

JMK:MTK/DG
F. #2017R01904

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK

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UNITED STATES OF AMERICA

- against -

DENNIS MANCINO and
WILLIAM HIRSCHY,

Defendants.

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18-M-184

To Be Filed Under Seal

COMPLAINT AND AFFIDAVIT IN
SUPPORT OF APPLICATION FOR
ARREST WARRANTS

(18 U.S.C. § 371)

EASTERN DISTRICT OF NEW YORK, SS:

MICHAEL PREIS, being duly sworn, deposes and says that he is a Special Agent with the Federal Bureau of Investigation ("FBI"), duly appointed according to law and acting as such.

Upon information and belief, in or about and between July 2017 and February 2018, both dates being approximate and inclusive, within the Eastern District of New York and elsewhere, the defendants DENNIS MANCINO and WILLIAM HIRSCHY, together with others, did knowingly and willfully conspire 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 and potential investors in public companies, in connection with the purchase and sale of investments in the 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. In furtherance of the conspiracy and to effect its objects, within the Eastern District of New York and elsewhere, the defendants DENNIS MANCINO and WILLIAM HIRSCHY, together with others, committed and caused to be committed overt acts as described herein.

(Title 18, United States Code, Sections 371 and 3551 et seq.)

The source of your deponent's information and the grounds for his belief are as follows:

1. I have been a Special Agent with the FBI for approximately three years. I am currently assigned to an FBI squad that investigates securities fraud, wire fraud and other financial crimes. During my tenure with the FBI, I have participated in numerous financial fraud investigations and have participated in all aspects of investigations, including conducting surveillance, executing search warrants, debriefing defendants and informants, interviewing witnesses, reviewing and analyzing recorded conversations and analyzing telephone toll information. During the course of these investigations, I have served as the lead or co-lead investigator in the investigation and prosecution of persons involved in securities fraud and money laundering, among other crimes.

2. I have personally participated in the investigation of securities fraud conspiracy by the defendants DENNIS MANCINO and WILLIAM HIRSCHY, among others, as discussed below. I am familiar with the facts and circumstances of this investigation from,

among other things: (a) my personal participation in this investigation, (b) discussions with other law enforcement agents and an undercover law enforcement agent (the “Undercover Agent”) involved in this investigation, and (c) my review of consensual recordings and text messages, among other sources of evidence.

3. Except as explicitly set forth below, I have not distinguished in this affidavit between facts of which I have personal knowledge and facts of which I learned from other law enforcement agents. Because this affidavit is being submitted for the limited purpose of establishing probable cause to arrest the defendants, I have not set forth each and every fact learned during the course of this investigation. Instead, I have set forth only those facts that I believe are necessary to establish probable cause for the arrest warrants sought herein. In addition, where the contents of documents, or the actions, statements and conversations of others are reported herein, they are reported in sum and substance and in part, except where otherwise indicated.

I. The Defendants

4. The defendant DENNIS MANCINO, a resident of Florida, was President and Chief Executive Officer of HD View 360, Inc. (“HDVW”), a microcap or penny stock company that traded under the ticker symbol “HDVW” on the over-the-counter markets.

HDVW purported to be a company that distributed and installed security surveillance systems.

5. The defendant WILLIAM HIRSCHY, a resident of Florida, was the Chief Executive Officer of WT Consulting Group, LLC (“WT Consulting”), a company incorporated in Florida. WT Consulting had a brokerage account at Interactive Brokers, LLC (the “WT Consulting Account”) that was controlled by HIRSCHY.

II. Relevant Regulatory Principles and Definitions¹

6. “Microcap” or “penny” stocks referred to stocks of publicly traded U.S. companies which have 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 traded on notable exchanges. Additionally, large blocks of microcap stock were often controlled by a small group of individuals, which enabled those in the group to control or orchestrate manipulative trading in those stocks.

7. 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 Company A through Broker A while simultaneously selling 100 shares at \$5.00 per share of Company A through Broker B. Match trades were similar to wash trades but involved a related third person or party who placed one side of the trade. For example, a match trade took place when Investor A bought 100 shares at \$5.00 per share of Company A through a broker, while Investor B, who coordinated with Investor A, simultaneously sold 100 shares at \$5.00 per share of Company A through a broker. Both wash trades and match trades were used to create the appearance that the stock price and volume rose as a result of genuine market demand for the securities.

