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U.S. DISTRICT COURT
NORTHERN DISTRICT OF OHIO
EASTERN DIVISION

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF OHIO
EASTERN DIVISION

UNITED STATES OF AMERICA,

Plaintiff,

v.

STEPHEN J. WILSHINSKY,

Defendant.

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CASE NO. _____

Title 18, United States Code,
Section 1349

JUDGE PEARSON

The United States Attorney charges:

I. GENERAL ALLEGATIONS

At all times relevant to this Information, except where otherwise noted:

A. Defendant, Relevant Entities, and Bank Accounts

1. Defendant STEPHEN J. WILSHINSKY (hereinafter, "Defendant") was a resident of Woodland Hills, California. Defendant obtained his broker's license in November 1978. Defendant was a registered broker with the Financial Industry Regulatory Authority ("FINRA") and an investment advisor representative.

2. The Mazel Trust was created at the direction of Defendant and for the benefit of Defendant's children.

3. Bridges Investments, Inc. ("Bridges") was a Nevada corporation with its principal place of business at 9 Via Del Garda, Henderson, Nevada 89011. Bridges was formed in April 2005. Angelique D. was the president, director, and secretary of record.

4. SB3, LLC ("SB3") was a Wyoming corporation with its principal place of business at 10409 Strathmore Drive, Santee, California 92071. SB3 was formed in 2007.

5. Suprafin, Ltd. ("Suprafin") was a Wyoming corporation with its principal place of business at 1621 Central Avenue, Suite 3380, Cheyenne, Wyoming 82001. Suprafin was formed in 2009. Zirk D. was the president and vice president of Suprafin, and Angelique D. was the treasurer.

6. Wealthmakers, Ltd. ("Wealthmakers") was a Wyoming corporation with its principal place of business at 1005 S. Center Street, Redlands, California 92373. Wealthmakers was formed in 2007. Thomas R. was the president, and Zirk D. was the vice president.

7. Oppenheimer & Co., Inc. ("Oppenheimer") was a corporation organized under the laws of the State of New York and was licensed at all times to do business in the State of California. Oppenheimer was a member of, and regulated by, FINRA (as Central Registration Depository Number 249), as well as other stock, option, and commodity exchanges and self-regulatory organizations.

8. The Compass Group of Oppenheimer, Inc. ("The Compass Group") was a separate group of brokers registered with Oppenheimer that sought to provide wealth management solutions to high net-worth individuals. Defendant worked in The Compass Group.

9. Marquis Financial Services of Indiana, Inc. ("Marquis") was a corporation organized under the laws of the State of Wisconsin with its principal place of business in Encino, California. Marquis was a member of, and regulated by, FINRA (as Central Registration

Depository Number 20733), as well as other stock, option, and commodity exchanges and self-regulatory organizations.

10. Merrimen Investments, Inc., ("Merrimen") was a Wyoming corporation with its principal place of business at 10409 Strathmore Drive, Santee, California 92071. Merrimen was formed in 2010. Zirk D. was the principal of Merrimen.

11. Worldbridge Partners, Inc. ("Worldbridge") was a Nevada corporation with its principal place of business at 29191 Weybridge Drive, Westlake, Ohio 44145. Worldbridge was formed in 2009. Jason C. was the president, and Louis M. the vice president of Worldbridge.

12. Structured Management, Inc. ("SMI") was a Nevada corporation with its principal place of business at 29191 Weybridge Drive, Westlake, Ohio 44145. SMI was formed in 2003. Jason C. was the president and director of SMI.

13. Defendant was registered with FINRA while working at Oppenheimer from November 2004 through March 2009 and while working at Marquis from April 2009 through June 2011. On or about November 18, 1978, Defendant passed the Series 7 General Securities Representative Examination.

14. On or about January 8, 1997, Defendant opened and caused to be opened bank account number x0476 at Nevada State Bank in his name. Defendant was listed on the signature card for this account.

15. On or about November 14, 2005, Angelique D. opened and caused to be opened bank account number x8809 at Washington Mutual Bank, NA, later acquired by JP Morgan Chase, in the name of Bridges. Angelique D. was listed on the signature card for this account, and Trisha M. was later added on the signature card.

