The United States Attorney's Office

District of Colorado

April 28, 2008

ONE OF COLORADO'S LARGEST INTERNET SPAMMERS SENTENCED TO FEDERAL PRISON

DENVER – Edward "Eddie" Davidson, age 35, of Louisville, Colorado, was sentenced today by U.S. District Court Judge Marcia S. Krieger to serve 21 months (just under 2 years) followed by 3 years of supervised release for sending spam e-mail messages. Judge Krieger also ordered Davidson to pay $714,139 in restitution to the Internal Revenue Service (IRS). As part of the restitution, Davis has agreed to forfeit property he purchased, including gold coins, with the ill gotten proceeds of his offense. Davidson was indicted by a federal grand jury on June 5, 2007. He pled guilty before Judge Krieger on December 3, 2007. Davidson is free on bond, and was ordered to report to a facility designated by the U.S. Bureau of Prisons in May.

According to the stipulated facts contained in a plea agreement, on July 5, 2002 through April 15, 2007, Davidson conducted a business in Colorado using the name Power Promoters. The primary nature of Davidson's business consisted of providing promotional services for companies by sending large volumes of unsolicited commercial electronic messages ("spamming"). The spamming was designed to promote the visibility and sale of products offered by various companies. Davidson utilized the services and assistance of other individuals who he hired as "sub-contractors" to provide spamming at his direction on behalf of his client companies.

During 2002 through the middle of 2005, Davidson's spamming activities were provided on behalf of companies to promote watches, perfume, and other items. Beginning in the middle of 2005 through 2006, Davidson sent spam on behalf of a Texas company for purposes of promoting the sale of the company's stock. The company generated its income through selling stock (commonly referred to as "penny stock") on behalf of small companies on the public market. Davidson aided by several sub-spammers sent hundreds of thousands of unsolicited e-mail messages to potential purchasers throughout the United States and the world, which messages touted the penny stock as an excellent investment. Davidson possessed hundreds of thousands of e-mail addresses, which he and his sub-spammers would use to send email messages. Such e-mail messages contained false header information, which concealed the actual sender from the recipient of the e-

mail. Davidson provided spammed messages for approximately 19 companies. Davidson operated his spamming activities from his personal residence in Bennett, Colorado, where he had a large network of computers and servers, which facilitated his business.

"Spammers who abuse the Internet to manipulate the stock market may find themselves in federal prison," said Troy A. Eid, United States Attorney for the District of Colorado.

"Spamming schemes threaten the financial health of our communities, and cause significant losses to the honest investor," said James H. Davis, Special Agent in Charge of the FBI Denver Division.

"Spamming deceptive messages to dupe potential investors is part of a larger scheme driven by greed, which includes efforts to hide income and assets from the IRS," said Terry L. Stuart, Special Agent in Charge of the IRS-Criminal Investigation, Denver Field Office. "Those involved face federal prison, and severe civil penalties and interest on any unpaid taxes from their scheme."

This case was investigated by the Federal Bureau of Investigation (FBI) Denver field office, and the IRS Criminal Investigation Division. Assistant U.S. Attorney Tim Neff prosecuted the case.

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