

Hong Kong Businessman Indicted for Role in Filing False SEC Investment Adviser Forms on behalf of Sham Entities Used in Ramp-and-Dump Scheme

A federal grand jury in the District of Columbia returned an indictment yesterday charging a Hong Kong man for his role in a conspiracy to file false and deceptive investment adviser forms with the U.S. Securities and Exchange Commission (SEC) for at least 10 shell business entities that he and co-conspirators created. The false forms gave the impression that the entities were legitimate financial advisers, though they were sham entities. At least two of these false entities were then used to induce retail investors through social media and WhatsApp chats to purchase the stock of Chinese companies listed on NASDAQ.

“Today’s indictment charges the defendant for his alleged role in a complex securities fraud scheme that caused hundreds of millions of dollars in investor losses,” said Acting Assistant Attorney General Matthew R. Galeotti of the Justice Department’s Criminal Division. “The Criminal Division is fully committed to stopping foreign actors who victimize American retail investors. Under my leadership, the Criminal Division will aggressively investigate and prosecute criminals who steal the hard-earned savings of U.S. citizens through fraud and deceit.”

“The investing public relies on the accuracy and integrity of materials filed with the SEC,” said SEC Inspector General (SEC-OIG) Kevin B. Muhlendorf. “The SEC-OIG will tirelessly investigate domestic and foreign actors who seek to abuse the SEC’s processes for malicious purposes.”

According to the indictment, Guanhua Su, 37, of Hong Kong, who goes by the alias “Michael Su,” was the managing director and marketing director of Rhino Consulting Business Service Ltd, a Hong Kong-based financial services business. As alleged, between approximately February 2023 and March 2025, Su and his co-conspirators created at least 10 shell entities and filed fraudulent investment adviser forms with the SEC on behalf of the companies. For example, on behalf of two entities — Bluesky Eagle Capital Management LTD (Bluesky Eagle) and Wisdom Capital Management Group LTD (Wisdom Capital) — Su allegedly made or caused to be made false statements concerning the entities’ principal place of business, status as a public company, chief officers and whether information about private funds would be disclosed on other investment advisers’ filings.

According to the indictment, in April 2024, Bluesky Eagle and Wisdom Capital were used by co-conspirators to induce investors to purchase stock of a NASDAQ-listed public company based in the Cayman Islands with business in China that operated, at one point, with a variable interest entity (VIE) structure. Using false identities of financial advisers purportedly connected to Bluesky Eagle and Wisdom Capital, co-conspirators allegedly promised returns of 300-500% in WhatsApp chats, telling investors that they would be fully compensated for any losses. The indictment further alleges that as investors were told to buy stock in the public company promoted by WhatsApp accounts associated with the sham entities, foreign-based brokerage accounts sold the company’s stock for gross proceeds of as much as \$211 million. On April 17, 2024, the public company’s stock price collapsed by approximately 88%, resulting in significant investor losses.

On Nov. 13 the SEC filed civil actions against a number of entities for which the Department had charged Su with filing false forms with the regulator. The SEC filed civil actions against Bluesky Eagle

and Supreme Power Capital Management LTD in the Southern District of New York and against AI Financial Education Foundation Ltd., AI Investment Education Foundation Ltd., Invesco Alpha Inc. and Adamant Stone Ltd. in the District of Colorado. The SEC [previously filed](#) against Wisdom Capital in the District of Columbia.

Su is charged with conspiracy to commit securities fraud, making material misstatements in a report filed with the SEC, and false statements. If convicted, the defendant faces a maximum penalty of five years in prison for each count.

The SEC-OIG investigated the case. The Department of Justice appreciates the efforts of FINRA's Surveillance and Market Intelligence – Market Abuse Group.

Trial Attorney Matthew Reilly of the Criminal Division's Fraud Section is prosecuting the case.

An indictment is merely an allegation. All defendants are presumed innocent until proven guilty beyond a reasonable doubt in a court of law.