16. On or about July 23, 2008, bank account number x8143 at City National Bank

was opened in the name of Wealthmakers. A superseding signature card for this account listed Trisha M. and also listed Charlotte H. as the non-signatory president of the company.

17. On or about December 7, 2009, bank account number x9320 at Wachovia Bank, later acquired by Wells Fargo Bank, was opened in the name of Suprafin, Ltd. No signature card was on file for this account.

B. The Relevant Publicly Traded Companies

18. Lenco Mobile, Inc. ("Lenco") was incorporated in the State of Delaware in 1999 under the name Schochet Holdings Corporation. On or about February 20, 2009, after also using the company names CIC Holding Company, Inc., Global Wear, Ltd., and Sovereign Wealth Corporation ("Sovereign Wealth"), the company changed its name to Lenco. It had offices in Santa Barbara, California. When the company was named Sovereign Wealth, the common stock traded under the symbol "SOVW," and its purported business purpose was the same as when it used the name Lenco, that is: the management of technology solutions for brand owners and mobile telephone network operators. Lenco's stock traded under the symbol "LNCM."

19. Kensington Leasing, Ltd. ("Kensington," and together with Lenco, the "Manipulated Public Companies") was incorporated in the State of Nevada on or about June 27, 2008, with offices in Redlands, California. Kensington purported to specialize in leasing equipment to legal, medical, and real estate professionals. Kensington's common stock traded under the symbol "KNSL."

20. Stock for all of the Manipulated Public Companies was quoted on OTC Markets, Inc. ("OTC Markets"), an inter-dealer quotation service that provided quotations, prices, and financial information for certain over-the-counter securities and issuers. Companies trading on OTC Markets tended to be extremely small, and the stock in those companies tended to be

closely held (that was, owned by a small number of individuals) and thinly traded (that was, traded far less frequently than stocks in larger companies on larger exchanges).

C. Defendant's Co-Conspirators

21. Zirk D. resided in Redlands, California and Seattle, Washington. For each of the Manipulated Public Companies, Zirk D. controlled a substantial number of outstanding shares through his personal companies, co-conspirators, and associates over which he had influence and control. At times, Zirk D. was also listed as an officer or director of the Manipulated Public Companies. Zirk D. held himself out to potential investors as a "merchant banker," who created public "shell" companies and then executed a merger of a nascent business with the shell to create a publicly traded company. Zirk D. used a variety of different co-conspirators as part of the scheme, each providing Zirk D. with an avenue to enrich himself and the co-conspirators and to defraud investors.

22. Gregory G., a resident of Stevenson Ranch, California, was registered as a broker with FINRA. In or around between July 2001 to February 2013, Gregory G. was employed as a broker by Marquis, a broker-dealer registered with the SEC and FINRA, at its office in Tarzana, California. Gregory G. was the controlling member of Marquis.

23. Jason C., a resident of Gates Mills, Ohio, was a former broker who later purportedly consulted for publicly traded microcap companies. Effective on or about May 27, 2003, FINRA barred Jason C. from association with any FINRA member in any capacity.

D. The SEC and Securities Regulations

24. The United States Securities and Exchange Commission (the "SEC") was an independent agency of the United States which was charged by law with protecting investors by regulating and monitoring, among other things, the purchase and sale of publicly traded

securities, including securities traded on the United States-based stock exchanges. Stock for Kensington and Lenco was registered with the SEC.

25. Federal securities laws and regulations prohibited fraud in connection with the purchase and sale of securities, including the use of false and misleading statements and the failure to disclose material information to: (a) the SEC in publicly available filings; (b) brokerage firms and transfer agents involved in the purchase and sale of stock in companies subject to SEC regulation; and (c) the public. Federal securities laws and regulations also prohibited the manipulation of stock through, among other things, sales made at the times and at prices set by those trading the stock rather than by market forces.

