

Press Release

SEC Files Charges in International Manipulation Scheme

FOR IMMEDIATE RELEASE

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Washington D.C., May 15, 2018 — The Securities and Exchange Commission today charged four individuals for their roles in a fraudulent scheme that generated nearly \$34 million from unlawful stock sales and caused significant harm to retail investors.

According to the SEC’s complaint, the defendants manipulated the market for and illegally sold the stock of microcap issuer Biozoom Inc. As part of the alleged scheme, the defendants hid their ownership and sales of Biozoom shares by using offshore bank accounts, sham legal documents, a network of nominees, anonymizing techniques, and other deceptive practices. The defendants also allegedly directed a wide-ranging promotional campaign and employed sophisticated, manipulative trading techniques to artificially inflate Biozoom’s share price. The alleged scheme culminated in the defendants’ illegal sales of Biozoom, which netted them nearly \$34 million in unlawful proceeds.

“Manipulative and deceptive conduct undermines the integrity of our markets,” said Antonia Chion, Associate Director in the SEC’s Division of Enforcement. “The charges announced today demonstrate our commitment to unraveling even the most sophisticated international schemes that exploit retail investors.”

The SEC’s complaint, which was filed in federal district court in the Southern District of New York, charges Francisco Abellan Villena, Guillermo Ciupiak, James B. Panther Jr., and attorney Faiyaz Dean with violating antifraud and registration provisions of the federal securities laws and seeks monetary and equitable relief. The SEC previously obtained a judgment against Abellan for his role in another market manipulation scheme. In separate actions, the SEC charged two registered representatives for their roles in the unregistered sales of Biozoom stock and a brokerage firm for supervisory and recordkeeping failures.

The [SEC obtained a court order in 2013 freezing proceeds from the unlawful Biozoom sales](#). It subsequently [obtained a default judgment](#) and established a fair fund, which has returned more than \$14 million to harmed investors. The SEC also previously [charged a lawyer and officer of Biozoom’s predecessor entity](#).

The SEC’s continuing investigation is being conducted by Marc E. Johnson and Jennie B. Krasner with the assistance of the Enforcement Division’s Information Technology Forensics Group, and under the supervision of Deborah A. Tarasevich and Ms. Chion. The litigation is being conducted by Duane K. Thompson and Daniel Maher, and supervised by Cheryl Crumpton. The SEC appreciates the assistance of the Financial Industry Regulatory Authority, the British Columbia Securities Commission,

the Comision Nacional del Mercado de Valores of Spain, the Cyprus Securities and Exchange Commission, the Hong Kong Securities and Futures Commission, the Ontario Securities Commission, and the Supertendencia del Mercado de Valores of Panama.

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Related Materials

- [SEC Complaint](#)
- [SEC Order - Karow and Legend Securities](#)
- [SEC Order - Scarpino](#)