

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

UNITED STATES OF AMERICA

v.

KENNETH THOM,
a/k/a “K\$,”
a/k/a “K Money,”
Defendant.

[REDACTED] INDICTMENT

25 Cr.

25 CRIM 360

COUNT ONE
(**Securities Fraud**)

The Grand Jury charges:

Overview

1. Beginning at least by December 2023 and continuing until in or about early 2025, KENNETH THOM, a/k/a “K\$,” a/k/a “K Money,” the defendant, defrauded investor-clients by soliciting funds for his investment advisory business through false and misleading statements and by misappropriating portions of the funds entrusted to him to manage. After the Financial Industry Regulatory Authority (“FINRA”) suspended THOM from acting as a broker in 2011, THOM promoted himself online, including through social media, as a successful stock and options trader and offered training courses and trade suggestions to his followers. Beginning in late 2023, THOM invited his online followers to participate in “shared accounts” that he would manage in exchange for a percentage of the profits, eventually raising nearly \$800,000 from approximately sixty-seven clients. Of this sum, THOM invested only approximately \$350,000, diverting most of the remainder for his own personal use, including on travel, dining, and luxury goods. Of the approximately \$350,000 that THOM invested, he lost more than \$250,000 trading options contracts, but he hid these losses from his clients by sending false performance updates showing

significant gains. In January 2025, the Facebook group THOM used to communicate with clients was renamed to “AYBABTU” — an acronym for the Internet meme “all your base are belong to us” — and THOM stopped responding to clients.

Background on THOM

2. In or about May 2006, KENNETH THOM, a/k/a “K\$,” a/k/a “K Money,” the defendant, passed securities licensing examinations and registered as a broker. Between in or about 2006 and in or about 2008, THOM worked at multiple brokerage firms in Manhattan, New York. At times relevant to this Indictment, THOM lived in Manhattan.

3. In or about March 2010, KENNETH THOM, a/k/a “K\$,” a/k/a “K Money,” the defendant, admitted in an interview with the Federal Bureau of Investigation (“FBI”), in substance and in part, that he had commingled approximately \$60,000 from two investors with approximately \$10,000 of his own money in a brokerage account that he controlled. THOM admitted that he lost most of this money through unsuccessful trading and used the remainder to pay for his personal expenses, including a security deposit on a Manhattan apartment. THOM further admitted that when one of his investors sought to withdraw her funds, THOM did not tell the investor that he had lost her money but instead invented fake excuses and then ignored the investor altogether. In or about January 2011, FINRA suspended THOM’s broker registration after he failed to pay an arbitration award to that investor. THOM’s suspension remains in effect today.

4. Despite his FINRA suspension, KENNETH THOM, a/k/a “K\$,” a/k/a “K Money,” the defendant, promoted himself as a successful trader on various Internet channels, including his website and on Facebook, Instagram, and Twitch. THOM used these channels to sell courses and trade suggestions to his followers. For example, on his website “kmoneygroup.com,” THOM offered subscriptions, at prices ranging from \$49 per month to \$299 per month, for trading lessons

and daily text message alerts containing his trade suggestions. THOM described himself on his website as a “Wall Street veteran,” a “luminary,” and a “beacon of knowledge” with an “illustrious career that has weathered market storms and conquered financial peaks” and a “new mission: to unlock the secrets of his success and bestow them upon a select group of traders eager to ascend to greatness.” To drive interest in the “secrets of his success,” THOM maintained a Facebook group called, at relevant times, the “K\$ Trading Group” (the “K\$ Facebook Group”), in which THOM posted the results of his purportedly successful trades.

THOM Solicits Clients for the Scheme

5. Beginning in late 2023, KENNETH THOM, a/k/a “K\$,” a/k/a “K Money,” the defendant, used the K\$ Facebook Group to expand his investment advisory services to include the management of client funds.