8. A “pump and dump” scheme was a scheme where a group of individuals who control the free trading or allegedly unrestricted shares, also referred to as the “float,” of a microcap company fraudulently inflated the share price and trading volume of the targeted public

¹ The information set forth in this section is based on my training and experience.

company through, inter alia, wash and matched trades, false and misleading press releases and paid stock promotions. When the target company's share price reached desirable levels, the individuals sold their free trading shares for substantial financial gain.

9. A limit order was a direction given to a bank or broker to buy or sell a security or commodity at a specified price or better during a specified time period.

10. An "Internet Protocol" address ("IP address") was a unique numeric address used by computers on the Internet. An IP address was a series of four numbers, each in the range 0-255, separated by periods. Every computer attached to the Internet had to be assigned an IP address so that Internet traffic sent from and directed to that computer could be directed properly from its source to its destination. Most Internet service providers controlled a range of IP addresses. Some computers had static—that is, long-term—IP addresses, while other computers had dynamic—that is, frequently changed—IP addresses.

III. The Fraudulent Scheme

A. Overview

11. In or about and between July 2017 and February 2018, the defendants DENNIS MANCINO and WILLIAM HIRSCHY, together with others, agreed to defraud investors and potential investors in HDVW by artificially controlling the price and trading volume of shares in HDVW by, among other things, engineering price movements and trading volume in HDVW stock.

B. The Undercover Operation

12. On or about August 24, 2017, an individual ("Person A") contacted an individual acting as a confidential source for law enforcement ("CS-1"). Person A informed

CS-1 that the defendant DENNIS MANCINO had asked Person A if he could draft promotional materials for HDVW.

13. On or about September 12, 2017, CS-1, while located in the Eastern District of New York, participated in a phone call with Person A and the defendants DENNIS MANCINO and WILLIAM HIRSCHY. The call was consensually recorded. During the call, MANCINO, HIRSCHY and CS-1 discussed HDVW. CS-1 referred MANCINO and HIRSCHY to a law enforcement agent posing as an associate of CS-1 (the "Undercover Agent").

14. On or about October 17, 2017, the defendant DENNIS MANCINO sent a text message to the Undercover Agent stating, in part, that CS-1 "had given you my number in regards to HDVW." MANCINO asked the Undercover Agent to call him.

15. On or about and between October 24, 2017 and November 15, 2017, the defendant DENNIS MANCINO sent four text messages to the Undercover Agent. In the text messages, MANCINO tried to arrange a phone call with the Undercover Agent.

16. On or about November 15, 2017, the Undercover Agent, while located in the Eastern District of New York, placed a consensually-recorded call to the defendant DENNIS MANCINO. During the call, MANCINO and the Undercover Agent discussed, among other things, HDVW, MANCINO's control of HDVW shares, and an approximately 40 percent fee that the Undercover Agent would charge for his role in a scheme to engineer HDVW's stock price and trading volume through manipulative trading practices.

17. On or about December 29, 2017, the Undercover Agent, while located in the Eastern District of New York, called the defendant DENNIS MANCINO. The call was consensually recorded. During the call, MANCINO and the Undercover Agent again discussed

their scheme to manipulate HDVW's stock, as well as the fee that the Undercover Agent would charge for his role in the scheme.

18. On or about January 2, 2018, the Undercover Agent participated in a telephone call with the defendants DENNIS MANCINO and WILLIAM HIRSCHY. The call was consensually recorded. During the call, MANCINO, HIRSCHY and the Undercover Agent discussed the scheme to manipulate HDVW's stock, including through the use of match trades, and agreed that the Undercover Agent would receive 40 percent of the fraudulent proceeds from the stock manipulation scheme. The Undercover Agent explained that 25 percent of the fraudulent proceeds would be paid to brokers who would facilitate the scheme by executing manipulative trades, and the Undercover Agent would keep the remaining 15 percent. MANCINO advised that he expected the pump and dump of HDVW's stock to generate approximately \$2 million and that, in order to make the scheme worthwhile for everyone involved, they would need to increase the price of HDVW stock to more than one dollar per share. MANCINO also agreed that, as part of the scheme, he could issue "news," i.e., press releases, approximately once per week. During the same call, HIRSCHY stated that he and MANCINO had previously engaged in a scheme to increase the price of HDVW stock.

