229.10, 229.401, 229.403, 229.404, and 230.408, and Title 18, United

1 States Code, Section 2.

2 COUNT FIVE: (18 U.S.C. §§ 1001(a)(1) and 2 – Scheme to Conceal Material Fact from a
3 Government Agency and Aiding and Abetting)

4 48. Paragraphs 1 through 37 and Paragraph 40 of this Indictment are re-alleged and
5 incorporated as if fully set forth here.

6 49. Beginning at a date unknown, but no later than March 2008, and continuing through
7 December 2013, in the Northern District of California and elsewhere, the defendant,

8 GREGG JACLIN,

9 and others known and unknown, did knowingly and willfully falsify, conceal, and cover up by trick,
10 scheme, and device a material fact in a matter within the jurisdiction of the executive branch of the
11 Government of the United States; specifically, falsifying, concealing, and covering up by trick, scheme,
12 and device, from the SEC, the following material facts, which there was a legal duty to disclose:

- 13 a. I.H.’s true role, as control person, owner (beneficial or otherwise), financier,
- 14 affiliate, and promoter, with the public shell companies JACLIN and I.H. created
- 15 and attempted to create;
- 16 b. JACLIN and I.H.’s plan and intention to sell in a reverse merger the public shell
- 17 companies that they created and attempted to create; and
- 18 c. JACLIN and I.H.’s sales of the shell companies to single control individuals and
- 19 control groups who were not disclosed in the public filings of the companies.

20 All in violation of Title 18, United States Code, Section 1001(a)(1) and 2.

21 COUNT SIX: (18 U.S.C. §§ 1001(a)(3) and 2 – False Writings to a Government Agency
22 and Aiding and Abetting)

23 50. Paragraphs 1 through 37 and Paragraph 40 of this Indictment are re-alleged and
24 incorporated as if fully set forth here.

25 51. On or about September 4, 2012, in the Northern District of California and elsewhere, the
26 defendant,

27 GREGG JACLIN,

1 and others known and unknown, did willfully and knowingly make and use a material false, fictitious,
2 and fraudulent document knowing the same to contain a material false, fictitious, and fraudulent
3 statement and entry, in a matter within the jurisdiction of the executive branch of the Government of the
4 United States, by the filing with the SEC of a Form S-1 for Movie Trailer Galaxy, with an attached
5 opinion letter, which contained the material false, fictitious, and fraudulent statements, including that:

- 6 a. Movie Trailer Galaxy, was not a “shell company (as defined by Rule 12b-2 of the
7 Act)”;
- 8 b. Movie Trailer Galaxy “did not have any plan, arrangement, or understanding to
9 engage in a merger or acquisition with any other entity”;
- 10 c. “[t]here are no agreements between the company and any selling shareholder
11 pursuant to which the shares subject to this registration statement were issued”;
- 12 d. “[t]o our knowledge, none of the selling shareholders or their beneficial
13 owners . . . has had a material relationship with us other than as a shareholder at
14 any time within the past three years”;
- 15 e. “[t]he selling stockholders are selling shares of common stock covered by this
16 prospectus for their own account”;
- 17 f. in the table listing “SECURITY OWNERSHIP OF CERTAIN BENEFICIAL
18 OWNERS AND MANAGEMENT,” stating S.W.’s name and address under
19 “each person known to us to own more than 5% of our outstanding shares of
20 common stock”;
- 21 g. “[n]one of the investors are affiliated with any of our directors, officers or
22 promoters or any beneficial owner of 10% or more of our securities”; and
- 23 h. in the opinion letter signed by JACLIN, “the shares of common stock to be sold
24 by the selling shareholders have been duly authorized and are legally issued, fully
25 paid and non-assessable.”

26 All in violation of Title 18, United States Code, Sections 1001(a)(3) and 2.

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1 COUNT SEVEN: (18 U.S.C. §§ 1505 and 2 – Obstruction of Proceedings before the
2 Securities and Exchange Commission and Aiding and Abetting)

3 52. Paragraphs 1 through 37 and Paragraph 40 of this Indictment are re-alleged and
4 incorporated as if fully set forth here.