6. On or about December 29, 2023, KENNETH THOM, a/k/a “K\$,” a/k/a “K Money,” the defendant, posted a poll in the K\$ Facebook Group gauging interest a “subscription” with a “10K buy[] in” (*i.e.*, a minimum investment of \$10,000 per investor) that would “trade[] ES” where THOM would “keep 50% of profit.” “ES,” as used by THOM, referred to the ticker symbol for E-mini S&P 500 futures contracts. After THOM posted the poll, his followers expressed their interest in the arrangement by writing the K\$ Facebook Group and directly communicating with THOM. Soon thereafter, THOM began to accepting client deposits.

7. On or about February 2, 2024, KENNETH THOM, a/k/a “K\$,” a/k/a “K Money,” the defendant, published a post in the K\$ Facebook Group describing “[e]verything you need to know for the shared account.” In his post, THOM stated that the minimum contribution would be a “10K deposit,” with lower “5K minimum deposits for up[] to 10 people.” THOM advised that the shared account would accept new participants through February 25, 2024 and would be “traded

through end of June,” with THOM given “free rein to trade anything I want, whenever I want.” THOM stated that he would “take 50% of profit to cover taxes and the work,” with clients receiving “the other 50%.” THOM provided instructions for how to send him funds, which he warned “must be made in increments of 10K or less to avoid the IRS flagging it.”

8. Despite his stated participation deadline of February 25, 2024, KENNETH THOM, a/k/a “K\$,” a/k/a “K Money,” the defendant, continued to solicit clients well after that date. For example, on or about March 18, 2024, THOM posted in the K\$ Facebook Group that he planned to start an “options swing shared account” with “\$2500 [investment] increments” and a “50/50 split.” On or about March 22, 2024, THOM posted in the K\$ Facebook Group instructions for how to send him funds for the “swing account,” adding that there would be monthly cutoff dates in March, April, and May for new contributions. In his March 22 post, THOM assured his clients that “[y]ou can withdraw any funds above the \$2500 increment (assuming there is profit minus my 50% cut) but must let me know” before the monthly investment cutoff dates.

9. On or about March 30, 2024, KENNETH THOM, a/k/a “K\$,” a/k/a “K Money,” the defendant, posted in the K\$ Facebook Group his updated plan to “run a total of 3” shared accounts through which THOM would execute trades in a variety of equity derivatives: (a) “Swing Trade (options only)”; (b) “Day and Swing Trade (futures and options)”; and (c) “YOLO [*i.e.*, You Only Live Once] 0dte [*i.e.*, zero-days-to-expiration options contracts] 60 mins before close (options only).” On or about April 20, 2024, THOM posted in the K\$ Facebook Group that he would start the YOLO account in May, run it through the end of June, and then “start[] another in July which will run through the end of year.” THOM wrote that the YOLO account had a “10K minimum,” that he would “keep 50% to cover the work and taxes,” and that those interested should message THOM directly.

THOM Misappropriates Client Funds

10. Between in or about January 2024 and in or about August 2024, KENNETH THOM, a/k/a “K\$,” a/k/a “K Money,” the defendant, received a total of approximately \$786,234 from approximately sixty-seven clients. Of this sum, as set forth below, THOM sent approximately \$350,000 to brokerage accounts — *i.e.*, less than half what he promised to trade. Of the approximately \$436,234 in client funds that he did not trade, THOM eventually returned approximately \$51,478 to nine clients, and THOM’s bank returned an additional \$10,000 to a client who reported the transfer as unauthorized.

11. KENNETH THOM, a/k/a “K\$,” a/k/a “K Money,” the defendant, used the remaining funds, totaling approximately \$374,756, for his own personal benefit, including on dining at restaurants, travel, purchasing luxury goods, cash withdrawals, and transfers to other accounts that THOM controlled. For example, in or about August 2024, THOM spent approximately \$6,026 of client funds on Airbnb and approximately \$5,883 of client funds on La Compagnie, an all-business-class airline that flies between Newark, New Jersey and Paris, France. In or about October 2024, THOM spent approximately \$2,725 of client funds at Hermes. In or about February 2025, THOM spent approximately \$6,982 in client funds on a single purchase at the Haneda Airport in Tokyo, Japan. And in or about March 2025, THOM closed a bank account that he used to receive most of the client funds, withdrawing the remaining \$89,586.70 balance.

