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UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

U.S. SECURITIES AND EXCHANGE COMMISSION, Plaintiff, v. ALLEN C. GILTMAN, Defendant.	Case No. 2:22-cv-51 **JURY TRIAL DEMANDED**

COMPLAINT

Plaintiff United States Securities and Exchange Commission (the "SEC" or the "Commission") alleges as follows against Defendant Allen C. Giltman ("Giltman"), whose last known address is 39 Umbria, Irvine, CA 92618:

SUMMARY

1. From at least 2012 through at least October 2020, Defendant Giltman and other individuals perpetrated an internet-based fraudulent scheme to lure unsuspecting investors to websites offering fake certificates of deposit ("CDs") at

above-market rates.[1] The fake CDs scheme defrauded scores of U.S. investors, many of whom were older and using their retirement savings, out of more than $40 million.[2]

2. Giltman worked with other perpetrators of the scheme to create a series of websites offering fake CDs at above-market rates. The websites used domain names intended to deceive investors into believing that the websites were affiliated with legitimate U.S.-based and multi-national financial firms. Some of the websites "spoofed" actual U.S.-based financial firms,[3] while others purported to offer CDs from fake financial firms. Either way, the spoofed websites created by Giltman and the other perpetrators of the scheme had no relationship with any legitimate financial firm.

3. Giltman and the other perpetrators of the scheme also purchased advertisements on leading internet search engines. Investors looking to invest in

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[1] Like bonds, CDs are debt-based, fixed-income securities that an investor holds until a fixed maturity date. The CDs offered as part of the scheme described here are fictitious instruments not issued by a legitimate U.S. bank, and are therefore not subject to protections offered by the federal banking laws.

[2] Amounts described here represent funds initially transferred by investors. Some funds were later returned to investors or remain frozen by U.S.-based banks.

[3] "Spoofing" disguises a communication from an unknown source as being from a known, trusted source. *See, e.g.,* https://www.investopedia.com/terms/s/spoofing.asp.

CDs clicked on those advertisements, leading them to the spoofed websites registered and created by Giltman and others.

4. The spoofed websites directed prospective investors to call a telephone number for more information about the CDs. But the telephone numbers did not lead to an office phone at a legitimate financial firm. Rather, investor calls were answered by Giltman, who obtained and used the phone numbers appearing on the spoofed websites using various voice-over internet protocol ("VOIP") programs such as Skype, or by using telephone answering services.

5. On the initial calls with investors, Giltman falsely identified himself as an "account executive" of a legitimate financial institution offering CDs and discussed the terms and benefits of the phony CDs. Giltman then emailed investors a fake CD application using a deceptive email address that included the name of the same account executive Giltman had impersonated on the phone, along with a domain name that appeared to be (but was not) affiliated with the financial firm spoofed by the website. These emails and applications typically used the actual names and logos of real financial institutions and falsely stated that the purported CDs were "guaranteed" by the Federal Deposit Insurance

Corporation ("FDIC"),[4] and that the entity offering the CDs was "FDIC registered," "FDIC insured," or a "Member FDIC."

6. After investors returned the completed applications, Giltman notified investors by email that their accounts were "ready for funding" and provided bank wire instructions for investors to "fund" their accounts. When investors wired funds as directed by Giltman, they received another email from Giltman acknowledging their purchase and attaching a fake account statement reflecting the purported balance in the investor's fictitious account at the spoofed bank or firm.

7. The investor funds were then misappropriated by other perpetrators of the scheme, after which Giltman typically received a portion of the misappropriated funds.

8. Investors never received the promised CDs or any other legitimate financial instrument in exchange for their funds.

9. Throughout the scheme, Giltman knew that information conveyed to investors on the spoofed websites and in his phone calls and email exchanges with investors was false and misleading, and he knew that the information was material to investors' decision to invest in the fake CDs.

[4] The FDIC is an independent agency of the United States government that protects investors against the loss of insured deposits – including CDs – if an FDIC-insured bank or savings association fails.

10. Since 2012, Giltman and other perpetrators of the scheme have created at least a dozen spoofed websites, defrauding more than 100 investors out of at least $40 million.

11. Based on conduct alleged in this Complaint, Giltman violated Section 17(a) of the Securities Act of 1933 ("Securities Act") [15 U.S.C. § 77q(a)], as well as Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5].

NATURE OF PROCEEDING AND RELIEF SOUGHT

12. The SEC brings this action against Giltman pursuant to Section 21A of the Exchange Act [15 U.S.C. § 78u-l] and Section 20(b) of the Securities Act [15 U.S.C. § 77t(b)] seeking a judgment from the Court: (a) enjoining Giltman from engaging in future violations of the federal securities laws; (b) ordering Giltman to disgorge an amount equal to the profits gained as a result of the actions described herein, with prejudgment interest; and (c) ordering Giltman to pay a civil monetary penalty.

JURISDICTION AND VENUE

13. This Court has jurisdiction pursuant to Sections 21(d), 21(e), 21A, and 27(a) of the Exchange Act [15 U.S.C. §§ 78u(d), 78u(e), 78u-l, and 78aa(a)] and Sections 20(b) and 22(a) of the Securities Act [15 U.S.C. §§ 77t(b) and 77v(a)].

14. Giltman, directly or indirectly, used the means of interstate commerce, including internet websites, email correspondence, telephone calls, facsimile

transmissions, and bank wire transfers, in connection with the transactions, acts, practices, and courses of business alleged in this Complaint.

15. Venue in this district is proper pursuant to Section 27 of the Exchange Act [15 U.S.C. § 78aa] because certain of the offers and sales of securities and certain of the acts, practices, transactions, and courses of business constituting the violations alleged in this Complaint occurred within this District. Specifically, (1) the spoofed websites described herein were available to investors throughout this District; (2) at least two investors residing in this District (one residing in Voorhees, New Jersey and the other in Glen Gardner, New Jersey) wired funds to purchase fake CDs as part of the fraudulent scheme; and (3) certain of the investor wire transfers for fake CDs alleged in this Complaint were cleared through bank facilities in Mount Laurel, New Jersey and Teaneck, New Jersey.

