

NEWS

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Corporate Chairman/CEO Sentenced to 240 Months in Prison for
Stock Scheme That Swindled over \$15 Million from Investors

(More)

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CAMDEN – The major shareholder who also served as Chairman and CEO of TeleServices Internet Group, Inc., was sentenced to 240 months in federal prison today for operating an intricate stock fraud and money laundering scheme that cost public investors more than \$15 million in losses, U.S. Attorney Christopher J. Christie announced.

On April 9, 2007, after four hours of deliberations, a jury convicted Robert P. Gordon, 57, of St. Petersburg, Fla., of both counts contained in a two-count Superseding Indictment that was returned on Nov. 1, 2006. Gordon was convicted on one count each of conspiracy to commit securities and wire fraud and conspiracy to commit money laundering.

U.S. District Judge Jerome B. Simandle, who presided over the four-week trial, also ordered Gordon to serve three years of supervised release upon the completion of his prison term. Judge Simandle scheduled forfeiture and restitution hearings for Oct. 2 and Oct. 24, respectively. Upon Gordon's conviction, Judge Simandle revoked the defendant's bail and remanded him into the custody of the U.S. Marshal.

The case was tried by Assistant U.S. Attorneys R. Stephen Stigall and Deborah Prinszano Mikkelsen.

According to the Indictment, Gordon was the major shareholder of TeleServices Internet Group, Inc. (TSIG) and served, at various times, as the company's CEO, CFO, chairman and director. Gordon was also the founder and chairman of Phoenix Information Systems, Inc. (Phoenix).

In convicting Gordon, the jury found that he, along with at least eight others, operated a scheme in which they used deceptive and manipulative practices in connection with the fraudulent issuance, purchase and resale of stock of TSIG from December 1996 through November 2001.

TSIG stock was publicly traded on the Over the Counter Electronic Bulletin Board System. According to the Indictment, the conspiracy involved Gordon as the chairman of TSIG, at least four licensed securities brokers, two of whom resided and worked in New Jersey, a securities attorney from Denver, Colo., and a Canadian securities broker employed at Union Securities in Vancouver.

The jury found that Gordon, with the assistance of other insiders, was able to secretly gain control of nearly 100 million free-trading shares of TSIG stock and sold those shares in the public marketplace to unsuspecting investors. In the end, Gordon and co-conspirators received millions of dollars, leaving unsuspecting investors with worthless or near worthless stock.

For instance, Gordon and several of his co-conspirators executed fraudulent agreements between TSIG and offshore entities, which they secretly controlled. Typically, the offshore entities were located in the Cayman Islands.

Gordon and his co-conspirators also entered into fraudulent consulting agreements with other entities. The consulting agreements falsely indicated that the entities provided a service to

TSIG and in exchange, in lieu of monetary payment, the co-conspirators caused millions of shares of the TSIG stock to be issued in the name of the entities, according to trial testimony and evidence. The fraudulent consulting agreements allowed the co-conspirators to bypass federal securities registration requirements, including, among other things, full and complete disclosure of insider transactions.

The fraudulently received shares were then laundered through brokerage accounts that were controlled by co-conspirators and maintained in Canada and the United States. Over time, those shares were systematically sold utilizing the services of the co-conspiring licensed securities brokers, who would sustain the stock's per share price through orchestrated transactions using prearranged sale and purchase prices. Often, the brokers purchased the TSIG shares for their retail customers' portfolios without the customer's authorization. Afterward, the ill-gotten proceeds were often laundered by wire transferring those funds from the brokerage accounts to an attorney trust account located in Denver and then dispersed to the co-conspirators. In total, the co-conspirators received approximately \$15 million through their fraud scheme.

All of Gordon's remaining co-conspirators have pleaded guilty and are awaiting sentencing.

In determining the actual sentence, Judge Jerome B. Simandle consulted the advisory U.S. Sentencing Guidelines, which provide appropriate sentencing ranges that take into account the severity and characteristics of the offense, the defendant's criminal history, if any, and other factors. The judge, however, is not bound by those guidelines in determining a sentence.

Parole has been abolished in the federal system. Defendants who are given custodial terms must serve nearly all that time.

Christie credited Special Agents of the FBI's Atlantic City Resident Agency, under the direction of Special Agent in Charge Weysan Dun in Newark, the IRS Criminal Investigation Division, under the direction of Special Agent in Charge William Offord, the FBI's Denver Field Office, under the direction of Special Agent in Charge Richard C. Powers, and the National Association of Securities Dealers, Washington, D.C., with the investigation.

The government is represented by Assistant U.S. Attorneys R. Stephen Stigall and Deborah Prisinzano Mikkelsen of the Criminal Division in Camden.

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Defense Attorney: Richard F. Klineberger, III, Esq. Haddonfield