

**UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY**

UNITED STATES OF AMERICA	:	Hon.
	:	
	:	Criminal No. 17-
v.	:	
	:	
	:	18 U.S.C. § 371
YANIV AVNON, and	:	18 U.S.C. § 1343
RAN ARMON	:	18 U.S.C. § 2

INDICTMENT

The Grand Jury, in and for the District of New Jersey, sitting at Newark,
charges:

Relevant Individuals and Entities

1. At all times relevant to this Indictment:
 - a. Nonko Trading (“Nonko”) was an online day trading firm owned and controlled by Naris Chamroonrat (“Chamroonrat”), which served as the principal entity through the which the co-conspirators referenced below executed their scheme to defraud.
 - b. Defendant YANIV AVNON (“AVNON”) was a citizen of Israel and owned and controlled G Six Trading Y.R. Ltd. (“G6 Trading”), a company that provided online securities trading training programs. AVNON used G6 Trading to solicit day traders for Nonko.
 - c. Defendant RAN ARMON (“ARMON”) was a citizen and resident of Canada. ARMON worked for AVNON in connection with G6 Trading and also solicited investors for Nonko.

d. Chamroonrat, a co-conspirator not named as a defendant herein, was a citizen of the United States and Thailand who owned Nonko and handled its daily operations.

e. Co-conspirator #1 ("CC#1"), a co-conspirator not named as a defendant herein, solicited investors for Nonko and performed marketing work for Nonko, including web design, online advertising and social media.

f. Company A was a provider of electronic trading software that maintained computer servers in or around Carteret, New Jersey. From in or about 2012 through in or about September 2014, Nonko provided its customers access to Company A's trading software.

g. Logix Software Company Limited ("Logix") was a Thailand-based provider of electronic trading software that AVNON, ARMON, and Chamroonrat launched in or around September 2014.

COUNT ONE

(Conspiracy to Commit Securities Fraud)

2. From at least as early as in or about December 2013 through in or about June 2015, in the District of New Jersey and elsewhere, defendants

**YANIV AVNON and
RAN ARMON**

knowingly and willfully conspired and agreed with each other and others to, directly and indirectly, by the use of means and instrumentalities of interstate commerce, and of the mails, and of facilities of national securities exchanges, use and employ, in connection with the purchase and sale of securities, manipulative and deceptive devices and contrivances in contravention of Title

17, Code of Federal Regulations, Section 240.10b-5, by: (a) employing devices, schemes and artifices to defraud; (b) making untrue statements of material fact and omitting to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; and (c) engaging in acts, practices and courses of business which operated and would operate as a fraud and deceit upon persons, as set forth in more detail below, contrary to Title 15, United States Code, Sections 78j(b) and 78ff, and Title 17, Code of Federal Regulations, Section 240.10b-5.

Goal of the Conspiracy

3. It was the goal of the conspiracy for AVNON, ARMON and their co-conspirators to profit illegally by stealing the money day traders entrusted to Nonko on the understanding that the traders would be able to use the money to buy and sell securities on the open market. Instead of depositing that money in trading accounts and setting up the traders so that they could execute market transactions, the co-conspirators simply pocketed the money and set the unwitting traders up on demo accounts.

Manner and Means of the Conspiracy

A. Nonko's Solicitation of Traders and the "TRZ Program."

4. It was part of the conspiracy that Nonko operated as a purported proprietary trading firm for investors interested in day trading securities in the United States. To attract day traders, Nonko offered terms that were not available at other registered broker-dealers, including low minimum deposits and generous leverage (or margin) ratios of 20:1 (that is, purporting to give

traders the ability to trade \$20 of total capital for each dollar deposited). Nonko also offered low commission rates. In addition to online marketing tactics that promoted those terms, Nonko relied on various third-party “affiliates,” or sub-contractors, to refer traders to open accounts with Nonko. Those affiliates received a percentage of the profits generated by the traders they referred. Although Nonko held itself out as a “proprietary trading firm,” in substance, it operated as a broker, processing securities transactions for customer accounts.

5. It was further part of the conspiracy that Nonko provided its customers with access to live trading accounts set up on an electronic securities trading platform provided by Company A (the “Company A Platform”). The Company A Platform included a training feature that allowed users to test the platform in a simulated environment. This training account feature was not programmed to send the users’ “orders” to any market centers for execution, but simply generated records of potential, or simulated, “executions” of the orders, based on then-current market prices for the securities in question. The Company A Platform assigned all training accounts the prefix “TRZ.”

6. It was further part of the conspiracy that, in or about late 2013, AVNON, ARMON, and their co-conspirators began defrauding Nonko traders by assigning them to use the TRZ demo accounts while representing that they were using active accounts to place real securities trades. This allowed the co-conspirators to steal the money the traders had given Nonko without their

knowledge or consent. The co-conspirators then transferred the customers' deposit funds to accounts controlled by Chamroonrat and he used the money for personal expenses and other unauthorized transactions, including transferring a portion of the illicit proceeds to AVNON and ARMON. AVNON, ARMON, and their co-conspirators referred to the training account scheme as their "TRZ Program."

7. It was further part of the conspiracy that, to ensure the scheme would not be detected, AVNON, ARMON, and their co-conspirators selected as victims only those customers who they believed would not be profitable day traders and would be less likely to seek to withdraw funds from their accounts. Instead, the co-conspirators limited the TRZ Program to inexperienced and unsophisticated traders who were likely to believe they had lost their money trading in the open markets. Indeed, the profitability of the scheme was contingent on customers remaining "losers" because profitable traders were ineligible for the TRZ Program. On or about February 2, 2014, AVNON sent an email to Chamroonrat in which he referred to the profits from the scheme for the prior month, noting, "It was a huge month, huge month means that a lot of traders got burned.. New blood, all the time, that's what we need .. Already opened almost 10 accounts yesterday so it's good and we have some wires pending as well."

