



U.S. Department of Justice

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PRESS RELEASE

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California Investment Banker Indicted in connection with a \$10 Million Scheme to Defraud and Securities Fraud

Washington, D.C. - Shelly S. Singhal, an investment banker from California, has been charged in connection with a \$10 million scheme to defraud and securities fraud, Acting U.S. Attorney Channing D. Phillips and Shawn Henry, Assistant Director in Charge of the FBI's Washington Field Office, announced today.

Earlier today, a federal grand jury sitting in the District of Columbia returned a three-count indictment against Singhal, 42, from Newport Beach, California. The indictment charges that Singhal engaged in a conspiracy and scheme to defraud the investing public through the use of stock manipulation schemes, including a scheme referred to as "scalping."

According to the indictment, between January 2004 through December 2005, Singhal and others, including his investment banking firm formerly known as SBI USA, LLC, obtained control over free trading shares of three publicly traded companies and disseminated favorable promotional newsletters to raise investor interest in those companies' shares. The newsletters, according to the charges, misrepresented that "non-affiliated" third parties had paid for the newsletters when Singhal and others, who were affiliated with the companies and controlled a substantial portion of the free trading shares of the companies, had paid directly and indirectly for the newsletters and concealed their intent to sell their shares in the companies after the dissemination of the newsletters had caused the volume and price of the shares to rise. The indictment charges that Singhal and others fraudulently obtained at least \$10 million in proceeds through the scheme to defraud by selling shares of the three companies that they controlled into the demand that they had artificially created through the newsletters.

Singhal has been charged with one count of conspiracy to commit offenses against the United States, one count of mail fraud, and one count of securities fraud. If convicted of the charges, Singhal faces a maximum sentence of five years in prison on the conspiracy charge, twenty years in prison on the mail fraud charge, and twenty years in prison on the securities fraud charge. The indictment also seeks forfeiture of the proceeds obtained through the scheme to defraud.

To date, two other individuals have pleaded guilty and agreed to cooperate in connection with the on-going investigation. On November 3, 2009, Robert S. Brown, an attorney from New Rochelle, New York, pleaded guilty to one count of obstruction of justice concerning, among other things, his business dealings with Singhal. Brown's sentencing has not been scheduled. As part of the plea agreement, Brown agreed to forfeit \$275,000.00. On January 8, 2010, Melissa A. Mahler, an attorney from Rochester, New York, pleaded guilty to one count of making a false statement. Mahler's sentencing has not been scheduled. As part of her plea agreement, Mahler agreed to forfeit \$63,750.00. In addition, a third individual, Jukka Tolonen, a stock promoter from Sugarland, Texas, has agreed to forfeit \$500,000.00 in connection with his involvement in the scheme to defraud.

In announcing the charges, Acting U.S. Attorney Phillips and FBI Assistant Director Henry praised the investigative efforts of agents of the Federal Bureau of Investigation. They also recognized the efforts of U.S. Attorney's Office Paralegal Specialists Tasha Harris, Sarah Reis and Mary Treanor, Forensic Accountant Crystal Boodoo, and Legal Assistant Jamasee Lucas, and commended the efforts of Assistant U.S. Attorneys Vasu B. Muthyala and Michael K. Atkinson, who are prosecuting the case.

An indictment contains only allegations and defendants are presumed innocent unless and until proven guilty.

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