

FEDERAL BUREAU OF INVESTIGATION

Precedence: ROUTINE

Date: 02/20/2007

To: San Francisco

From: San Francisco

Oakland Resident Agency

Contact: IA [redacted]

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 08-30-2011 BY 65179 DMH/STW

Approved By: [redacted]

Drafted By: [redacted]

Case ID #: 800D-SF-138682-CRIM (Pending)
804B-SF-C139511-WCC-PC (Pending)

804B-SF-139628-WC-143
Title: INTELLIGENCE BRIEFING LIAISON

Synopsis: To report the Securities and Commodities Fraud domain briefing to SAC Charlene Thornton on February 20, 2007.

Enclosure(s): A copy of the PowerPoint presentation briefed to SAC Thornton on February 20, 2007.

Details: On February 20, 2007, IA [redacted] conducted a
[redacted] Securities and Commodities Fraud program domain
[redacted] to SAC Charlene Thornton ASAC [redacted] ASAC
[redacted] ASAC [redacted] ASAC [redacted] SSA
[redacted] SSA [redacted] A/SSA [redacted]

The briefing provided an overview of the Securities and Commodities Fraud program in the SF Division.

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SF Draft [redacted] *051 cmc 01-wal*

800D-SF-138682-CRIM-46

SAN FRANCISCO DIVISION

SECURITIES AND COMMODITIES FRAUD SUB-PROGRAM

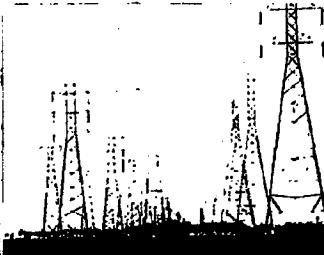


Field Intelligence Group
Criminal/Cyber
I.A. Carla M. Cooper

SECURITIES AND COMMODITIES FRAUD

- └ CORPORATE FRAUD
- └ PRIME BANK AND HIGH YIELD INVESTMENT PROGRAM
- └ MARKET MANIPULATION
- └ INSIDER TRADING
- └ OTHER SCF MATTERS

SECURITIES AND COMMODITIES FRAUD CASE SAMPLES



Circa 2000, The Enron Corp., Reliant Energy, Inc. and various other energy companies allegedly participated in a scheme in which the companies withheld energy from the market in an attempt to pump up the price of energy.

SECURITIES AND COMMODITIES FRAUD CASE SAMPLES



P I X A R



Blue Coat



Intuit

XILINX



There are allegations that stock options were granted at certain companies at prices lower than the fair market value on the given dates. Furthermore, there are indications that improper accounting practices were utilized in the pricing and/or granting of the options. By granting options at a price lower than the fair market value, company insiders were able to enrich themselves when selling the options.

Over 30 investigations related to the stock options backdating scandal were opened between February-June 2006 based on information provided in several newspapers including the Wall Street Journal and the San Jose Mercury News.

SECURITIES AND COMMODITIES FRAUD

COMMON SCHEMES

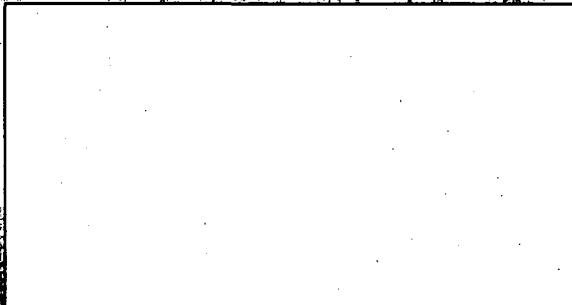
- ┌ Stock Options Backdating Fraud
- ┌ Senior Investment Fraud
- ┌ Immigrant Investment Fraud
- ┌ Affinity Fraud
- ┌ Real Estate Investment/Mortgage Fraud
- ┌ Ponzi/Pyramid Schemes

SECURITIES AND COMMODITIES FRAUD

The San Francisco Division has [redacted] Securities and Commodities cases pending. This [redacted] increase from Fiscal Year (FY) 2006 is due, in large part, to the opening of over [redacted] options backdating cases in the spring of 2006. The options backdating scandal has swept the nation. Since the implementation of the Sarbanes-Oxley Act of 2002, the accounting practices of public companies are examined more carefully thus revealing improper and possibly illegal acts.

