

ATTACHMENT A

Securities Fraud

From in or about June 2012 through in or about December 2012, in the District of New Jersey and elsewhere, the defendant

JAMES M. FARINELLA

by use of means and instrumentalities of interstate commerce, the mails, and facilities of national securities exchanges, directly and indirectly, did knowingly and willfully use and employ, in connection with the purchase and sale of securities, manipulative and deceptive devices and contrivances 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 light of the circumstances under which they were made, not misleading; and (c) engaging in acts, practices, and courses of business which operated as a fraud and deceit upon persons, namely, that defendant Farinella manipulated and artificially inflated the price of stock for Pazoo, Inc., and then sold shares of Pazoo, Inc., to victims at the artificially inflated prices.

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

ATTACHMENT B

I, Anthony Czajkowski, a Special Agent with the Federal Bureau of Investigation, having conducted an investigation and discussed this matter with other law enforcement officers who have participated in this investigation, have knowledge of the following facts. Because this Complaint is being submitted for the limited purpose of establishing probable cause, I have not included each and every fact known to me concerning this investigation. Rather, I have set forth only the facts which I believe are necessary to establish probable cause. Unless specifically indicated, all conversations and statements described in this affidavit are related in substance and in part.

BACKGROUND

1. At all times relevant to this Complaint:
 - a. James M. FARINELLA was a resident of New Jersey.
 - b. Co-Conspirator #1 (“CC-1”), a co-conspirator not charged herein, was an individual who engaged in stock promotion.
 - c. Co-Conspirator #2 (“CC-2”), a co-conspirator not charged herein, was an individual who engaged in stock promotion.
 - d. Integrated Capital Partners, Inc., (“ICPI”), was a Nevada corporation headquartered in Short Hills, New Jersey. ICPI purported to be a “business consulting firm engaged in mergers, acquisitions, turnarounds, and contract negotiations for early to mid-sized companies.” FARINELLA controlled ICPI, and was listed on corporate documents as the director, president, secretary, and treasurer of ICPI.
 - e. Equity Awareness Group LLC (“EAG”), was a New Jersey LLC. EAG was a stock promotion company. CC-1 and CC-2 promoted stocks through EAG.
 - f. Pazoo, Inc. (“PZOO”), was a corporation incorporated in Nevada and headquartered in Whippany, New Jersey. PZOO was originally incorporated in or about November 2010 under the name IUCSS, Inc., and on or about May 9, 2011, the company changed its name to Pazoo, Inc. PZOO claimed to be “the #1 Online Health & Wellness Social Community for People & Their Pets!” PZOO traded under the ticker “PZOO,” and was quoted on Over the Counter Bulletin Board and OTC Link.

OVERVIEW

2. From no later than in or about June 2012 through at least in or about December 2012, FARINELLA and others carried out a so-called “pump and dump scheme” to manipulate and artificially inflate the price of PZOO stock, and then sell their own shares of PZOO at artificially inflated prices to unsuspecting third-party investors. PZOO had little or no real business operations, and was used by FARINELLA as a vehicle for this scheme. The pump and dump consisted of three phases. The first phase of the scheme was referred to as building the chart by the scheme’s participants. FARINELLA and his co-conspirators orchestrated a series of trades between accounts they controlled to show the appearance of a rising stock price and an actively traded stock. The second phase was a planned, paid promotional campaign touting PZOO stock. The promotional campaign and the coordinated trading were intended to deceive future purchasers of PZOO stock, who saw an attractive price and volume history, when they researched the stock. Finally, the third phase was FARINELLA “dumping” the stocks by selling large volumes of the PZOO’s stock to victim-investors at artificially inflated prices. Dumping the stock would eventually cause PZOO’s artificially inflated price to fall, causing victim-investors to suffer losses.