DEFENDANT

16. **Allen C. Giltman**, age 56, is a resident of Irvine, California. Following his arrest by the FBI in October 2020, Giltman pleaded guilty in January 2022 to criminal charges in *U.S. v. Giltman*, No. 2:20-mj-13462 (D.N.J.), based on many of the same acts alleged in this Complaint. Giltman was previously registered with the Financial Industry Regulatory Authority ("FINRA") as a general securities representative, agent, and investment company and variable

contracts products representative.[5] In the mid-1990s, Giltman held Series 6, 7, and 63 licenses, all of which have lapsed.

FACTUAL ALLEGATIONS

I. Giltman Engaged In A Fraudulent Scheme To Sell Fake CDs To U.S. Investors.

17. Since 2012, Giltman and other perpetrators of the scheme created at least a dozen spoofed websites and defrauded more than 100 investors out of at least $40 million.

18. The spoofed websites had domain names similar to the domain names of real financial institutions and content that mimicked the websites of real financial firms and purported to offer CDs at higher-than-average interest rates.

19. The spoofed websites typically used the actual logos of real firms, and claimed that the firms were FDIC, FINRA, or New York Stock Exchange members, and that deposits were FDIC-insured. Since neither Giltman nor any other scheme participant was actually affiliated with any real bank or financial firm, the websites were spoofed, and the CDs being offered were fictitious, these claims were false.

20. Even though the spoofed websites were typically active for only a few weeks before they were taken down by the domain registrars following complaints

[5] FINRA is an independent, nongovernmental, self-regulatory organization that writes and enforces rules governing registered brokers and broker-dealer firms in the United States.

from Government agencies or the real financial firms being spoofed, Giltman and the other perpetrators of the scheme raised and wired abroad millions of dollars from defrauded U.S. investors.

A. Giltman Played A Critical Role In The Fake CDs Scheme.

21. Beginning no later than 2012, Giltman played a central role in the fraudulent scheme. Among other things, Giltman registered and paid for VOIP phone numbers that appeared on the spoofed websites; worked with one or more other perpetrators of the scheme to draft language that later appeared on the spoofed websites; registered and created email accounts that he used to communicate with defrauded investors; and communicated with defrauded investors by email and telephone to offer them the fictitious CDs.

22. Giltman took a variety of steps to avoid detection in order to continue the fraudulent scheme, including using: (1) prepaid phones, VOIP phone numbers, fake email addresses, and messaging apps to communicate with investors and one or more other perpetrators of the scheme; (2) virtual private networks ("VPNs") to anonymize his digital footprint; (3) prepaid credit cards purchased with cash to pay for email domain-name registration, Internet ads, and VPN and call-answering services; and (4) fake names or stolen identities, including those of real employees of financial firms and prior victims, when registering for these services.

23. Giltman typically used false information, such as fake names, to register the VOIP numbers and used prepaid cards to register the email address

accounts with domain registrars. The VOIP numbers and email addresses were useful to the fraud in part because they were not registered in Giltman's name and thus helped to conceal his identity.

24. Giltman also used at least five AT&T prepaid phones (collectively, the "Prepaid Phones")[6] to impersonate representatives of spoofed banks and financial firms in calls with defrauded investors. The Prepaid Phones were also useful to the fraud in part because they were not registered in Giltman's name and thus helped to conceal his identity.

25. Giltman used the VOIP phone numbers and the Prepaid Phones to defraud investors. Specifically, investor calls to the VOIP phone numbers appearing on the spoofed websites were either answered by Giltman or forwarded to one of the Prepaid Phones, after which investors would receive a return call from Giltman, using either a VOIP number or one of the Prepaid Phones. During calls with investors, Giltman falsely identified himself as an "account executive" and used the name of a real representative of a legitimate bank or financial firm.

26. Giltman also used the email accounts he created to defraud investors. Following an initial phone call, Giltman sent follow-up emails to investors purporting to be from the same "account executive" that he impersonated on the

[6] The Prepaid Phones had numbers ending in 6712 (the "6712 Prepaid Phone"), 1728 (the "1728 Prepaid Phone"), 3703 (the "3703 Prepaid Phone"), 2574 (the "2574 Prepaid Phone"), and 0968 (the "0968 Prepaid Phone").

phone calls from an email address that appeared to be (but was not) associated with a legitimate financial firm. The emails, many of which the FBI found on Giltman's personal computer when he was arrested in October 2020, typically included references to a spoofed bank or financial firm, an impersonated representative's actual FINRA CRD number,[7] and the spoofed bank's real FDIC number. These "welcome" emails typically also included as attachments the documents necessary to complete an investment in the fraudulent scheme, such as CD "applications" and wire instructions. The emails and related attachments, many of which were also found by the FBI on Giltman's personal computer, used the spoofed bank's actual name and logo, and falsely stated that the fake CDs were real investment instruments offered by the spoofed bank and insured by the FDIC.

27. When investors ultimately became suspicious and sought to inquire about the legitimacy of the CDs for which they had wired money, they typically received no response to phone calls to the VOIP numbers or the Prepaid Phone numbers, nor did they receive a response to emails sent to the fake "account executives."

28. Other perpetrators of the scheme controlled the entities and bank accounts used to receive investor funds, and Giltman directed investors to wire money

[7] FINRA operates the Central Registration Depository ("CRD"), a licensing and registration system used by the U.S. securities industry and its regulators to maintain the registration records of broker-dealer firms and their associated individuals (*e.g.*, brokers and investment advisors).

to these accounts.[8] After investor funds were wired to the accounts, the funds were transferred to other bank accounts, including accounts overseas.

29. Giltman was paid for his participation in the scheme through a series of transfers to a bank account in the name of Irelle Corporation, a California corporation owned and controlled by Giltman, and several substantial cash payments.

