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"CHINESE CONNECTION" DEFENDANT PLEADS GUILTY IN RALSKY SPAM AND STOCK FRAUD CONSPIRACY

How Wai John Hui, 50, a resident of Hong Kong and Canada, pleaded guilty today in federal court in Detroit for his role in a wide-ranging international fraud scheme involving the illegal use of bulk commercial e-mailing, or "spamming," and stock market manipulation, announced Acting United States Attorney Terrence Berg.

Mr. Berg was joined in the announcement by Special Agent in Charge Andrew G. Arena, Federal Bureau of Investigation, Special Agent in Charge Maurice M. Aouate, Internal Revenue Service Criminal Investigation and Inspector in Charge Joseph Pirone, U.S. Postal Inspection Service.

How Wai John Hui, the former Chief Executive Officer of China World Trade (CWTD), pleaded guilty to a conspiracy to commit wire fraud, mail fraud, and fraud in connection with electronic mail. He also pleaded guilty to wire fraud and money laundering.

Acting U.S. Attorney Terrence Berg said, "This defendant was a corporate CEO from China who was a major deal maker in an illegal spamming scheme that manipulated the stock market. Our office will continue to focus its resources on significant cybercrimes, particularly

when they have the scope and harm that we see in this case."

Andrew G. Arena, Special Agent in Charge, Federal Bureau of Investigation said, "Cyber crime investigations are a top priority of the FBI and we will continue to aggressively investigate those individuals who use and hide behind computers to commit various crimes."

Joseph A. Pirone, Inspector in Charge, United States Postal Inspection Service said, "Technologies may change and current events may change, but the criminals' theme is always to obtain the unknowing victim's confidence. The Postal Inspection Service will continue its aggressive investigative efforts to pursue those scammers that take advantage of innocent citizens for their own illegal financial gain".

Maurice M. Aouate, Special Agent in Charge, Internal Revenue Service Criminal Investigation said, "In today's competitive international business world, there will always be a select few who illegally manipulate the system for their own profit," said Aouate. "IRS CI will continue to diligently follow the money and assist in the seizure and forfeiture of any ill-gotten gains from their illegal business practices."

According to court records and information provided to the Court at the time of the plea, in 2005, Hui conspired with Alan Ralsky, Scott Bradley, Frank Tribble, and others to send tens of millions of unsolicited bulk commercial electronic mail ("spam") promoting thinly traded stocks for Chinese companies. The charges arose after a three-year investigation by the FBI, IRS, and Postal Inspection Service, which revealed a sophisticated and extensive spamming and "stock pump and dump" operation.

As alleged in the indictment, the conspirators executed their stock market manipulation scheme by sending spam emails touting the thinly traded Chinese stocks they were promoting, thereby driving up the prices of the stocks, and then reaping profits when they sold the blocks of those stocks under their control at artificially inflated prices. According to the indictment, the defendants used various illegal methods in order to maximize the amount of span that evaded

spam-blocking devices, and tricked recipients into opening, and acting on, the advertisements in the spam. These methods included using falsified "headers" in the email messages, using proxy computers to relay the spam, using falsely registered domain names to send the spam, and making misrepresentations in the advertising content of some of the underlying email messages.

Hui, who was a principal deal maker in the conspiracy, acted as the representative for Hong Kong and China-based companies whose stocks traded in U.S. securities markets under the symbols CWTD, WWPB, CDGT and PGCN, following reverse mergers with U.S. shell companies. Hui was responsible for bringing his clients located in Hong Kong and China into the U.S. securities marketplace so that they could unload large blocks of their shares at artificially high prices. He worked closely with the stock promoters/manipulators, spammers and a stock broker described in the Indictment, including Tribble, Ralsky, Bradley and others, to increase the volume of trading and share prices for the stocks, primarily through spam emails sent by the Ralsky operation. Hui played a significant role in dividing up the proceeds of the manipulation scheme, overseeing wire transfers between banks in Hong Kong, China, and the United States.

Hui admitted that on or about July 10, 2005, he committed wire fraud when he communicated via e-mail with coconspirator Scott Bradley, and discussed payments related to spam that was sent for the purpose of promoting the stock of several Chinese companies, namely CDGT and PGCN. Hui further admitted that on or about July 11, 2005, he engaged in money laundering when he transferred, or caused others to transfer, over $200,000.00 in proceeds from the stock manipulation scheme from a bank in Hong Kong to Standard Federal Bank in Michigan.

This is the third guilty plea in the *U.S. v. Alan Ralsky, et.al*. investigation, with Judy Devenow, of Lansing, Michigan, and Frank Tribble on Los Angeles, California, having pleaded guilty in October.

The case is being prosecuted by Acting United States Attorney Terrence Berg and Trial Attorneys Thomas Dukes and Mona Sedky Spivack of the Computer Crime and Intellectual

Property Section of the Criminal Division of the Department of Justice in Washington, D.C.