8. It was further part of the conspiracy that, by in or around February 2014, AVNON and Chamroonrat began discussing a plan to create their own trading platform - one that would not use the "TRZ" label for training

accounts - so that, as AVNON described in an online chat communication, it would “look like the real deal.” The co-conspirators eventually did develop their own trading platform called “Logix” and used it to continue the scheme between late 2014 and 2015.

B. The Co-conspirators Continue the Scheme through Logix.

9. It was further part of the conspiracy that the co-conspirators began using their Logix trading platform after Company A discovered their scheme. Specifically, in or about late August 2014, one of the victims of the scheme made a technical inquiry to Company A’s support staff, and, in the course of that discussion, Company A discovered that the trader believed that his demo account was a real one. On August 29, 2014, Company A sent out an email to all Nonko customers alerting them that accounts starting with “TR” were training accounts. Company A then discontinued its relationship with Nonko. Shortly thereafter, AVNON, ARMON, and their co-conspirators began misrepresenting to customers that Nonko was moving to Logix, Nonko’s “proprietary trading system,” because of its technological superiority.

10. It was further part of the conspiracy that, from in or about September 2014 through at least in or about June 2015, AVNON, ARMON, and their co-conspirators continued to defraud Nonko’s customers by misappropriating their account deposit funds and placing them on demo accounts without their knowledge and consent, using Logix as Nonko’s purported trading platform. During this time period, the conspirators placed

the vast majority of Nonko's customers on simulator accounts in furtherance of the scheme.

C. The Conspirators' Diversion of Customer Funds and Scheme Profits.

11. It was further part of the conspiracy that, during the time period of the conspiracy, AVNON, ARMON, and their co-conspirators misappropriated at least \$1.4 million from over 260 investors residing in over 30 countries worldwide. The victims of the scheme included at least 180 investors from the United States, including individuals in New Jersey. The majority of those funds were transferred to foreign bank accounts controlled by Chamroonrat and used for personal expenses or other unauthorized transactions, including making distributions of a portion of the proceeds to AVNON and ARMON.

Overt Acts

12. In furtherance of the conspiracy and to effect the unlawful object thereof, defendants AVNON, ARMON, and others committed and caused to be committed the following overt acts, among others, in the District of New Jersey and elsewhere:

a. On or about January 16, 2014, Chamroonrat sent a co-conspirator an electronic communication attaching a document entitled "TRZ GUIDELINE," which provided guidance on carrying out the securities fraud scheme described herein.

b. On or about May 2, 2014, AVNON sent an email to an individual located in New Jersey containing wire instructions for submitting payment to purportedly fund a securities trading account.

c. On or about May 13, 2014, the defendants caused a wire transfer in the amount of \$2,500 to be sent from a bank account in New Jersey to a bank account in Belize that Chamroonrat controlled.

d. On or about September 1, 2014, ARMON sent an email to a Nonko customer soliciting the customer to join Logix, and falsely claiming that Nonko's transition from Platform A to Logix was due to a "miscommunication" with Platform A.

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

Count Two
(Wire Fraud)

1. The allegations set forth in Paragraphs 1 and 3 through 12 of Count One of this Indictment are hereby repeated, realleged, and incorporated as if fully set forth herein.

2. On or about May 13, 2014, in the District of New Jersey and elsewhere, defendants

**YANIV AVNON and
RAN ARMON**

knowingly and intentionally devised a scheme and artifice to defraud, and to obtain money and property by means of materially false and fraudulent pretenses, representations, and promises, and, for the purpose of executing and attempting to execute such scheme and artifice, did knowingly transmit and cause to be transmitted by means of wire, radio, and television communication in interstate and foreign commerce, certain writings, signs, signals, pictures, and sounds, specifically, they caused a victim trader to wire approximately \$2,500 from a bank account in New Jersey to an account in Belize that their co-conspirator controlled.

In violation of Title 18, United States Code, Section 1343 and Section 2.

FORFEITURE ALLEGATION

1. As a result of committing the conspiracy and wire fraud offenses charged in Counts One and Two of this Indictment, defendants AVNON and ARMON shall forfeit to the United States, pursuant to 18 U.S.C. § 982(a)(2)(A), any and all property constituting or derived from proceeds obtained directly or indirectly as a result of such offense.

Substitute Assets Provision

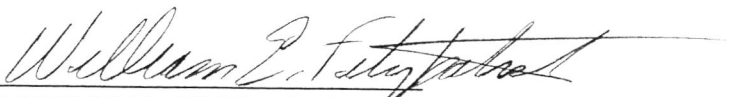
2. If any of the above-described forfeitable property, as a result of any act or omission of the defendant(s):

- (a) cannot be located upon the exercise of due diligence;
- (b) has been transferred or sold to, or deposited with, a third person;
- (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 subdivided without difficulty;

it is the intent of the United States, pursuant to 21 U.S.C. § 853(p), as incorporated by 18 U.S.C. § 982(b)(1), to seek forfeiture of any other property of said defendant up to the value of the above forfeitable property.

A TRUE BILL

Grand Jury Foreperson



WILLIAM E. FITZPATRICK
ACTING UNITED STATES ATTORNEY

CASE NUMBER:

**United States District Court
District of New Jersey**

UNITED STATES OF AMERICA

v.

**YANIV AVNON
RAN ARMON**

INDICTMENT FOR

18 U.S.C. §§ 371, 1343 and 2

A True Bill,

Foreperson

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