30. On October 27, 2020, during a search of Giltman's home during his arrest, the FBI seized a variety of "tools" used in the scheme – email addresses and passwords, prepaid gift cards, a prepaid cell phone, VPN devices and passwords, and Wi-Fi "hot spot" devices. Giltman, directly or indirectly, used these anonymous accounts and prepaid cards and devices to, among other things: (1) create VOIP phone numbers that appeared on the spoofed websites; (2) receive investor calls forwarded from the VOIP numbers to the prepaid phones; and (3) create email addresses used by the fake account executives to send and receive the fake CD account applications, wiring instructions, and phony "account statements" necessary to perpetrate the fraud.

[8] One such individual was Denis Sotnikov. The FBI arrested Sotnikov in March 2020, and the U.S. Attorney's Office for the District of New Jersey filed wire fraud and money laundering charges against him. *United States v. Sotnikov*, No. 2:20-MJ-1017 (D. N.J.). In March 2020, the Commission filed securities fraud and related charges against Sotnikov and several entities he controlled. *SEC v. Sotnikov*, No. 1:20-CV-02784 (D. N.J.). The Court entered final judgment against Sotnikov and the entities he controlled for securities fraud and related charges in October 2021. *Id.* at Dkt. No. 45, Final Judgment, October 15, 2021.

II. Giltman Participated In Multiple Iterations Of The Fake CDs Scheme.

31. Below are several specific examples of how Giltman participated in the fraudulent scheme and defrauded investors.

A. In 2015, Giltman Defrauded At Least Thirteen Investors Out Of At Least $4.1 million.

32. In 2015, Giltman participated in an iteration of the fake CDs scheme that defrauded at least thirteen investors out of at least $4.1 million.

33. On or about July 8, 2015 and September 21, 2015, respectively, one or more other perpetrators of the scheme registered two websites using domain names similar to the real website of an Israeli investment bank ("Spoofed Bank 1"). Giltman and the other perpetrators created the content that appeared on both of the spoofed websites.

34. The websites purported to offer "brokered CDs from large FDIC Banks" and stated that "[a]ll deposits are FDIC insured." The websites directed prospective investors to "Call Our Account Executive Today For A Consultation" and provided a VOIP phone number ending in 2766 (the "2766 VOIP Number"). In fact, the 2766 VOIP Number had no connection to any real bank or investment firm. Instead, Giltman answered calls to that number, used the name of a real registered broker ("Account Executive 1"), and claimed to be an account executive for Spoofed Bank 1.

35. On or about November 18, 2015, G.M., a resident of New Mexico, conducted an online search and clicked on an advertisement purchased by another

perpetrator of the scheme, which led him to the spoofed website. G.M. called the 2766 VOIP Number and spoke with Giltman, who impersonated Account Executive 1 and claimed to be a representative of Spoofed Bank 1. Giltman claimed that Spoofed Bank 1 acted as a broker for CDs offered by two well-known U.S.-based banks.

36. Later that same day, Giltman sent G.M. an introductory email in which he again impersonated Account Executive 1 at Spoofed Bank 1. Giltman created and attached false and deceptive documents to the email, including fake account applications and term sheets. The applications used Spoofed Bank 1's name, while the term sheets used the names of the two well-known U.S.-based banks identified earlier, provided various details regarding the fake CDs, and stated that the investments were FDIC insured.

37. On November 19, 2015, after returning the completed applications to Giltman by email, G.M. received an email from Giltman, again impersonating Account Executive 1. Giltman's email included a subject line stating "Welcome! Your accounts are now active, and reda [sic] for funding." The body of the email reiterated this statement, listed four accounts, complete with fake account numbers and funding amounts, identified the CDs to be provided as "60 Month Jumbo CDs" from the two U.S. banks identified earlier, and stated that the CDs were "FDIC Insured $250,000 per account ownership category."

38. Giltman's email to G.M. also included an attachment that provided wire instructions directing G.M. to wire funds to a San Francisco, California bank account controlled by other perpetrators of the scheme.

39. On November 24, 2015, G.M. initiated a wire transfer in the amount of $433,649.64 to the bank account listed in the wiring instructions provided by Giltman, to purchase what G.M. believed to be two separate CDs issued by the two banks identified by Giltman, to be held in his own account.

40. On November 25, 2015, G.M. initiated an additional wire transfer in the amount of $448,317.04 to the bank account listed in the wiring instructions provided by Giltman, to purchase what G.M. believed to be two additional CDs issued by the two banks identified by Giltman, to be held in his wife's account.

41. On November 25, 2015, G.M. initiated another wire transfer in the amount of $250,000 to the bank account listed in the wiring instructions provided by Giltman, for what G.M. believed to be another CD issued by one of the banks identified by Giltman, to be held in trust for his mother.

42. After G.M. provided confirmation of the wire transfers to Giltman (who was still impersonating Account Executive 1), Giltman emailed G.M. phony account statements for G.M., his wife, and his mother, showing CDs in the anticipated amounts issued by the two banks identified by Giltman. Meanwhile, one or more other perpetrators of the scheme removed the funds from the bank account to which G.M. wired funds at Giltman's direction.

43. G.M. later discovered that the person claiming to be Account Executive 1 was not actually a representative of Spoofed Bank 1, and the CDs he had purchased were fake.

44. In this iteration of the scheme, Giltman and the other perpetrators of the scheme defrauded at least eleven other investors out of at least another $2.9 million for fake CDs purportedly offered by Spoofed Bank 1, using the same or similar instrumentalities of fraud.

45. None of these investors received the promised CDs or any other legitimate investment product in exchange for the funds they wired pursuant to Giltman's instructions. Like G.M.'s funds, the other investor funds were transferred and misappropriated, and Giltman later received a portion of those funds.

B. In Early 2020, Giltman Defrauded At Least Four Investors Out Of At Least $1.8 million.

46. In early 2020, Giltman was instrumental in another iteration of the fake CDs scheme, defrauding at least four investors out of at least $1.8 million.

47. On February 12, 2020, one or more other perpetrators of the scheme used a domain registrar in Russia to register a website using a domain name similar to that of a well-known U.S. bank based in Georgia ("Spoofed Bank 2").

