

NEWS RELEASE



OFFICE OF THE UNITED STATES ATTORNEY SOUTHERN DISTRICT OF CALIFORNIA

San Diego, California

*United States Attorney
Laura E. Duffy*

For Further Information, Contact:

Assistant U.S. Attorney Robert Ciaffa, Robert Huie and Mark W. Conover (619) 546-6763

For Immediate Release

CEO PLEADS GUILTY TO \$2.5 MILLION FRAUD INVOLVING FLORIDA SOFTWARE COMPANY

NEWS RELEASE SUMMARY – August 1, 2013

San Diego, CA - United States Attorney Laura E. Duffy announced today that John G. Rizzo, the CEO of iTrackr Systems, has admitted defrauding investors in connection with millions of shares of his Florida-based company.

As set forth in his Plea Agreement, in early 2006, Rizzo agreed to raise money for a Florida software company called iTracker, which developed software to track the inventories and availability of electronics, *e.g.*, X-Boxes. In approximately late 2008, Rizzo and his co-conspirators used the services of offshore “boiler rooms” to solicit investments for the company’s “penny stock.” Unknown to investors, the boiler rooms failed to disclose that only 20% of each investment would go to iTracker, with the remainder being paid to the boiler rooms

as commission.

As part of that scheme, Rizzo utilized his shell company in the British Virgin Islands (“BVI”) and the company’s bank account in Belize. Rizzo sold millions of shares of iTrackr stock through his BVI company in order to avoid U.S. securities registration requirements and disguise the fact that almost all the investor funds were being diverted to the boiler rooms. In addition, Rizzo used a complex array of different entities to conceal the fact that he was selling the shares, not independent third party investors. During 2009 alone, approximately 120 different individuals in the United Kingdom invested a total of \$2.5 million in iTrackr through this scheme.

United States Attorney Laura Duffy once again cautioned the public that they need to be vigilant against all forms of illegal stock manipulation, especially in the penny stock markets. Duffy praised the hard work of the agents from the Federal Bureau of Investigation and the Internal Revenue Service for their efforts, and the continuing support of the Securities and Exchange Commission for their expertise and guidance.

FBI Special Agent in Charge, Daphne Hearn, commented, " This investigation highlights the need for investors to do their own homework before investing their money in schemes such as the one perpetrated by Mr. Rizzo. If something seems too good to be true, it almost always is. The FBI will continue to lend our expertise and resources to these types of cases and work with our partners, so that others do not fall prey to such fraudulent investment schemes."

Rizzo is scheduled to be sentenced on October 28, 2013 at 9:30 a.m. before U.S. District Court Judge Larry A. Burns.

DEFENDANT

Case Number: 13cr2716-JAH

JOHN G. RIZZO

SUMMARY OF CHARGE

Title 18, United States Code, Section 1349 - Conspiracy to Commit Wire Fraud. Maximum penalties: 20 years in prison, \$250,000 fine, term of supervised release of three years, restitution, forfeiture, and \$100 special assessment.

PARTICIPATING AGENCIES

Federal Bureau of Investigation
Internal Revenue Service