THE SCHEME TO DEFRAUD

3. From its inception until in or about June 2012, virtually all of PZOO’s revenue came from the sale of stock to ICPI. Although restricted shares were granted to others, through ICPI, FARINELLA controlled virtually all the free-trading shares of PZOO. On or about June 27, 2012, when PZOO shares first started trading under the ticker symbol “PZOO,” FARINELLA controlled approximately 98% of unrestricted shares of PZOO stock.

4. In or about July 2012, FARINELLA retained EAG to promote PZOO stock and manipulate the price of PZOO stock. According to CC-1,¹ in or about early July 2012, FARINELLA met with CC-1 and CC-2. At that meeting, FARINELLA told CC-1 and CC-2 that he wanted to hire EAG to promote PZOO stock. FARINELLA offered to pay a six-figure sum to EAG for the campaign, but made it clear that he also expected CC-1 and CC-2 to help walk up the stock price – that is, to engage in a series of coordinated trades to create the appearance that PZOO stock was heavily traded and that the price was rising. Bank records show that FARINELLA subsequently directed over \$600,000 in payments to EAG.

¹ CC-1 was involved in the scheme and has provided information to the government in hopes of receiving leniency for his involvement in the scheme. To date, the information provided by CC-1 that has been verified by other sources has been accurate.

5. To conceal their involvement in the overall scheme and the manipulation of PZOO stock, FARINELLA, CC-1, CC-2, and other co-conspirators often arranged for trades with brokerage accounts held in the names of others (the "Nominee Accounts"). Some Nominee Accounts were in the names of family members, such as trust accounts in the name of FARINELLA's children and the parent of an executive at PZOO ("Person-1"). Other Nominee Accounts were in the name of businesses, such as a business owned by CC-1 and CC-2. And some Nominee Accounts were in the names of a long-time associates such as a longtime friend of CC-1 and an associate that owned a company that was connected of FARINELLA and Person-1 who, according to publicly available information, had previous business dealings with FARINELLA and Person-1.

6. During the first phase of the scheme, FARINELLA, CC-1, CC-2, and other co-conspirators orchestrated trades of PZOO stock between the Nominee Accounts and other accounts that they controlled to generate interest in PZOO and fraudulently inflate the price and trading volume of their shares. According to an analysis by the United States Securities and Exchange Commission (the "SEC"), on many days, trading by FARINELLA and his co-conspirators accounted for the overwhelming majority of all trading activity in PZOO. To carry out these trades, FARINELLA and others acting at his direction entered orders to buy PZOO stock through certain of the Nominee Accounts that were held at online brokerage firms. Around the same time, FARINELLA and others acting at his direction entered orders to sell PZOO stock, usually through ICPI's brokerage account, and those shares were used to fill the buy orders from the Nominee Accounts.

7. The coordinated trades were designed to create the appearance that PZOO stock was increasing in value. Examples include:

- a. On or about July 18, 2012, a Nominee Account in the name of a long-time associate of FARINELLA's purchased 40,000 shares from ICPI at \$.10 a share.
- b. On or about July 20, 2012, two different Nominee Accounts purchased a total of 438,000 shares from ICPI at \$.10 a share.
- c. On or about July 25, 2012, CC-2 purchased 65,000 shares from ICPI at \$.155 a share.
- d. On or about August 2, 2012, FARINELLA used a brokerage account in his own name to purchase 25,000 shares from ICPI (which FARINELLA also controlled) at \$.275 a share. Later that same day, a Nominee Account purchased 15,000 shares from ICPI at \$.30 a share.

8. An analysis by the SEC showed that many of the brokerage accounts used to make coordinated trades were accessed from the same IP addresses. More specifically, from in or about June 27, 2012, through in or about August 20, 2012, accounts controlled by CC-1, CC-2, and various Nominee Accounts were repeatedly accessed by the same IP addresses. For example, an IP address ending in .34 was used to make 233 trades by CC-1, CC-2, and many other Nominee Accounts.