48. Giltman and the other perpetrators of the scheme created the content appearing on the spoofed website.

49. Except for using a different bank's name and a different telephone number, the website for Spoofed Bank 2 was nearly identical to the website for Spoofed Bank 1, and purported to offer "high-yield[,] no penalty FDIC insured" CDs at above-market rates.

50. The website directed prospective investors to call a VOIP number ending in 8375 (the "8375 VOIP Number") to purchase a CD. But the 8375 VOIP Number had no connection to Spoofed Bank 2. Instead, Giltman registered the number in early February 2020 using an internet hotspot, the password for which was later found in his home during his arrest, and a prepaid American Express card with a card number ending in 2287 ("the 2287 AMEX Card") that was also seized from Giltman's home during his arrest.

51. In late February 2020, J.S., a resident of New York, conducted an online search and clicked on an advertisement purchased by one or more other perpetrators of the scheme, which led J.S. to the spoofed website that purported to offer CDs on Spoofed Bank 2's behalf. J.S. called the 8375 VOIP Number and spoke with Giltman, who impersonated Account Executive 2, a real representative of Spoofed Bank 2.

52. Shortly after the call, on February 21, 2020, Giltman sent J.S. an introductory email purportedly from Account Executive 2. Giltman's email falsely stated that Spoofed Bank 2 was offering CDs that were "clear[ed] via DGQ, AGQ, & [Spoofed Bank 2] FDIC." The email also contained a signature block that included

Account Executive 2's name, his real CRD number, and Spoofed Bank 2's real FDIC number, and listed the 8375 VOIP Number as Account Executive 2's "office" number.

53. The attachments to Giltman's February 21, 2020 email, including a fake CD application, were also false and deceptive. The application itself used Spoofed Bank 2's actual name and logo. The other attachments (including an actual financial report for Spoofed Bank 2, the purported terms for the fake CDs, and a chart explaining the maximum FDIC insurance amount for deposits) falsely stated that the fake CDs were real investment instruments offered by Spoofed Bank 2 and insured by the FDIC.

54. After returning the application, J.S. received a welcome email from Giltman, again impersonating Account Executive 2. Giltman's email explained that J.S.'s account was "now active and ready for funding," and attached wire instructions directing J.S. to wire funds to the Florida bank account of purported "clearing" firm AGQ Business Group LLC ("AGQ Business Group"), an entity organized and controlled by another perpetrator of the fraudulent scheme, Denis Sotnikov.[9]

55. The following day, on February 25, 2020, J.S. made three wire transfers in the amounts of $256,000, $300,000, and $375,000 (for a total of $931,000) to the

[9] As alleged in the Commission's complaint in *SEC v. Sotnikov*, Sotnikov formed AGQ Business Group on February 3, 2020, listing himself as "manager" in papers filed with the State of Florida. *See* Compl. ¶ 125, Dkt. No. 1, *SEC v. Sotnikov*, No. 1:20-CV-02784 (D. N.J.) (March 13, 2020). On February 19, 2020, he opened the bank account for AGQ Business Group that later received investor funds as described here. *Id*. at ¶¶ 125, 131-133.

bank account listed in the wiring instructions provided by Giltman, to purchase what J.S. believed to be legitimate CDs.

56. On that same day, Giltman, again impersonating Account Executive 2, sent J.S. an email requesting copies of the wire transfer receipts, allegedly to allow Spoofed Bank 2 to "credit" the wiring fees to J.S. When J.S. provided the receipts, Giltman responded with an email stating that "the wire fees [will be] credited to your [CD] accounts."

57. In this iteration of the scheme, Giltman and the other perpetrators of the scheme defrauded at least four other investors (including R.A, an individual residing in Voorhees, New Jersey) out of at least another $900,000 for fake CDs purportedly offered by Spoofed Bank 2 using the same or similar instrumentalities of fraud. Investor funds were wired to bank accounts controlled by Sotnikov, using the same bank information for AGQ, which had been provided to the investors by Giltman.

58. None of these investors received the promised CDs or any other legitimate investment product in exchange for the funds they wired pursuant to Giltman's instructions. Certain of the investors were able to obtain the return of all or part of these funds before they could be misappropriated.

C. In March 2020, Giltman Defrauded At Least Two Investors Out Of At Least $487,000.

59. In March 2020, Giltman participated in another iteration of the fake CDs scheme, defrauding at least two investors out of at least $487,000.

60. In early March 2020, one or more other perpetrators of the scheme used a Russian registrar to register another spoofed website, this time purportedly associated with a real brokerage firm headquartered in Northern Virginia ("Spoofed Bank 3"). The website for Spoofed Bank 3 was nearly identical to the websites for Spoofed Bank 2, and purported to offer "high-yield no penalty" CDs at above-market interest rates.

61. Giltman and the other perpetrators of the scheme created the content of the spoofed website.

62. The spoofed website directed prospective investors to call a VOIP number ending in 3823 (the "3823 VOIP Number") to "request [an] account." But the 3823 VOIP Number had no connection to Spoofed Bank 3. Instead, Giltman registered the number on March 10, 2020, using the 2287 AMEX Card that the FBI later seized from his home during his arrest.

63. On March 17, 2020, G.W., an investor residing in Florida, conducted an online search for CDs and clicked on an internet advertisement purchased by another perpetrator of the scheme. The advertisement led G.W. to a spoofed website that purported to offer CDs on behalf of Spoofed Bank 3. G.W. called the 3823 VOIP Number listed on the spoofed website and spoke with Giltman, who impersonated Account Executive 3, a real representative of Spoofed Bank 3. The next day, G.W. again called the 3823 VOIP Number and the call was forwarded to Giltman's 0968

Prepaid Phone as a voicemail. Less than 30 minutes later, Giltman returned G.W.'s call from the 3823 VOIP Number and spoke with G.W.