26. Title 15, United States Code, Section 77q(a), made it unlawful for any person in the offer and sale of any securities by the use of any means or instruments of communication in interstate commerce to knowingly and deliberately: (1) employ any device, scheme, and artifice to defraud; (2) make untrue statements of material fact and omit to state material facts necessary to make statements made, in the light of the circumstances they were made, not misleading; and (3) engage in acts, practices, and courses of business that operated as a fraud and deceit.

27. Failure to disclose to clients commission payments from third parties was considered an omission of a material fact as part of a securities transaction.

E. Relevant Regulatory Principles and Definitions

28. "Microcap" or "penny" stocks referred to stocks of publicly traded U.S. companies which had a low market capitalization. Microcap stocks were often subject to price manipulation because they were thinly traded and subject to less regulatory scrutiny than stocks that were traded on notable exchanges such as the National Association of Securities Dealers Automated Quotations ("NASDAQ") and the New York Stock Exchange ("NYSE"), which had

specific standards that were monitored and enforced for a company to have its stock traded on those exchanges. Additionally, large blocks of microcap stock were often controlled by small groups of individuals, which enabled those in the group to control and orchestrate manipulative trading in those stocks.

29. "Wash trades" were purchases and sales of securities that matched each other in price, volume, and time of execution, and involved no change in beneficial ownership. For example, a wash trade took place when Investor A bought 100 shares at \$5.00 per share of a company through Broker A while simultaneously selling 100 shares at \$5.00 per share of the company through Broker B.

30. "Matched trades" were similar to wash trades, but involved a related third person or party who placed one side of the trade. For example, a matched trade took place when Investor A bought 100 shares at \$5.00 per share of a company through a broker, while Investor B, who coordinated with Investor A, simultaneously sold 100 shares at \$5.00 per share of the company through a broker.

31. "Marking the close trades" involved attempting to influence the closing price of a security by executing purchase or sale orders at or near the close of normal trading hours. Such activity could artificially inflate or depress the closing price for the security.

32. Wash trades, matched trades, and marking the close trades were used to create the appearance that the stock price and volume rose as a result of genuine market demand for the securities.

II. FACTUAL ALLEGATIONS

33. From on or about March 13, 2008, through in or around September 2012, Defendant, together with others known and unknown to the United States Attorney, agreed to

defraud investors in the Manipulated Public Companies by issuing millions of shares to themselves at little or no cost and then artificially controlling the price and volume of traded shares through, among other means: (a) paying undisclosed commissions to brokers and former brokers for directing client funds to make both authorized and unauthorized investments; (b) fraudulently concealing the co-conspirators' ownership interests in the Manipulated Public Companies; and (c) thereby causing price movements and trading volume in the stocks.

F. The Lenco Manipulation Scheme

(i) Control of the Unrestricted Stock

34. Lenco originated as a public company in 1999 under the name of Shochet Holdings Corporation ("Shochet"), which purportedly provided financial services. After Shochet changed its name to Sutter Holdings Company, Inc. ("Sutter"), the primary business focus was on mortgage origination. By on or about December 31, 2005, Sutter ceased all of its business operations and became a shell company. In or around November 2006, the company changed its name to CIC Holding Company, Inc, in which Zirk D. was the president and Angelique D. a director. Zirk D. and Angelique D. personally held over 3,000,000 shares each of CIC Holdings before the transformation of the company into Lenco.

35. Zirk D. obtained control of shares in Lenco and its predecessor using a variety of associates and other companies. For example, on or about October 31, 2007, Zirk D. caused Lenco to issue 210 shares of Preferred Series B stock to Angelique D. Then, on or about April 8, 2008, Angelique D. converted 42 shares of Preferred Series B stock to 2,100,000 common shares. On or about April 18, 2008, Zirk D. caused Lenco to issue a total of 772,000 shares of common stock to Bridges and Angelique D. On or about May 9, 2008, Zirk D. caused Lenco to issue Trisha M. and Stephen B., two of Zirk D.'s associates, 800,000 shares of common stock.

