

# 2010 BCSECCOM 688

## Further 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 British Columbia Securities Commission (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 and 174 of the *Securities Act*, RSBC 1996, c. 418 (the *Act*), based on the following facts:

#### **Background**

1. Elgindy is a resident of the United States and has never been registered under the *Act*.
2. Elgindy was the owner and operator of a business called Pacific Equity Investigations (PEI) based in San Diego, California. PEI operated a public investment website, a subscription based e-mail newsletter and a subscription based investment website.
3. Elgindy held accounts at Global Securities Corporation and the Bank of Montreal in Vancouver, British Columbia, during the period in which the misconduct described below took place.

#### **Commission Intervention**

4. 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 related misconduct.
5. On May 24, 2002, the Commission issued an Order to Freeze Property under section 151 of the *Act* in respect of Elgindy's accounts at Global Securities Corporation and the Bank of Montreal.
6. Also 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).

## 2010 BCSECCOM 688

7. The Commission has extended the Temporary Order until a hearing is held and a decision is rendered.

### **Public Interest**

8. On June 30, 2003, a superseding indictment (the Second Indictment) was filed with the Court containing allegations against Elgindy that were similar to those in the original indictment.
9. 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,

## 2010 BCSECCOM 688

- (iv) conspiracy to commit extortion,
  - (v) extortion, and
  - (vi) wire fraud.
10. After a jury trial, on January 24, 2005, Elgindy was found guilty on 11 of the 33 counts alleged in the Third Indictment, including at least one count of each of the offences described in paragraph 7(f) above. On June 19, 2006, Elgindy was sentenced to 135 months imprisonment, three years of supervised release, and was ordered to pay forfeiture in the amount of US\$1,568,000.
  11. Elgindy appealed his conviction, and on December 17, 2008, the United States Court of Appeals, Second Circuit, denied his appeal. Elgindy is presently incarcerated in the United States.
  12. Elgindy's conduct, as set out in this Notice, was contrary to the public interest.

### **Reciprocal Order**

¶ 2 The Executive Director seeks the following final order:

1. under section 161(1)(b) of the Act, that Elgindy cease trading in, and is permanently prohibited from purchasing, securities and exchange contracts, except that he may trade and purchase securities through accounts in his name at a registered dealer;
2. under section 161(1)(d)(i) and (ii) of the Act, that Elgindy resign any position he holds as a director of any issuer, registrant or investment fund manager, and that he is permanently prohibited from becoming or acting as a director of any issuer, registrant or investment fund manager;
3. under section 161(1)(d)(iii) of the Act, that Elgindy is permanently prohibited from becoming or acting as a registrant, investment fund manager or promoter;
4. under section 161(1)(d)(iv), that Elgindy is permanently prohibited from acting in a management or consultative capacity in connection with activities in the securities market; and
5. under section 161(1)(d)(v), that Elgindy is permanently prohibited from engaging in investor relations activities.

## 2010 BCSECCOM 688

### **Hearing Process**

- ¶ 3 The Executive Director applies to have questions of liability and sanction heard at the same time and to have the hearing conducted in writing only.
  
- ¶ 4 Elgindy may be represented by counsel, make submissions and tender evidence. Elgindy is requested to advise the Commission of his intention to participate in 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 December 16, 2010  
  
Paul C. Bourque
  
- ¶ 6 Paul C. Bourque, Q.C.  
Executive Director