64. On March 18, 2020, G.W. received an email from Giltman, again impersonating Account Executive 3. The email address combined Account Executive 3's name with the name of Spoofed Bank 2, even though Account Executive 3 was actually an employee of Spoofed Bank 3. Giltman had created this email address a week earlier, on March 12, 2020, using the 2287 AMEX Card to register the email domain with a U.S. domain registrar.

65. Giltman's March 18, 2020 email to G.W. attached a fake CD "application," and included a signature block that included Account Executive 3's name and real CRD number, and listed the 3823 VOIP Number as Account Executive 3's "office" number.

66. After G.W. returned the completed application, Giltman (again impersonating Account Executive 3) sent G.W. the standard welcome email, which explained that G.W.'s account was "now active and ready for funding," and attached wire instructions. The wire instructions directed G.W. to send funds to "HFD Global Limited" at a bank account in Hong Kong.

67. A few hours later, on March 18, 2020, G.W. wired $237,000 in accordance with the wire instructions to the Hong Kong bank account.

68. The next morning, Giltman (still impersonating Account Executive 3) emailed G.W. a fraudulent "bank statement" reflecting a $237,000 CD, with a

fictitious "opening balance" and "credits" purportedly reimbursing G.W. for wire transfer costs.

69. G.W. never received the promised CD or any other legitimate investment product in exchange for the funds. G.W. later discovered that the person claiming to be Account Executive 3 was not actually a representative of Spoofed Bank 3, and the CD he had purchased was fictitious.

70. In this iteration of the scheme, Giltman and one or more other perpetrators of the scheme defrauded at least one other investor out of at least another $250,000 for fake CDs purportedly offered by Spoofed Bank 3 using the same or similar instrumentalities of fraud.

71. The other investor did not receive the promised CDs or any other legitimate investment product in exchange for the funds wired pursuant to Giltman's instructions. Instead, the investor funds were transferred and misappropriated, and Giltman later received a portion of those funds.

D. In May And June 2020, Giltman Defrauded At Least Eleven Investors Out Of At Least $5.5 million.

72. In May and June 2020, Giltman was instrumental in another iteration of the fake CDs scheme, defrauding at least eleven investors out of at least $5.5 million.

73. On May 6, 2020, one or more other perpetrators of the scheme registered a website that purported to be associated with Spoofed Bank 4, a subsidiary of a large

investment bank and financial services holding company headquartered in London, England.

74. Giltman and the other perpetrators of the scheme created the content of the spoofed website.

75. The website purported to offer "high-yield no penalty FDIC insured" CDs from Spoofed Bank 4 at an annual percentage yield of over three percent, well above the market rate. These "extraordinary rates" were only available, according to the spoofed website, for minimum "deposits" of $200,000 and $500,000. The spoofed website also touted the fake CDs as "safe" and "simple," reiterating that "all accounts are FDIC insured." Despite having no relationship with Spoofed Bank 4, the spoofed website used Spoofed Bank 4's actual name and an address for one of Spoofed Bank 4's California offices.

76. To "request [an] account" for the CDs, the website directed prospective investors to call a VOIP number ending in 4410 (the "4410 VOIP Number"). Giltman created the 4410 VOIP Number on May 13, 2020, using the 2287 AMEX Card.

77. In mid-May 2020, D.W., an elderly resident of New York, conducted an online search for "high yield CDs," in an effort to research FDIC-insured CDs. After running the search, investor D.W. clicked on an internet advertisement that had been purchased by one or more other perpetrators of the scheme. The advertisement directed D.W. to the spoofed website that purported to be (but was not) associated with Spoofed Bank 4.

78. D.W. then called the 4410 VOIP Number listed on the spoofed website to inquire about the CDs. Giltman answered that call, and falsely identified himself as Account Executive 4, an actual employee of Spoofed Bank 4. In addition to misrepresenting his identity, Giltman falsely told D.W. that Spoofed Bank 4 was offering CDs at the rates advertised on the spoofed website, and that the CDs were insured by the FDIC. The latter misrepresentation was particularly important to D.W., because he believed that FDIC-insured CDs were safe, low-risk investments.

79. Following that initial call, D.W.'s calls to the 4410 VOIP number were repeatedly forwarded Giltman's 0968 Prepaid Phone. For example, on May 18, 2020, D.W. called the 4410 VOIP Number and the call was forwarded to the voicemail of Giltman's 0968 Prepaid Phone. Minutes later, Giltman returned D.W.'s call using the 4410 VOIP Number.

80. That same day, Giltman emailed D.W. a fake CD "application," along with other documents purportedly from Spoofed Bank 4. Giltman's email to D.W. stated that the CDs were "securities offered" by Spoofed Bank 4, and contained a signature block that included the real Account Executive 4's name and CRD number and Spoofed Bank 4's real FDIC number, and listed the 4410 VOIP Number as Account Executive 4's "office" number. The domain for the email address used by Giltman had no association with Spoofed Bank 4.

81. The CD application and other attachments to Giltman's May 18, 2020 email were also false and deceptive. The application itself used Spoofed Bank 4's

actual name and logo, along with Account Executive 4's name. The other attachments, including an actual financial report for Spoofed Bank 4, the purported terms for the fake CDs, and a chart explaining the maximum FDIC insurance amount for deposits, also falsely stated that the fake CDs were real securities offered by Spoofed Bank 4 and insured by the FDIC.

82. On May 20, 2020, D.W. returned a completed application for a $500,000 CD to the spoofed email address used by Giltman. The next morning, on May 21, 2020, Giltman (again impersonating Account Executive 4) sent D.W. a "welcome" email that informed D.W. that his application was "approved," that his account was "ready for funding," and that the CD for which D.W. applied was "FDIC insured." Giltman's email further stated that, "on behalf of [Spoofed Bank 4], I'd like to take this opportunity to welcome you as a new customer," and that Spoofed Bank 4 was "thrilled to have [D.W.] with us."

83. Giltman's May 21, 2020 email also included wiring instructions for D.W. to use in order to "fund" the $500,000 CD. The instructions directed D.W. to wire the funds to the account of "Harbin H&M Company Limited, ICBC Clearing Group Co.," at a bank located in Northeast China.

