Department of Justice

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Indian National Sentenced to 81 Months in Prison for Role in International Online Brokerage "Hack, Pump and Dump" Scheme

An Indian national was sentenced today to 81 months in prison on conspiracy and aggravated identity theft charges arising from an international fraud scheme to "hack" into online brokerage accounts in the United States and use those accounts to manipulate stock prices, announced Assistant Attorney General Lanny A. Breuer of the Criminal Division and U.S. Attorney Deborah Gilg of the District of Nebraska.

Jaisankar Marimuthu, 36, a native of Chennai, India, was also ordered to pay $2.4 million in restitution. Marimuthu pleaded guilty on Feb. 5, 2010, to one count of conspiracy to commit wire fraud, securities fraud, computer fraud and aggravated identity theft, and to one count of aggravated identity theft before U.S. District Magistrate Judge F.A. Gossett III in Omaha, Neb. Marimuthu, who was extradited to the United States following his arrest in Hong Kong, was sentenced today before U.S. District Judge Laurie Smith Camp.

According to court documents, Marimuthu was part of a conspiracy that operated out of Thailand and India from February 2006 through December 2006 in which the prices of thinly-traded securities were fraudulently inflated by hacking into brokerage accounts in the United States and then illegally using the accounts to make large, unauthorized purchases of securities in the name of the unsuspecting customers. Marimuthu admitted that after the price of the securities had been artificially increased or "pumped up" through the bogus trading, the conspirators' own holdings of the securities would be sold at a profit. More than 90 customers and seven brokerage firms in the United States have been identified as victims. Financial losses of close to $2.5 million were sustained by the victims in this case.

Co-defendant Thirugnanam Ramanathan, 37, pleaded guilty on June 2, 2008, to one count of conspiracy to commit wire fraud, securities fraud, computer fraud and aggravated identity theft. Following his arrest in Hong Kong, Ramanathan was extradited on May 25, 2007, to the United States. Ramanathan was sentenced to two years in prison by Judge Camp, and has since been returned to India following completion of his sentence. Co-defendant Chockalingham Ramanathan, 36, was charged with one count of conspiracy, eight counts of computer fraud, six counts of wire fraud, two counts of securities fraud and six counts of aggravated identity theft. Chockalingham Ramanathan remains at large.

This case was prosecuted by Trial Attorney Richard D. Green of the Criminal Division's Computer Crime and Intellectual Property Section; Trial Attorneys Jack Patrick and Ryan Faulconer of the Criminal Division's Fraud Section; and Assistant U.S. Attorney Michael Norris of the District of Nebraska. This case was investigated by the FBI in Omaha