(ii) The Fraudulent Stock Manipulations

36. After gaining control of Lenco's unrestricted common stock, Zirk D., together with others, devised and intended to devise a scheme whereby they fraudulently inflated Lenco's share price and trading volume and then orchestrated the sale and purchase of the unrestricted Lenco stock at a profit when the share price reached desirable levels.

37. It was a part of the scheme to raise the stock price through manipulative stock trading techniques to a level beneficial to the co-conspirators. The public shares were purchased by brokers using accounts belonging to clients, some of whom were unaware that they held the stock. This fraudulent arrangement reduced the possibility that the stock would be subsequently resold in the market, which gave the co-conspirators control over the trading activity and kept the price artificially inflated for an extended period on OTC Markets quotes. Defendant, Gregory G., and others, all used their position as a registered broker to purchase Lenco stock in the Manipulated Public Companies through their client accounts.

38. The first Lenco pump started on or about March 7, 2008, with the co-conspirators using a combination of matched trades, wash trades, and marking the close trades to inflate the stock price. During this first period, the co-conspirators manipulated Lenco's stock price by raising it from a low of approximately \$0.10 per share (with trading volume of approximately 5,000 shares per day) in or around March 2008 to a high of approximately \$4.95 per share (with trading volume of approximately 327,840 shares per day) just a month later on or about April 25, 2008.

39. Because many of the outstanding shares were restricted, the price could not immediately drop when the co-conspirators stopped pumping up the stock. Approximately one year later, on or about March 6, 2009, however, when restrictions could start to be lifted, the

share price was quoted at approximately \$3.00 per share. After another pump cycle, in or around November 2011, the stock eventually dropped to approximately \$0.24 per share.

40. The value of Lenco's stock had little or no relation to its current and future earnings potential or business operations. At its highest closing price of approximately \$6.50 per share on or about July 25, 2008, Lenco's market capitalization was approximately \$418,007,037 based on approximately 64,308,775 shares outstanding. However, on or about November 9, 2009, Lenco filed a form with the SEC, signed by Lenco's president, reporting that as of December 31, 2008, Lenco had only \$2,854,041 in total assets (including intangibles such as "goodwill"), \$805,085 in total liabilities, and \$781,420 claimed in net income for the year ended December 31, 2008.

G. The Kensington Manipulation Scheme

(i) Control of the Unrestricted Stock

41. Kensington originated as a public company in or around 2009 with a purported focus on leasing equipment to real estate professionals. According to an SEC filing, on or about January 15, 2009, Angelique D. was the chief executive officer and Gregory G. was the chief financial officer. In an amended filing on or about March 25, 2009, Gregory G. was replaced as chief financial officer by Landre M., the husband of Zirk D.'s personal assistant.

42. Initially, Zirk D. caused the issuance of only 20,000 shares of stock to Angelique D. Through a purchase agreement dated on or about April 9, 2010, Angelique D. gained an additional 6,000,000 shares, purportedly in exchange for approximately \$480,000. Zirk D. also orchestrated purchase agreements whereby one of his companies, Merrimen, entered into a purchase agreement with Kensington with an option to buy up to 24,000,000 shares. On or about November 9, 2010, Zirk D. caused Merrimen to exercise a portion of the option to purchase

2,500,000 shares of Kensington. Zirk D. distributed the purchased shares as gifts. On or about November 9, 2010, Zirk D. gifted approximately 1,011,184 shares. On or about December 7, 2010, Zirk D. gifted approximately 1,488,816 shares.

43. On or about December 1, 2010, Zirk D. caused Merrimen to sell the right to purchase the remaining 21,500,000 shares to Angelique D.

(ii) The Fraudulent Stock Manipulations

44. After gaining control of Kensington's unrestricted shares, Zirk D., together with others, devised and intended to devise a scheme whereby they fraudulently inflated Kensington's share price and trading volume and then orchestrated the sale and purchase of the unrestricted Kensington stock at a profit when the share price reached desirable levels.

45. The co-conspirators sought to manipulate the Kensington stock through manipulative stock trading techniques to a price beneficial to the co-conspirators. Having created the shell company, the co-conspirators controlled a majority of the shares outstanding, enabling them to manipulate the share price. Those public shares were typically purchased by brokers, such as Defendant, Gregory G., and others, using accounts belonging to clients.