84. On May 21, 2020, D.W. wired $500,000 to the Harbin account in China in accordance with the wiring instructions provided by Giltman. Following the wire, Giltman (still impersonating Account Executive 4) emailed D.W. a fake "bank

statement" reflecting a $500,000 "FDIC 36 Month CD." The statement used the name and logo of Spoofed Bank 4.

85. Several days later, on May 26, 2020, D.W. wired another $400,000 for a second CD to a bank account in Hong Kong, in accordance with e-mailed instructions provided by Giltman (who continued to impersonate Account Executive 4). Just as before, Giltman's email falsely stated that the CD was FDIC-insured and was offered by Spoofed Bank 4.

86. On May 27, 2020, the day after D.W.'s second wire, Giltman (again impersonating Account Executive 4 and using Spoofed Bank 4's name and logo) sent D.W. an email attaching another fake "bank statement" for a $400,000 "FDIC 36 Month CD."

87. Two weeks later, in early June 2020, Giltman (again impersonating Account Executive 4) sent D.W. an email containing wiring instructions for the purchase of a third fake CD, this time in the amount of $240,000.

88. Believing that he was communicating with the real Account Executive 4, D.W. sent an email to Giltman, stating that he had been "trying to reach [Account Executive 4] all day." Giltman responded by providing his "personal direct phone number" – the 0968 Prepaid Phone.

89. Although D.W. wired the $240,000 as instructed on June 23, 2020, the funds were returned by the beneficiary bank.

90. When D.W. attempted to contact Giltman in late June 2020, those calls went unreturned. D.W. then conducted additional due diligence and discovered that the individual he had been communicating with had impersonated Account Executive 4, and that the CDs he had purchased were fake.

91. In this iteration of the scheme, Giltman and one or more other perpetrators of the scheme defrauded at least ten additional investors out of at least another $4.4 million for fake CDs purportedly offered by Spoofed Bank 4. They used the same or similar instrumentalities of fraud, including another website purporting to be associated with Spoofed Bank 4, the same Account Executive 4 alias, a VOIP Number ending in 8048 (the "8048 VOIP Number") that had been registered by Giltman in March 2020 using the 2287 AMEX Card, and the 0968 Prepaid Phone. Investors wired funds to bank accounts controlled by one or more other perpetrators of the scheme in China, Lithuania, and Hong Kong, among other places, using wire instructions that Giltman provided.

92. None of these investors received the promised CDs or any other legitimate investment product in exchange for the funds they wired pursuant to Giltman's instructions. Instead, the investor funds were transferred and misappropriated, and Giltman later received a portion of those funds.

E. In Another Iteration Of The Fake CDs Scheme In May And June 2020, Giltman Defrauded At Least Six Investors Out Of At Least $2.8 million.

93. In May and June of 2020, Giltman defrauded at least six other investors out of at least $2.8 in another iteration of the fake CDs scheme.

94. On May 30, 2020, one or more other perpetrators of the scheme registered the domain name for another spoofed website that had a generic domain name (www.globalstandardadvisors.com), but claimed to offer CDs on behalf of Spoofed Bank 4. The website directed investors to call the 4410 VOIP Number registered by Giltman.

95. In early June 2020, the website content (but not the website's domain name) was changed to spoof a different real bank – a multi-national banking and financial services company headquartered in London, England ("Spoofed Bank 5").

96. Giltman worked with other perpetrators of the scheme to create the content of the spoofed website.

97. Like the other spoofed websites, the www.globalstandardadvisors.com website purported to offer no-penalty, FDIC-insured, high-minimum CDs at above-market rates. The website directed prospective investors to call a VOIP number ending in 6602 (the "6602 VOIP Number") to "request [an] account" for the CDs.

98. On June 4, 2020, A.V., a resident of Glen Gardner, New Jersey, conducted an online search for CDs and clicked on an advertisement purchased by one or more other perpetrators of the scheme. The advertisement led A.V. to the spoofed

www.globalstandardadvisors.com website. When A.V. called the 6602 VOIP Number that appeared on the website, those calls were forwarded to the voicemail of Giltman's 0968 Prepaid Phone.

99. On June 11, 2020, A.V. again called the 6602 VOIP Number and spoke with Giltman, who impersonated Account Executive 5, a real registered representative of Spoofed Bank 5. Giltman falsely stated that Spoofed Bank 5 was offering FDIC-insured CDs at the above-market rates described on the spoofed website. Giltman stated that he would send A.V. a CD "application," that, if approved, would allow A.V. to purchase the CDs.

100. Later on June 11, 2020, as promised, A.V. received an email from Giltman, impersonating Account Executive 5 and attaching the fake CD application. The email address Giltman used to impersonate Account Executive 5 combined Account Executive 5's name with a domain name using a slight variation on the name of a regional bank headquartered in California ("Spoofed Bank 6"), even though the real Account Executive 5 was actually employed by Spoofed Bank 5.

101. Giltman had registered the domain for the email address a week earlier, on June 5, 2020, using a PayPal account funded by a MasterCard prepaid card with a number ending in 3629, which was seized by the FBI from Giltman's home during his arrest. The FBI also seized handwritten notes from Giltman's home listing the same email address and a password for the email account.

102. Giltman's email to A.V. also included a signature block that contained Account Executive 5's name and real CRD number, a fax number, and the real FDIC number for Spoofed Bank 5. The email further stated that "[Spoofed Bank 6] is a Registered FDIC Institution of [Spoofed Bank 5] Investment Banking Group. Securities offered through clearing via [Spoofed Bank 5] Banking Group FDIC & CPR Clearing Limited. Investment Advisory Services offered through [Spoofed Bank 6] Wealth Management." The fake CD application also included the actual names and logos of Spoofed Bank 5 and Spoofed Bank 6.