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SECURITIES AND COMMODITIES FRAUD CASES



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SECURITIES AND COMMODITIES FRAUD

CORPORATE FRAUD CASES

☐ Pending Cases

Fraud Indicators/Reportable Items:

- └ Restated Financial Statement
- └ Falsified Financial Statements
- └ Stock Option Backdating Fraud
- └ Improperly Booked Revenue
- └ Overstated Revenue
- Unreported Debt

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SECURITIES AND COMMODITIES FRAUD

PRIME BANK and HIGH YIELD INVESTMENT PROGRAM

☐ cases pending

Fraud Indicators/Reportable Items:

- ┌ Unlicensed Broker
- ┌ Unlicensed Financial Institution
- ┌ Misappropriation of Funds, Stocks
- ┌ Bank Guarantees and Standby Letters of Credit
- ┌ Guaranteed Excessive Returns

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SECURITIES AND COMMODITIES FRAUD

MARKET MANIPULATION

☐ cases pending

Fraud Indicators/Reportable Items:

- └ Fraudulent SEC filings Posted on the Internet
- └ Fraudulent Press Release Posted on the Internet
- └ False or Misleading Statements about a Company's Financial Condition

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SECURITIES AND COMMODITIES FRAUD

INSIDER TRADING

☐ cases pending

Fraud Indicators/Reportable Items:

- └ Unusually High Purchases or Selling Off of Stocks
- └ Trades Based on Material Non-Public Information

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SECURITIES AND COMMODITIES FRAUD

OTHER SCF MATTERS

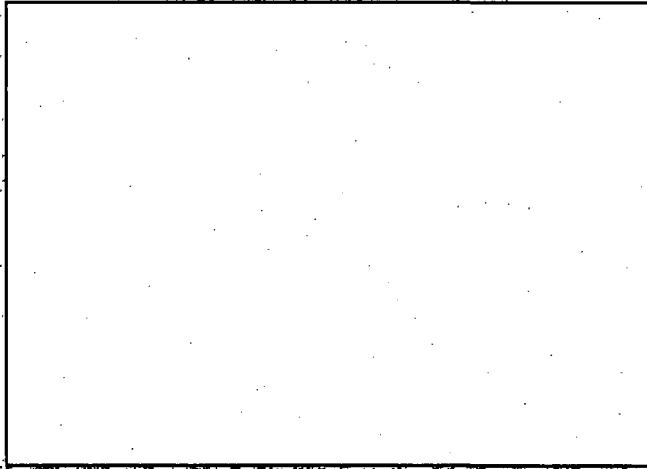
☐ Other SCF cases pending.

Fraud Indicators/Reportable Items:

- ☐ False Representations
- ☐ Shell Companies
- ☐ Stock Information Received from Unsolicited Source
- ☐ Solicitations to Invest Foreign Companies

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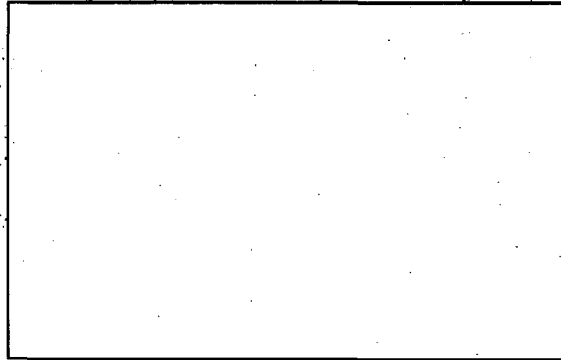
WHITE COLLAR CRIME CASELOAD