46. The first Kensington pump started on or about March 29, 2010. That day, Trisha M., at the direction of Zirk D., sold 40,000 shares. Those shares were purchased almost exclusively in client accounts controlled by Defendant at Marquis. During this first period, the co-conspirators manipulated Kensington's stock price by setting it at a price of approximately \$3.80 per share (with trading volume of approximately 10,500 shares that day).

47. The value of Kensington's stock had little or no relation to its current and future earnings potential or business operations. On or about September 29, 2010, Kensington's market capitalization at its closing price of approximately \$4.50 per share was approximately

\$35,550,000 based on approximately 7,900,000 shares outstanding. However, on or about November 22, 2010, Kensington filed a form with the SEC, signed by Trisha M., stating as of on or about September 30, 2010, Kensington had approximately \$935,249 in total assets (including for intangibles such as “goodwill”), \$374,441 in total liabilities, and \$4,071 in revenue since the inception of the business. The form indicated a net loss of \$83,122 since inception. On or about September 4, 2012, the stock had fallen to \$0.02 per share.

H. Profits at Investors’ Expenses

48. The co-conspirators, together with others known and unknown to the United States Attorney, obtained millions of shares at no or little cost in the Manipulated Public Companies and then profited by selling Lenco and Kensington stock owned by Zirk D. at artificially inflated prices to Defendant’s clients at Oppenheimer and Marquis. Little or no portion of the investments went to fund the operations of the Manipulated Public Companies. Rather, Defendant and his co-conspirators used the investments to enrich themselves.

49. Defendant agreed to have his clients purchase Zirk D.’s shares of Lenco and Kensington stock on the open market in exchange for an undisclosed commission payment. Zirk D. typically paid, and caused the payment to, Defendant of approximately thirty percent of the total sales price of the stock Zirk D. sold to Defendant’s clients, with Zirk D. and entities that he controlled receiving the remainder. In doing so, Defendant, Zirk D., and others, enriched themselves and used, among other stock manipulative techniques, matched trades to execute the transactions.

50. Defendant also obtained from Zirk D. shares in Lenco as commission payments for his participation in the conspiracy. Defendant had the shares deposited in an account in the name of the Mazel Trust, which he controlled. Through that entity, Defendant could sell the

shares and keep the proceeds as additional profit for his participation in the conspiracy.

51. Defendant and his co-conspirators profited through their fraudulent scheme relating to Lenco's and Kensington's stocks. Defendant profited as follows: (a) Defendant received approximately \$1.2 million in undisclosed cash commission payments; and (b) Defendant received approximately 500,000 shares of stock from Zirk D. and others as part of the scheme, which Defendant then sold or transferred. In total, Defendant received more than \$1.4 million in cash and stock for participating in the conspiracy.

III. STATUTORY VIOLATION

COUNT 1

(Conspiracy to Commit Securities Fraud, 18 U.S.C. § 1348; Securities Laws Violations, 15 U.S.C. §§ 78j(b) and 78ff; and Wire Fraud, 18 U.S.C. § 1343; in violation of 18 U.S.C. § 1349)

The United States Attorney charges:

52. The allegations contained in paragraphs 1 through 51 are re-alleged and incorporated as though fully set forth herein.

53. On or about March 13, 2008, through in or around September 2012, both dates being approximate and inclusive, within the Northern District of Ohio, Eastern Division, and elsewhere, Defendant STEPHEN J. WILSHINSKY, together with others known and unknown to the United States Attorney, did knowingly and willfully combine, conspire, confederate, and agree with each other, and with others both known and unknown to the United States Attorney, to commit federal offenses, to wit:

a. To defraud any person in connection with any security of an issuer with a class of securities registered under section 12 of the Securities Exchange Act of 1934 and that is required to file reports under section 15(d) of the Securities Exchange Act of 1934; and to obtain, by means of false and fraudulent pretenses, representations, and promises, any money and

property in connection with the purchase and sale of any security of an issuer described herein, in violation of Title 18, United States Code, Section 1348 (Securities Fraud);

b. To use and employ manipulative and deceptive devices and contrivances, contrary to Rule 10b-5 of the Rules and Regulations of the United States Securities and Exchange Commission, Title 17, Code of Federal Regulations, Section 240.10b-5, by:

(a) employing 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 would and did operate as a fraud and deceit upon investors in the Manipulated Public Companies, in connection with the purchase and sale of shares in the Manipulated Public Companies, directly and indirectly, by use of means and instrumentalities of interstate commerce and the mails, contrary to Title 15, United States Code, Sections 78j(b) and 78ff (Securities Laws Violations); and

c. To devise and intend to devise a scheme and artifice to defraud the investors, and to obtain money in the form of undisclosed commission payments by means of false and fraudulent pretenses, representations, and promises, and for the purpose of executing such scheme and artifice, to transmit and cause the transmission by means of wire communications in interstate commerce any writing, sign, signal, and picture, in violation of Title 18, United States Code, Section 1343 (Wire Fraud).

OBJECTS OF THE CONSPIRACY

54. The objects of the conspiracy were to unlawfully: (1) defraud the investors; (2) obtain payments for undisclosed commissions; (3) inflate the value of the Manipulated Public Companies; and (4) enrich the conspirators.

MANNER AND MEANS OF THE CONSPIRACY

55. To attain the objects of the conspiracy, Defendant and his co-conspirators employed the following manner and means:

- a. It was a part of the conspiracy that the co-conspirators created public “shell” companies, executed a merger of a nascent business with the shell to create a publicly traded company, and then paid undisclosed commissions to brokers, including Defendant, in exchange for using their clients’ funds to purchase shares of the resulting stock.
- b. It was a part of the conspiracy that the co-conspirators used manipulative stock trading techniques, such as wash trades, matched trades, and marking the close trades, to fraudulently inflate the price.
- c. It was a part of the conspiracy that Defendant, while working at Oppenheimer and Marquis, provided investment advice and made investment decisions for clients at each respective brokerage firm.
- d. It was a part of the conspiracy that Defendant worked with Zirk D. in the fraudulent scheme to buy Zirk D.’s Lenco and Kensington shares using Defendant’s client accounts.
- e. It was a part of the conspiracy that the co-conspirators ensured that any time they wanted to sell free trading shares on the open market, there would be an available buyer.
- f. It was a part of the conspiracy that the co-conspirators paid an undisclosed commission, typically thirty percent of the total sale price, in exchange for Defendant purchasing or recommending that his clients purchase Lenco and Kensington shares on the open market that were owned by Zirk D. and entities that he controlled.

g. It was a part of the conspiracy that Defendant did not disclose the commissions to his clients.

h. It was a part of the conspiracy that to conceal the payment of undisclosed commissions, Defendant directed Zirk D. to transfer such money to entities he controlled to avoid the appearance of a direct payment to Defendant.

i. It was a part of the conspiracy that Defendant used entities such as The Mazel Trust to receive payments from Zirk D. that were for the ultimate benefit of Defendant.

j. It was a part of the conspiracy that to further hide the undisclosed commission payments, Zirk D. made and caused to be made payments to Defendant and others from a variety of companies he controlled, including Bridges, SB3, Suprafin, and Wealthmakers, instead of using the Manipulated Public Companies' and Zirk D.'s personal bank accounts.

k. It was a part of the conspiracy that Defendant communicated with the co-conspirators and others, via interstate wires, including through e-mail transmissions, to record commission payments that were made and owed.

l. It was a part of the conspiracy that Zirk D. transmitted, and caused the transmission of, interstate wires in the form of undisclosed commission payments to Defendant and others for participating in the conspiracy.

m. It was a part of the conspiracy that Defendant received shares, both restricted and free-trading, of various stock from Zirk D. to compensate Defendant for participating in the conspiracy.