103. On June 15, 2020, A.V. returned a completed application for a $206,000 CD to the fax number provided by Giltman in his July 11, 2020 email to A.V. The following day, A.V. received the standard welcome email purportedly from Giltman, posing as Account Executive 5, explaining that A.V.'s CD account was "now active and ready for funding," and attaching wire instructions. The emails and wire instructions directed A.V. to wire funds to a bank account at Spoofed Bank 5 in China.

104. On June 16, 2020, A.V. wired $206,000 from his bank account in New Jersey to the bank account in China, per wire instructions provided to the investor by Giltman.

105. In the following days, A.V. exchanged several telephone calls with Giltman, who continued to impersonate Account Executive 5 and now used a different VOIP number than the one appearing on the spoofed website. On June 19, 2020,

Giltman used his 0968 Prepaid Phone to call A.V., leaving a voicemail message assuring A.V. that the fees for his wire transfer had been "credited" to A.V.'s account.

106. In mid-July 2020, A.V. conducted additional due diligence and discovered that the individual he had spoken to was impersonating the real Account Executive 5, and that the CDs were not legitimate financial instruments.

107. Although A.V. attempted to recall his wire transfer, his $206,000 had already been transferred out of the bank account in China to another foreign bank account and the investor was unable to recall the wire transfer.

108. In this iteration of the scheme, Giltman and one or more other perpetrators of the scheme defrauded at least five additional investors out of at least another $2.6 million for fake CDs purportedly offered by Spoofed Bank 5 using the same or similar instrumentalities of fraud and the same bank account.

109. None of these investors received the promised CDs or any other legitimate financial instrument for the wired funds. Instead, the investor funds were misappropriated, and Giltman received a portion of those funds.

F. In September And October 2020, Giltman Defrauded At Least Five Investors Out Of At Least $1.8 million.

110. In September and October 2020, Giltman defrauded at least five additional investors out of at least $1.8 million.

111. In September 2020, one or more other perpetrators of the scheme registered a spoofed website purportedly associated with a regional bank based in

California ("Spoofed Bank 7"). Like the other spoofed websites, the website for Spoofed Bank 7 purported to offer no-penalty, FDIC-insured, high-minimum CDs at above-market rates.

112. Giltman worked with other perpetrators of the scheme to create the content of the spoofed website.

113. The spoofed website directed prospective investors to call a VOIP number ending in 4608 (the "4608 VOIP Number"). Giltman created and paid for the 4608 VOIP Number using a prepaid American Express card with an account number ending in 9314 (the "9314 AMEX Card") on September 22, 2020. The 9314 AMEX card was recovered in Giltman's home by the FBI during Giltman's arrest in October 2020.

114. In late September 2020, A.Z. and R.D., a husband and wife residing in New York, conducted an online search for CDs and clicked on an advertisement purchased by one or more other perpetrators of the scheme. The advertisement led A.Z and R.D. to the spoofed website that purported to offer CDs on behalf of Spoofed Bank 7.

115. On September 25, 2020, A.Z. called the 4608 VOIP Number and spoke with Giltman, who impersonated Account Executive 6, a real representative of Spoofed Bank 7.

116. Giltman falsely stated that Spoofed Bank 7 was offering FDIC-insured CDs at the above-market rates described on the spoofed website. Giltman stated that

he would send A.Z. and R.D. a CD "application" that, if approved, would allow them to purchase the CDs.

117. Minutes later, A.Z. received an email from Giltman, impersonating Account Executive 6 and attaching the fake CD application and other fabricated documents. Giltman's email to A.Z. also included a signature block that contained Account Executive 6's name and real CRD number, a fax number, and the real FDIC number for Spoofed Bank 7. This correspondence, including the fake account application, was found on Giltman's computer after his arrest by the FBI in October 2020.

118. On October 2, 2020, A.Z. and R.D. faxed a completed CD application to Giltman.

119. Five days later, Giltman (again impersonating Account Executive 6), emailed A.Z wire instructions directing A.Z. and R.D. to wire funds to a bank account at Spoofed Bank 7 in China to purchase the CDs.

120. On October 8, 2020, A.Z. and R.D. wired $250,000 to a bank account in China, using the wire instructions provided by Giltman.

121. The following day, A.Z. and R.D. wired another $500,000 to the same bank account in China, again using the wire instructions provided by Giltman.

122. On October 13, 2020, after A.Z. and R.D. provided confirmation of the wire transfers to Giltman, Giltman (who was still impersonating Account Executive 6) emailed A.Z. phony account statements purportedly showing the $250,000 and

$500,000 deposits, $70 credits for each wire fee, and $262.83 interest earned in four days.

123. Two weeks after A.Z. and R.D. wired funds to the bank account in China, Giltman was arrested.

124. In this iteration of the scheme, Giltman and one or more other perpetrators of the scheme defrauded at least four other investors out of at least another $1.1 million for fake CDs purportedly offered by Spoofed Bank 7 using the same or similar instrumentalities of fraud and the same bank account.

125. None of these investors received the promised CDs or any other legitimate investment product in exchange for the funds they wired pursuant to Giltman's instructions.

G. Giltman Defrauded Many Other Investors By Offering Fake CDs On Spoofed Websites.

126. In addition to the examples described above, Giltman defrauded scores of other investors out of millions of dollars through different iterations of the fake CDs scheme.

127. In each iteration of the scheme, Giltman and one or more other perpetrators of the scheme created spoofed websites and purchased internet advertisements that directed investors to the websites.

128. Giltman impersonated "account executives" through email and phone communications, often using VOIP telephone numbers and the Prepaid Phones, and

emailing the deceptive documents necessary to perpetrate the fraud, including phony CD applications, wire instructions, and fictitious bank statements purporting to account for the funds wired by investors.

129. Other perpetrators of the scheme controlled the bank accounts used to receive investor funds, provided the bank account information to Giltman (who directed investors to wire their funds to those bank accounts in exchange for the fake CDs), and transferred investor funds from those bank accounts to other bank accounts, including accounts overseas. Certain of those funds were received by Giltman for his participation in the scheme

130. Based on available evidence, Giltman and the other perpetrators of the fake CDs scheme defrauded at least 100 investors out of at least $40 million.