9. The coordinated trading was successful in raising the price PZOO's stock and creating the appearance of an active market. By on or about August 17, 2012, PZOO closed a \$.315 a share, a 215% increase from the \$.10 a share closing price on or about July 18, 2012. During the same period, the average daily market volume for PZOO was 175,900 shares. According to an analysis by the SEC, ICPI accounted for more than 50% of the market volume during this period of coordinated trading.

10. Beginning on or about August 14, 2012, FARINELLA and his co-conspirators launched phase two of the scheme: a carefully coordinated promotional campaign designed to further artificially inflate the price of PZOO's stock. The promotional materials included press releases from PZOO and paid promotions prepared and distributed by third parties. This promotional campaign touted PZOO as a leading provider of nutritional supplements for people and their pets.

11. FARINELLA and his co-conspirators controlled the timing of the promotional activities to ensure that they would commence after the PZOO's stock had been sufficiently manipulated to create the appearance of real market interest. Between on or about August 14, 2012 and in or about October 2012, PZOO stock was touted in more than fifty headlines on the websites of various online stock promoters. Many of the paid promotions touted PZOO's recent history of rising share price as a sign of the company's strength, but did not disclose that the price increase was due to coordinated trading.

12. PZOO also issued a number of press releases lauding the company's potential. For instance, on or about August 20, 2012, PZOO announced that it was launching its first television advertising campaign to promote its website and products. And on or about September 11, 2012, PZOO announced that it was ready to distribute its "MAX Line of Health, Wellness, and Nutri-Ceutical Products, including CELLMAX Stem Cell Nutrition Concentrate and MAXPLUS Multivitamin." The press release quoted Person-1: "I have never been more excited in my life to be involved with such a dynamic company that is on the cutting edge of providing health and wellness information, products and services to people and their pets. We really are going to make a positive difference in the lives of so many people and their pets – just fantastic, really fantastic!!!"

13. At least one press release issued by PZOO in this period was false. On or about September 19, 2012, PZOO announced that Company-1, “the largest pet store chain in New England,” has agreed to carry PZOO’s products, including “PetMax line of products for pets.” According to the press release, Person-1 stated, “To be in a position to generate revenue from all three aspects of our business in such an early stage of our operations is a testament to the hard work and business acumen of our management team, advisors and consultants engaged with Pazoo. This really gives us a head start on the execution of our business plan!!!” However, a representative of Company-1 later stated that Company-1 had no agreement with PZOO to carry PZOO’s products, rather the agreement was for Company-1 to write a blog on PZOO’s website.

14. Contrary to the glowing image presented to the public during the promotional campaign, PZOO’s own corporate filings with the SEC confirm that it had little or no real business operations in 2012. According to PZOO’s Form 10-K filing reporting results for 2012 and 2013, in 2012 PZOO has a net loss of approximately \$1.58 million. PZOO reported revenues of approximately \$119,000 in 2012, of which approximately \$105,000 came from a purported contract with Company-2 – a physical therapy company owned by a PZOO executive, Person-1.

15. The scheme was successful in artificially inflating the price of PZOO stock. From the publication of the first third-party promotion in or about August 2012 through approximately the end of 2012, the average daily trading volume of PZOO increased from approximately 82,100 shares to 198,500 shares. The price of PZOO shares rose as high as \$.399 on or about August 24, 2012. The co-conspirators then turned to the third phase of the scheme: after fraudulently inflating the price of the PZOO’s stock in the manner described above, FARINELLA and his co-conspirators sold their stock to unsuspecting victim-investors at the fraudulently inflated prices. Between on or about July 18, 2012 through on or about December 24, 2012, FARINELLA, through ICPI, sold over 8 million shares of PZOO for a gross sale proceeds of almost \$1.1 million.

16. This large-scale selling of the PZOO’s stock eventually caused the share prices to plummet, resulting in losses to the victim-investors who bought the stock at the inflated prices. By on or about October 31, 2012, PZOO closed at approximately \$.0592 per share. By on or about January 13, 2013, the price of PZOO had fallen as low as approximately \$.0116 a share.