19. On or about January 12 and 25, 2018, the defendants DENNIS MANCINO and WILLIAM HIRSCHY advised the Undercover Agent to sign up for Signal, an application on cellular phones that allowed for sending and receiving messages that were secured by end-to-end encryption, which limited the ability of third parties, including law enforcement, to read them. Signal also allowed users to set time periods after which messages would be deleted from users' phones.

20. On or about January 31, 2018, the Undercover Agent placed a consensually recorded call to the defendant DENNIS MANCINO. During the call, the Undercover Agent stated that his broker in London ("Corrupt Broker 1") was ready to execute a match trade of HDVW stock. MANCINO stated that he would call the defendant WILLIAM HIRSCHY and that HIRSCHY would execute the trade.

21. Approximately five minutes later, the defendant WILLIAM HIRSCHY called the Undercover Agent. The call was consensually recorded. During the call, HIRSCHY proposed a match trade of 1,000 HDVW shares at \$0.63 per share. After the Undercover Agent requested that Corrupt Broker 1 enter an order to buy 1,000 HDVW shares at \$0.63 per share, HIRSCHY sold 1,000 HDVW shares at \$0.63 per share to Corrupt Broker 1. This match trade accounted for approximately 50 percent of the trading volume in HDVW stock on January 31, 2018.

22. On January 30, 2018, HDVW's stock price closed at \$0.32 per share. On January 31, 2018, after the match trade, HDVW's stock price closed at \$0.60 per share.

23. On or about February 1, 2018, the Undercover Agent placed a consensually recorded call to the defendant WILLIAM HIRSCHY. During the call, HIRSCHY stated that the next match trade should be approximately 1,000 HDVW shares at \$0.64 per share.

24. On or about February 2, 2018, the defendant WILLIAM HIRSCHY and the Undercover Agent communicated, using Signal, about conducting additional match trades. During the conversation, the Undercover Agent stated: "Let's try again today. What quantity and price do you want to do it? My Beaufort London friend [Corrupt Broker 1] is ready now."

HIRSCHY responded: "1000 ..64." The Undercover Agent then asked: "Do it now?"

HIRSCHY responded: "I'm in."

C. Additional Manipulation of HDVW Stock

25. In addition to the match trade of HDVW stock described above, in or about and between July 2017 and February 2018, the defendants DENNIS MANCINO and WILLIAM HIRSCHY, together with others, employed devices, including match trades, to manipulate the price and volume of HDVW stock.

26. For example, on or about July 25, 2017, a Scottrade account controlled by the defendant DENNIS MANCINO (the "Mancino Account") entered an order to sell 100 HDVW shares at a limit price of \$3.25 per share. Approximately one minute later, another Scottrade account ("Scottrade Account 1") entered an order to buy 100 HDVW shares at a limit price of \$3.25 per share, and then purchased 100 HDVW shares from the Mancino Account at \$3.25 per share. The Mancino Account and Scottrade Account 1 had previously been accessed from the same IP Address.


27. On or about September 6, 2017, the WT Consulting Account, which was controlled by the defendant WILLIAM HIRSCHY, purchased 100 HDVW shares from Scottrade Account 1 at \$4.82 per share. Approximately five minutes later, the WT Consulting Account purchased another 100 HDVW shares from an E*Trade Account ("E*Trade Account 1") at \$4.82 per share. The WT Consulting Account, Scottrade Account 1 and E*Trade Account 1 were all accessed through the same IP address to execute these trades of HDVW stock.

IV. Conclusion

WHEREFORE, your affiant respectfully requests that arrest warrants be issued for the defendants DENNIS MANCINO and WILLIAM HIRSCHY so that they may be dealt with according to law.

Because public filing of this document could result in a risk of flight by the defendants DENNIS MANCINO and WILLIAM HIRSCHY, as well as jeopardize the government's ongoing investigation, your deponent respectfully requests that this complaint, as well as any arrest warrants issued in connection with this complaint, be filed under seal.

Dated: Brooklyn, New York
March 1, 2018


MICHAEL PREIS
Special Agent, FBI

Sworn to before me this
1st day of March, 2018


THE HONORABLE VERA M. SCANLON
UNITED STATES MAGISTRATE JUDGE
EASTERN DISTRICT OF NEW YORK