FIRST CLAIM FOR RELIEF

Violations of Section 17(a) of the Securities Act

131. The Commission re-alleges and incorporates paragraphs 1 through 130 as if fully set forth herein.

132. By engaging in the conduct described above, Giltman, using the means or instrumentalities of interstate commerce or of the mails, in the offer or sale of securities, directly or indirectly, with scienter, employed devices, schemes, or artifices to defraud; obtained money or property by means of untrue statements of material fact or omissions to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and/or

engaged in transactions, practices, or courses of dealing which operated or would operate as a fraud or deceit upon the purchaser.

133. By reason of the actions alleged herein, Giltman violated Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)] and, unless restrained and enjoined, will continue to do so.

SECOND CLAIM FOR RELIEF

Violations of Section 10(b) of the Exchange Act and Rule 10b-5

134. The Commission re-alleges and incorporates paragraphs 1 through 130 as if fully set forth herein.

135. By engaging in the conduct described above, Giltman, with scienter, by use of the means or instrumentalities of interstate commerce, in connection with the purchase or sale of a security, directly or indirectly: (a) employed devices, schemes, or artifices to defraud; (b) made untrue statements of material fact or omitted to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; and/or (c) engaged in acts, practices or courses of conduct which operated or would operate as a fraud or deceit.

136. By reason of the actions alleged herein, Giltman violated Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5] and, unless restrained and enjoined, will continue to do so.

THIRD CLAIM FOR RELIEF

Aiding and Abetting Violations of Section 10(b) of the Exchange Act and Rule 10b-5

137. The Commission re-alleges and incorporates paragraphs 1 through 130 as if fully set forth herein.

138. Giltman, by engaging in the conduct described above, singly or in concert, directly or indirectly, knowingly or recklessly provided substantial assistance to other participants in the fake CDs scheme, who with scienter, by use of the means or instrumentalities of interstate commerce, in connection with the purchase or sale of a security, directly or indirectly: (a) employed devices, schemes, or artifices to defraud; (b) made untrue statements of material fact or omitted to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; and/or (c) engaged in acts, practices or courses of conduct which operated or would operate as a fraud or deceit..

139. By engaging in the conduct described above, Giltman aided and abetted and, unless restrained and enjoined, will continue aiding and abetting, violations of Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5] by other participants in the fake CDs scheme.

FOURTH CLAIM FOR RELIEF

Aiding and Abetting Violations of Section 17(a) of the Securities Act

140. The Commission re-alleges and incorporates paragraphs 1 through 130 as if fully set forth herein.

141. Giltman, by engaging in the conduct described above, singly or in concert, directly or indirectly, knowingly or recklessly provided substantial assistance to other participants in the fake CDs scheme who, using the means or instrumentalities of interstate commerce or of the mails, in the offer or sale of securities, directly or indirectly, with scienter, employed devices, schemes, or artifices to defraud; obtained money or property by means of untrue statements of material fact or omissions to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and/or engaged in transactions, practices, or courses of dealing which operated or would operate as a fraud or deceit upon the purchaser.

142. By engaging in the conduct described above, Giltman aided and abetted and, unless restrained and enjoined, will continue aiding and abetting, violations of Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)] by other participants in the fake CDs scheme.

PRAYER FOR RELIEF

WHEREFORE, the Commission respectfully requests that the Court enter a judgment:

(i) Finding that Giltman violated the provisions of the federal securities laws as alleged herein;

(ii) Permanently restraining and enjoining Giltman from violating Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, and Section 17(a) of the Securities Act;

(iii) Permanently restraining and enjoining Giltman from, directly or indirectly, aiding and abetting violations of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, and Section 17(a) of the Securities Act;

(iv) Permanently restraining and enjoining Giltman from engaging in conduct consistent with that described herein;

(v) Ordering Giltman to disgorge an amount equal to the proceeds of the conduct alleged herein, pursuant to Section 21(d)(7) of the Exchange Act and to pay prejudgment interest thereon;

(vi) Ordering Giltman to pay civil monetary penalties pursuant to Section 21A of the Exchange Act; and

(vii) Granting such other and further relief as this Court may deem just and proper.

DEMAND FOR JURY TRIAL

Pursuant to Rule 38 of the Federal Rules of Civil Procedure, the Commission demands trial by jury in this action of all issues so triable.

Dated: January 5, 2022

Respectfully submitted,

s/ James P. Connor
John J. Bowers
James P. Connor
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Email: connorja@sec.gov

COUNSEL FOR PLAINTIFF SECURITIES AND EXCHANGE COMMISSION

DESIGNATION OF AGENT FOR SERVICE

Pursuant to Local Rule 101.1(f), because Plaintiff Securities and Exchange Commission (the "Commission") does not have an office in this district, the United States Attorney for the District of New Jersey is hereby designated as an alternative to the Commission to receive service of all notices or papers in the captioned action. Therefore, service upon the United States Attorney's Office or its authorized designee:

David E. Dauenheimer
Deputy Chief, Government Fraud Unit
United States Attorney's Office
District of New Jersey
970 Broad Street, Suite 700
Newark, NJ 07102-2534

shall constitute service upon the Commission for purposes of this action.

Dated: January 5, 2022

Respectfully submitted,

s/ James P. Connor

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COUNSEL FOR PLAINTIFF SECURITIES AND EXCHANGE COMMISSION

NOTICE OF RELATED ACTIONS

Pursuant to Rule 40.1(c) of the Local Rules for the District of New Jersey, Plaintiff Securities and Exchange Commission (the "Commission"), hereby notifies this Honorable Court of the existence of the following related cases currently pending in this district: (1) *U.S. v. Allen Giltman*, No. 2:20-mj-13462-LDW before Judge John Michael Vazquez and Magistrate Judge Leda D. Wettre; and (2) *U.S. v. Denis Sotnikov*, No. 2:21-cr-00453-JMV before Judge John Michael Vazquez. These actions concern related issues of law and fact arising from certain of the same transactions and conduct described herein.

Dated: January 5, 2022

Respectfully submitted,

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