THOM Falsely Reports His Investment Performance

12. KENNETH THOM, a/k/a “K\$,” a/k/a “K Money,” the defendant, lost most of the client money he traded. Of the approximately \$786,234 that he solicited, THOM sent approximately \$300,000 into one brokerage account (“Account-1”), and approximately \$50,000 into a second brokerage account (“Account-2”). Both brokerage accounts were funded almost

exclusively with these client funds, and THOM used the brokerage accounts to trade options contracts, typically options on technology stocks and exchange-traded funds. Between in or about March 2024 and in or about October 2024, THOM drained nearly all the \$300,000 in Account-1 through unsuccessful trading, leaving the account with just \$41.38 by the end of October 2024. THOM had better success with Account-2. Between in or about March 2024 and in or about March 2025, THOM increased the net account value of Account-2 from approximately \$50,000 to approximately \$92,753. On net, between in or about March 2024 and in or about March 2025, THOM lost approximately \$257,206 of the \$350,000 in client funds that he traded in Account-1 and Account-2 (*i.e.*, a net loss of approximately 73%).

13. Despite this dismal performance, KENNETH THOM, a/k/a “K\$,” a/k/a “K Money,” the defendant, published updates in the K\$ Facebook Group showing dramatic gains in the purported shared accounts. THOM often made these posts while soliciting additional contributions to his various managed accounts or while urging clients to keep their funds invested with him.

14. For example, on or about March 20, 2024, KENNETH THOM, a/k/a “K\$,” a/k/a “K Money,” the defendant, posted in the K\$ Facebook Group: “Up over 26k in the shared today.” In the same post, THOM solicited investment in another fund that would “be starting in April and taking new signups every month until June.” Contrary to THOM’s statement that the shared account was “[u]p over 26k” on that day, THOM gained only approximately \$2,674 through trading in Account-1 on March 20, 2024, and Account-2 was not yet funded as of that date.

15. As another example, on or about July 3, 2024, KENNETH THOM, a/k/a “K\$,” a/k/a “K Money,” the defendant, posted in the K\$ Facebook Group that each of the three shared accounts had positive returns year-to-date:



In fact, as of the close of the preceding trading day, July 2, 2024, THOM had transferred approximately \$200,000 of client money into Account-1 and lost approximately \$79,152 in trading. As of that same day, THOM had transferred approximately \$50,000 of client money into Account-2 and gained approximately \$2,294 in trading. In total, as of the end of the trading day on July 2, 2024, THOM had lost approximately \$76,858 of the \$250,000 in client money he had traded to date, for a net loss of approximately 31% — despite telling his clients, including those who had purportedly “pull[ed] out” funds the prior week, that THOM had made positive returns in every shared account.

16. As another example, on or about October 15, 2024, KENNETH THOM, a/k/a “K\$,” a/k/a “K Money,” the defendant, posted in the K\$ Facebook Group that, year-to-date, the “Swing” account was up 42%, the “DT [i.e., day trading]” account was down 12%, and the “YOLO” account was up 38%. In fact, as of October 15, 2024, THOM had lost nearly all of the \$300,000

of client money he had transferred to Account-1, and he had gained approximately \$25,000 on the approximately \$50,000 of client money he had transferred to Account-2. In total, as of October 15, 2024, THOM had lost approximately \$275,000 of the \$350,000 in client money he had transferred to Account-1 and Account-2, for a net loss of approximately 78%.