ACTS IN FURTHERANCE OF THE CONSPIRACY

56. In furtherance of the conspiracy and to effect its unlawful objects, Defendant and

the co-conspirators committed, and caused to be committed, the following acts in furtherance of the conspiracy in the Northern District of Ohio, and elsewhere:

a. On or about April 10, 2008, Defendant caused check #9070 in the amount of \$100,000 drawn on the Bridges account to be paid to The Mazel Trust for the benefit of Defendant.

b. On or about May 15, 2008, Defendant caused check #9135 in the amount of \$102,500 drawn on the Bridges account to be paid to the Mazel Trust for the benefit of Defendant.

c. On or about May 21, 2008, Defendant caused check #9183 in the amount of \$157,500 drawn on the Bridges account to be paid to The Mazel Trust for the benefit of Defendant.

d. On or about July 24, 2008, Defendant caused check #1030 in the amount of \$20,000 drawn on the SB3 account to be paid to Bank of America for the benefit of Defendant.

e. On or about October 22, 2009, Defendant caused funds in the amount of \$36,000 to be transferred from a Bridges account held in Redlands, California, at Washington Mutual Bank, to a Mazel Trust account held in Tarzana, California, at Wells Fargo Bank for the benefit of Defendant.

f. On or about November 24, 2009, Zirk D. caused funds in the amount of \$10,000 to be transferred from a Wealthmakers corporate bank account held in San Diego, California, at City National Bank, to an SMI account controlled by Jason C. and held in Westlake, Ohio at U.S. Bank.

g. On or about March 29, 2010, Zirk D. caused 40,000 shares of Kensington to be sold to client accounts held at Marquis primarily belonging to Defendant for total proceeds of approximately \$152,000.

h. On or about March 29, 2010, Defendant caused his clients' accounts at Marquis to purchase Kensington stock.

i. On or about March 30, 2010, Zirk D. caused Scottrade, Inc. of St. Louis, Missouri, to transfer approximately \$130,000 to the Suprafin account held in Santee, California, at Wachovia Bank.

j. On or about April 6, 2010, Zirk D. caused funds in the amount of \$60,000 to be transferred from a Suprafin account held in Santee, California, at Wachovia Bank, to Defendant's personal account held in Woodland Hills, California, at Nevada State Bank. The wire transfers among these accounts and banks were processed through a clearinghouse and the FedWire funds transfer system, which was outside of the state of California.

k. On or about June 4, 2010, Zirk D. caused funds in the amount of \$50,000 to be transferred from a Kensington corporate bank account held in Santee, California, at Wachovia Bank, to Worldbridge account controlled by Jason C. and held in Westlake, Ohio, at U.S. Bank.

l. On or about July 1, 2010, Zirk D. caused funds in the amount of approximately \$32,997 to be transferred from a Wealthmakers account held in Santee, California, at City National Bank, to an account held by Wells Fargo Bank in San Francisco, California, for the benefit of Defendant. The wire transfers among these accounts and banks were processed through a clearinghouse and the FedWire funds transfer system, which was outside of the state of California.

m. On or about September 13, 2010, Zirk D. caused an email to be transmitted with the subject line “[c]ommissions [p]aid,” attaching a spreadsheet that detailed the undisclosed commission payments made to Defendant and other conspirators.

n. On or about September 15, 2010, Zirk D. forwarded the September 13, 2010 e-mail and the information contained therein to Defendant.

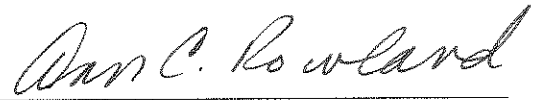
n. On or about September 15, 2010, Defendant transmitted an email to Zirk D. containing the subject line “[r]e: Commissions Paid,” wherein Defendant detailed that the actual amount of cash he had received from Zirk D. was approximately \$1.2 million.

o. On or about November 30, 2010, Defendant transmitted an email to Zirk D. containing the subject line “[r]e: Lenco Recon,” wherein Defendant acknowledged that he was provided with 90,000 free trading shares.

All in violation of Title 18, United States Code, Section 1349.

STEVEN M. DETTELBACH
United States Attorney

By:



ANN C. ROWLAND
Deputy Chief, Criminal Division