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SECURITIES AND COMMODITIES FRAUD
SQUADS INVESTIGATING SCF MATTERS

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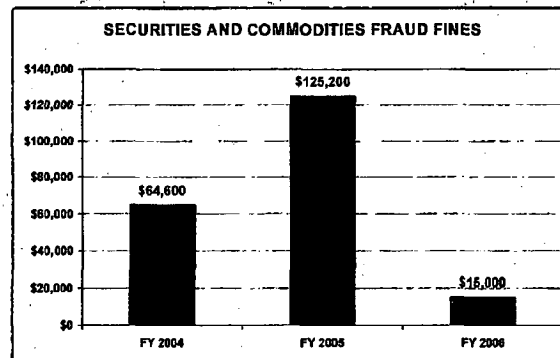
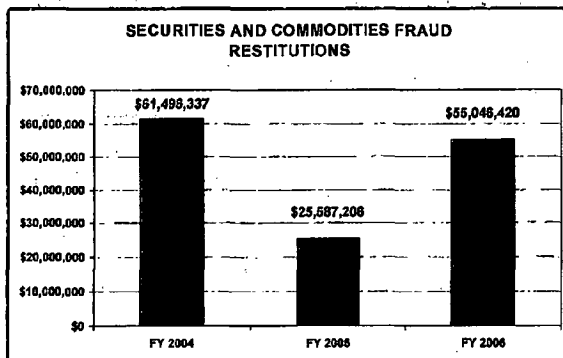
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SECURITIES AND COMMODITIES FRAUD FBI SAN FRANCISCO ACCOMPLISHMENTS

SECURITIES AND COMMODITIES FRAUD ACCOMPLISHMENTS

☐ FY 2004
☒ FY 2005
☒ FY 2006

SECURITIES AND COMMODITIES FRAUD FBI SAN FRANCISCO ACCOMPLISHMENTS



SECURITIES AND COMMODITIES FRAUD FBI SAN FRANCISCO RESOURCES

Criminal squads [redacted] and [redacted] squad [redacted] can best address the intelligence information needs to combat Securities and Commodities Fraud matters in the San Francisco Division.

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[redacted] 1 Supervisory Special Agent (SSA), [redacted] Special Agents (SA), [redacted] Support Services Technician (SST), [redacted] Intelligence Analyst (IA), [redacted] Financial Analysts (FA)

[redacted] 1 SSA, [redacted] SAs, [redacted] SST, and [redacted] IA

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[redacted] 1 SSA, [redacted] SAs, [redacted] SST, [redacted] IA, and [redacted] FA

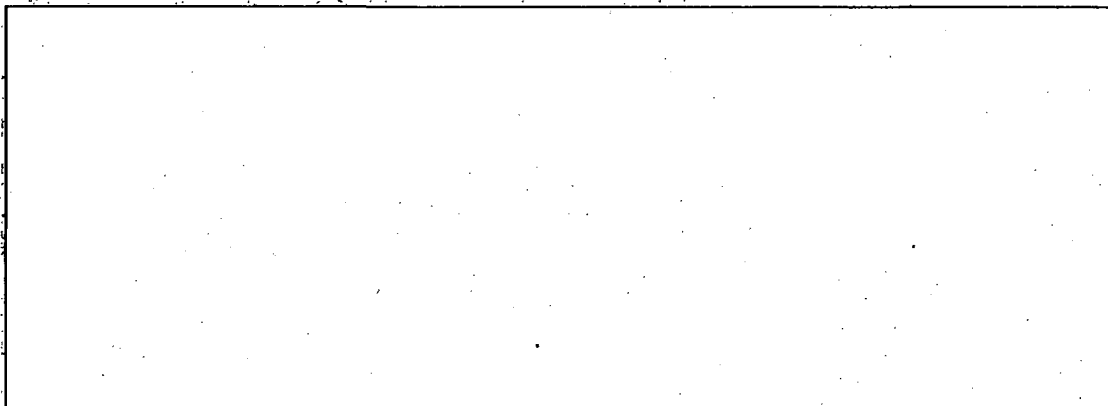
[redacted] 1 SSA, [redacted] SAs, [redacted] SSTs, and [redacted] IA

[redacted] 1 SSA, [redacted] All-Source Analyst

[redacted] White Collar Crime Sources

Liaison: U.S. Attorney's Office, U.S. Securities Exchange Commission, California Dept. of Corporations, Commodity Futures Trade Commission, District Attorney's Office

SECURITIES AND COMMODITIES FRAUD



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SECURITIES and COMMODITIES FRAUD

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18

SECURITIES AND COMMODITIES FRAUD

Questions?

