

2006 BCSECCOM 597

Temporary Order and Amended Notice of Hearing

Amr I. Elgindy

(also known as **Anthony Elgindy, Tony Elgindy and Anthony Pacific**) ^

Section 161 of the *Securities Act*, RSBC 1996, c. 418

¶ 1 The Commission will hold a hearing at which the Executive Director will tender evidence, make submissions and apply for orders against Amr I. Elgindy (also known as Anthony Elgindy, Tony Elgindy and Anthony Pacific) under sections 161, 162 and 174 of the *Securities Act*, RSBC 1996, c. 418, based on the following facts. ^

Background

1. Elgindy is a resident of the United States and has never been registered under the Act, but was formerly registered as a trader with the National Association of Securities Dealers. ^
2. Elgindy was the owner and operator of a business called Pacific Equity Investigations (PEI), a business based in San Diego, California. PEI operated a public investment website, a subscription based e-mail newsletter and a subscription based investment website. ^

Misconduct

3. On or about May 23, 2002, a grand jury issued an indictment in the United States District Court for the Eastern District of New York (the Court) alleging that Elgindy and others were involved in various securities improprieties. ^
4. In conjunction with the indictment, the government of the United States commenced a civil forfeiture action which seeks to seize funds on deposit in accounts maintained by Elgindy, his wife and PEI.
5. On May 20, 2002, pursuant to the forfeiture action, the Court issued a Warrant of Arrest for Articles *in rem* (Warrant of Arrest) against Elgindy, his wife and PEI, in order to seize assets in Canada and the United States. Among the assets that sought to be seized were funds on deposit at a Vancouver registrant and Vancouver banks.
6. On June 30, 2003, a superseding indictment was filed with the Court containing allegations against Elgindy that were similar to those in the original indictment.

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7. On September 30, 2004, a further superseding indictment (the Third Indictment) was filed with the Court that again contained similar allegations to the original indictment. Specifically, the grand jury alleged that:
 - (a) Elgindy and others engaged in a variety of schemes, including insider trading, stock price manipulation and extortion, to defraud investors in connection with the purchase and sale of stock of certain companies (the Companies), with a view to earning profits.
 - (b) The insider trading involved selling stock short based on material, non-public law enforcement and regulatory information that had been misappropriated from the United States Federal Bureau of Investigation.
 - (c) The stock price manipulation involved, among other things, the dissemination of negative, and sometimes false and misleading, information, to profit from the artificial deflation of the stock price.
 - (d) The extortion involved demanding stock and other things of value from individuals associated with companies targeted for short selling and price manipulation.
 - (e) Elgindy advanced his schemes by communicating with short sellers and investors over the internet, through PEI.
 - (f) Elgindy committed a number of United States federal criminal offences from March 2000 to May 2002, including:
 - (i) conspiracy to commit racketeering, consisting of securities fraud conspiracy, securities fraud, extortion conspiracy, extortion and obstruction of justice,
 - (ii) conspiracy to commit securities fraud,
 - (iii) securities fraud,
 - (iv) conspiracy to commit extortion,
 - (v) extortion, and
 - (vi) wire fraud.
8. After a jury trial, Elgindy was found guilty on 10 of the 33 counts alleged in the Third Indictment, including at least one count of each of the offences

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described in paragraph 7(f) above. He was sentenced to 135 months imprisonment, three years of supervised release, a criminal monetary penalty of US\$1,400 and ordered to pay forfeiture in the amount of US\$1,568,000. He has appealed his conviction.

9. Elgindy traded some of the stock involved in the counts on which he was convicted through brokerage accounts at a registrant in Vancouver, British Columbia.
10. Elgindy's conduct as set out in this Notice was contrary to the public interest.

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Temporary Orders

- ¶ 2 On May 24, 2002, the Executive Director, considering that the length of time to hold a hearing under section 161(1) of the Act could be prejudicial to the public interest, and that it would be in the public interest to do so, ordered under sections 161(1)(c) and 161(2) of the Act that the exemptions described in sections 44 to 47, 74, 75, 98 and 99 of the Act do not apply to Elgindy (the Temporary Order).
- ¶ 3 The Commission has extended the Temporary Order until a hearing is held and a decision is rendered.

Hearing Process

- ¶ 4 At the hearing, Elgindy may be represented by counsel, make submissions and tender evidence. Elgindy is requested to advise the Commission of his intention to attend the hearing by informing the Secretary to the Commission at PO Box 10142, Pacific Centre, 701 West Georgia Street, Vancouver, BC V7Y 1L2 phone: (604) 899-6500; email: commsec@bcsc.bc.ca.
- ¶ 5 If Elgindy or his counsel does not appear at the hearing, the Executive Director will apply to have questions of liability and sanction heard at the same time. Determinations adverse to Elgindy may be made in his absence.

- ¶ 6 October 17, 2006

“Brenda M. Leong”

- ¶ 7 Brenda M. Leong
Executive Director