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MALAYSIA RESIDENT SENTENCED TO TWO YEARS IN PRISON FOR ROLE IN INTERNATIONAL ONLINE BROKERAGE SCHEME

WASHINGTON – A resident of Malaysia was sentenced today to two years in prison on a conspiracy charge that arose from an international fraud scheme to "hack" into online brokerage accounts in the United States and use those accounts to manipulate stock prices, announced Acting Assistant Attorney General of the Criminal Division Matthew Friedrich and U.S. Attorney for the District of Nebraska Joe W. Stecher.

Thirugnanam Ramanathan, 35, a native of Chennai, India, and legal resident of Malaysia, was also sentenced today by U.S. District Judge Laurie Smith Camp to pay restitution of $362,247 and serve three years of supervised release. Ramanathan previously pleaded guilty on June 2, 2008, to one count of conspiracy to commit wire fraud, securities fraud, computer fraud and aggravated identity theft before Judge Smith Camp in Omaha, Neb. Following his arrest in Hong Kong, Ramanathan was extradited on May 25, 2007, to the United States.

Jaisankar Marimuthu, 33, and Chockalingham Ramanathan, 34, also residents of Chennai, were indicted with Thirugnanam Ramanathan in January 2007 by a federal grand jury in Omaha. Marimuthu and Chockalingham Ramanathan are also 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. Marimuthu is currently being detained in a Hong Kong prison awaiting extradition to the U.S. following his conviction there on similar offenses but related instead to the Hong Kong stock market. Chockalingham Ramanathan remains at large.

Thirugnanam Ramanathan admitted in his guilty plea that he joined a conspiracy operating out of Thailand and India from February 2006 through December 2006 in which the prices of certain securities were fraudulently inflated by intruding or "hacking" into accounts of customers at brokerage firms in the United States and by illegally using the accounts to make large unauthorized purchases of securities in the name of the unsuspecting customers. After the price of the securities had been artificially increased or "pumped up" through the bogus trading, Thirugnanam Ramanathan admitted that he and his co-conspirators sold, or "dumped," their own holdings of the securities at a profit. At least 60 customers and nine brokerage firms in the United States have been identified as victims. According to information presented during the sentencing hearing, brokerage firms sustained more than $300,000 in losses during Thirugnanam Ramanathan's participation in the scheme. This case is one of the first federal prosecutions in the United States of an online "hack, pump and dump" scheme.

This case is being prosecuted by Trial Attorneys Richard Green and Joel Schwarz of the Computer Crime and Intellectual Property Section and Jack Patrick of the Fraud Section, both of the Criminal Division, and Assistant U.S. Attorney Michel Norris of the U.S. Attorney's Office for the District of Nebraska. This case was investigated by the FBI in Omaha, with significant assistance provided by the Criminal Division's Office of International Affairs and by the U.S. Securities and Exchange Commission.

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