THOM Abandons His Clients

17. Despite assuring clients during his initial solicitations that they could withdraw funds in June 2024, and at the end of the year, KENNETH THOM, a/k/a “K\$,” a/k/a “K Money,” the defendant, erected roadblocks when clients asked to withdraw their funds and offered fanciful excuses for ignoring his clients. For example, at various times, THOM claimed that he was unresponsive to clients because his Facebook account had been temporarily banned, because his Facebook account was not accepting messages, and because he was dealing with an earthquake in Japan. THOM instructed certain clients who wished to withdraw funds to send him proof of identification and a notarized “Share Repurchase Agreement” that required the clients to accept a 20.67% loss on their investment. In total, THOM returned approximately \$51,478 to nine clients, all during July and August 2024.

18. In or about mid-January 2025, the name of the “K\$ Facebook Group” was changed to “AYBABTU” (an acronym for the Internet meme “all your base are belong to us”), and hundreds of members were removed from the group. KENNETH THOM, a/k/a “K\$,” a/k/a “K Money,” the defendant, told multiple investor-clients, in substance and in part, that someone had taken over his Facebook account, and then stopped responding to the clients altogether.

STATUTORY ALLEGATIONS

19. From at least in or about December 2023 through at least in or about January 2025, in the Southern District of New York and elsewhere, KENNETH THOM, a/k/a “K\$,” a/k/a “K

Money," the defendant, willfully and knowingly, directly and indirectly, by use of a means and instrumentality of interstate commerce and of the mails, and of a facility of a national securities exchange, used and employed, in connection with the purchase and sale of a security, a manipulative and deceptive device and contrivance, in violation of Title 17, Code of Federal Regulations, Section 240.10b-5, by: (a) employing a device, scheme, and artifice to defraud; (b) making an untrue statement of material fact and omitting to state a material fact necessary in order to make the statement made, in light of the circumstances under which it was made, not misleading; and (c) engaging in an act, practice, and course of business which operated and would operate as a fraud and deceit upon a person, to wit, THOM engaged in a scheme to defraud participants in shared accounts he managed by making false and misleading statements regarding his use of client funds and the performance of the shared accounts, and by misappropriating client funds for his own enrichment.

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

COUNT TWO
(Investment Adviser Fraud)

The Grand Jury further charges:

20. The allegations contained in paragraphs 1 through 18 of this Indictment are repeated and realleged as if fully set forth herein.
21. From at least in or about December 2023 through at least in or about January 2025, in the Southern District of New York and elsewhere, KENNETH THOM, a/k/a "K\$," a/k/a "K Money," the defendant, while acting as an investment adviser, willfully and knowingly used the mails and a means and instrumentality of interstate commerce, directly and indirectly, to: (a) employ a device, scheme, and artifice to defraud a client and prospective client; and (b) engage in

a transaction, practice, and course of business which operated as a fraud and deceit upon a client and prospective client, to wit, THOM, while engaged in the business of providing trading advice and portfolio management services, engaged in a scheme to defraud clients who participated in shared accounts he managed by making false and misleading statements regarding his use of client funds and the performance of the shared accounts, and by misappropriating client funds for his own enrichment.

(Title 15, United States Code, Sections 80b-6 and 80b-17; and
Title 18, United States Code, Section 2.)

FORFEITURE ALLEGATION

22. As a result of committing the offenses alleged in Counts One and Two of this Indictment, KENNETH THOM, a/k/a "K\$," a/k/a "K Money," the defendant, shall forfeit to the United States, pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28 United States Code, Section 2461(c), any and all property, real and personal, that constitutes or is derived from proceeds traceable to the commission of said offenses, including but not limited to a sum of money in United States currency representing the amount of proceeds traceable to the commission of said offenses.

Substitute Assets Provision

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

- 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 Title 21, United States Code, Section 853(p) and Title 28, United States Code, Section 2461(c), to seek forfeiture of any other property of the defendant up to the value of the above forfeitable property.

(Title 18, United States Code, Section 981;
Title 21, United States Code, Section 853; and
Title 28, United States Code, Section 2461.)


FOREPERSON



JAY CLAYTON
United States Attorney