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**MANHATTAN U.S. ATTORNEY ANNOUNCES CHARGES AND ARREST
IN "PUMP AND DUMP" STOCK FRAUD SCHEME**

Dwayne Bigelow Charged In \$9 Million "Pump and Dump" Stock Fraud Scheme

Preet Bharara, the United States Attorney for the Southern District of New York, and Jonathan D. Larsen, the Special Agent-in-Charge of the Newark Field Office of the Internal Revenue Service, Criminal Investigation ("IRS-CI"), announced today the arrest of DWAYNE BIGELOW for allegedly participating in a \$9 million "pump and dump" stock fraud scheme. Twelve other participants in related pump and dump stock fraud schemes have previously been convicted. As alleged in the Superseding Indictment unsealed yesterday, BIGELOW orchestrated a scheme to manipulate the price of penny stocks through the dissemination of misleading promotional campaigns designed to induce victim investors to purchase penny stocks at artificially inflated prices, thereby allegedly permitting BIGELOW and others to sell the stock they held at a profit. BIGELOW was arrested in Florida yesterday and was presented today in federal court in the Southern District of Florida. BIGELOW will be arraigned at a later date before United States District Judge Paul A. Crotty, to whom the case is assigned.

Manhattan U.S. Attorney Preet Bharara said: "Dwayne Bigelow is alleged to have engaged in a classic pump and dump scheme where the prices of worthless stocks were inflated with the puffery and false representations of paid stock promoters. Bigelow and his co-conspirators allegedly got wealthy, while their victims got fleeced. I want to thank the IRS and the HIDTA Task Force for their work in policing this alleged fraud."

IRS-CI Special Agent-in-Charge Jonathan D. Larsen said: "Illegal activity involving the investment industry has brought financial ruin to many Americans. As alleged in the indictment, Mr. Bigelow and his co-conspirators manipulated certain penny stocks in a pump and dump scheme that enabled them to earn profits to the tune of over \$9 million dollars. IRS-Criminal

Investigation is proud to bring our financial investigative skills to team up with our law enforcement partners to investigate and put a stop to this type of illegal activity.”

As alleged in the Superseding Indictment, other documents previously filed in this case, and evidence introduced in court:

DWAYNE BIGELOW and his co-conspirators orchestrated a scheme to defraud investors in multiple companies by helping to take those companies public, hiring individuals to engage in misleading promotion campaigns designed to increase the price and trading volume of the companies’ stocks, and then taking advantage of the “pumped up” price and trading volume by “dumping” their shares into the market.

The scheme worked as follows: BIGELOW and his co-conspirators targeted privately held companies, which were engaged in little to no legitimate business activity, and orchestrated so-called “reverse mergers” between the target companies and shell companies controlled by BIGELOW and others. As a result, BIGELOW and his associates and co-conspirators obtained large quantities of publicly traded shares in the targeted companies, which traded as penny stocks.

BIGELOW then paid other individuals who acted as promoters to carry out misleading promotional campaigns, including by sending e-mails touting the stocks to lists of potential investors using purportedly independent stock analysis email newsletters. These misleading promotional campaigns caused demand for stock in the targeted companies, and the prices of the target companies’ stocks, to rise. BIGELOW and his co-conspirators took advantage of the “pumped-up” stock trading volume and price by “dumping” their shares into the market until the misleading promotional campaign had run out of steam.

The Superseding Indictment alleges three pump and dump securities and wire frauds concerning the stocks of Emerging World Pharma, Inc. (“EWPI”), SMC Entertainment, Inc. (“SMCE”), and Sierra Resources Group, Inc. (“SIRG”). According to the Superseding Indictment, BIGELOW and his co-conspirators made over \$9 million from manipulation of these three stocks alone.

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BIGELOW, 46, of Jupiter, Florida, is charged in the Superseding Indictment with one count of conspiracy to commit securities fraud and wire fraud (Count One), three counts of securities fraud (Counts Two through Four), and three counts of wire fraud (Counts Five through Seven). The securities and wire fraud charges carry a maximum term of 20 years in prison on each count, and the conspiracy charge carries a maximum term of five years in prison. The statutory maximum sentences are prescribed by Congress and are provided here for informational purposes only, as any sentencing of the defendant will be determined by the judge.

This case originated out of the Government's long-term investigation into criminal conduct at the Port of New York-New Jersey, which uncovered the charged "pump and dump" stock fraud scheme. Mr. Bharara thanked the Internal Revenue Service-Criminal Investigations' New Jersey office, as well as the other participants in the High Intensity Drug Trafficking Area ("HIDTA") Task Force, which includes the New Jersey Offices of the Drug Enforcement Administration and Immigration and Customs Enforcement's Homeland Security Investigations, for their outstanding work on the investigation. Mr. Bharara also thanked the Securities and Exchange Commission and the Financial Industry Regulatory Authority for their assistance with the investigation.

This case is being handled by the Office's Public Corruption Unit. Assistant United States Attorneys Howard S. Master, Carrie H. Cohen, and Katherine C. Reilly are in charge of the prosecution.

The charges contained in the Superseding Indictment are merely accusations, and the defendant is presumed innocent unless and until proven guilty.

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