5 53. Beginning in or about November 2008, and continuing through in or about October 2012,
6 in the Northern District of California and elsewhere, the defendant,

7 GREGG JACLIN,

8 and others known or unknown, willfully and knowingly corruptly influenced, obstructed, and impeded,
9 and aided and abetted others to corruptly influence, obstruct, and impede, the due and proper
10 administration of the law under which a pending proceeding was being had before a department and
11 agency of the United States, namely, the SEC and its review and investigation of PR Complete Holdings
12 and YesDTC, in violation of Title 18, United States Code, Sections 1505 and 2.

13 COUNT EIGHT: (18 U.S.C. §§ 1505 and 2 – Obstruction of Proceedings before the
14 Securities and Exchange Commission and Aiding and Abetting)

15 54. Paragraphs 1 through 37 and Paragraph 40 of this Indictment are re-alleged and
16 incorporated as if fully set forth here.

17 55. Beginning in or about August 2012, and continuing through in or about January 2016, in
18 the Northern District of California and elsewhere, the defendant,

19 GREGG JACLIN,

20 and others known or unknown, willfully and knowingly corruptly influenced, obstructed, and impeded,
21 and aided and abetted others to corruptly influence, obstruct, and impede, the due and proper
22 administration of the law under which a pending proceeding was being had before a department and
23 agency of the United States, namely, the SEC and its review and investigation of Counseling
24 International, in violation of Title 18, United States Code, Sections 1505 and 2.

25 FORFEITURE ALLEGATION: (18 U.S.C. §§ 981(a)(1)(C), 982(a) & 28 U.S.C. § 2461(c) –
Criminal Forfeiture)

26 56. All of the allegations contained in this Indictment are re-alleged and by this reference
27 fully incorporated herein for the purpose of alleging forfeiture pursuant to the provisions of Title 18,
28 United States Code, Sections 981(a)(1)(C) and 982(a), and Title 28, United States Code, Section

1 2461(c).

2 57. Upon a conviction for any of the offenses alleged in Counts One and Two of this
3 Indictment, the defendant,

4 GREGG JACLIN,

5 shall forfeit to the United States pursuant to 18 U.S.C. §§ 981(a)(1)(C), 982(a)(2), and 28 U.S.C.
6 § 2461(c) all property constituting, and derived from, proceeds the defendants obtained directly and
7 indirectly as the result of those violations, including but not limited to a forfeiture money judgment of
8 not less than \$2.25 million, representing the amount of proceeds obtained as a result of the offenses and
9 scheme to defraud alleged in Counts One and Two.

10 58. If any of the aforementioned property, as a result of any act or omission of the
11 defendants,

- 12 a. cannot be located upon the exercise of due diligence;
- 13 b. has been transferred or sold to, or deposited with, a third person;
- 14 c. has been placed beyond the jurisdiction of the Court;
- 15 d. has been substantially diminished in value; or
- 16 e. has been commingled with other property that cannot be divided without difficulty;

17 any and all interest the defendants have in other property shall be vested in the United States and
18 forfeited to the United States pursuant to 21 U.S.C. § 853(p), as incorporated by 18 U.S.C. § 982(b)(1).

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1 All in violation of Title 18, United States Code, Sections 981(a)(1)(C) and 982(a); Title 28, United
2 States Code, Section 2461(c); and Rule 32.2 of the Federal Rules of Criminal Procedure.


3 DATED:

A TRUE BILL

4
5 5/18/17

6
7 
8 Karen Williams
9 FOREPERSON

7 BRIAN J. STRETCH
8 United States Attorney

9 
10 ELISE BECKER
11 Deputy Chief, Criminal Division

12
13 (Approved as to form: 
14 AUSA KINGSLEY)

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

CRIMINAL COVER SHEET

Instructions: Effective November 1, 2016, this Criminal Cover Sheet must be completed and submitted, along with the Defendant Information Form, for each new criminal case.

CR17

0281

CRB

CASE NAME:

CASE NUMBER:

USA v. Gregg Jaclin

CR

Is This Case Under Seal?

Yes No

Total Number of Defendants:

1 2-7 8 or more

Does this case involve ONLY charges under 8 U.S.C. § 1325 and/or 1326?

Yes No

Venue (Per Crim. L.R. 18-1):

SF OAK SJ

Is this a potential high-cost case?

Yes No

Is any defendant charged with a death-penalty-eligible crime?

Yes No

Is this a RICO Act gang case?

Yes No

Assigned AUSA
(Lead Attorney): Benjamin Kingsley

Date Submitted: May 18, 2017

Comments: