

United States District Court

FOR THE
NORTHERN DISTRICT OF CALIFORNIA

VENUE: SAN FRANCISCO

CRB

UNITED STATES OF AMERICA,

v.

CR 15 517

JAMES ALAN CRAIG,

FILED

NOV 05 2015

SUSAN Y. SOONG
CLERK, U.S. DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

DEFENDANT(S).

INDICTMENT

18 U.S.C. § 641 - Theft of Government Property; 18 U.S.C. § 981(a)
(1)(C), 28 U.S.C. § 2461(c) -
Criminal Forfeiture

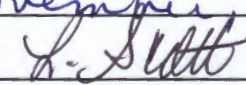
A true bill.



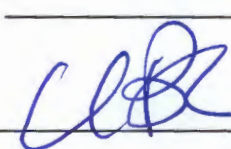
Foreman

Filed in open court this 5th day of

November 2015



Clerk



Bail, \$

no bail arrest warrant

AO 257 (Rev. 6/78)

DEFENDANT INFORMATION RELATIVE TO A CRIMINAL ACTION - IN U.S. DISTRICT COURT

BY: COMPLAINT INFORMATION INDICTMENT
 SUPERSEDING

OFFENSE CHARGED

18 U.S.C. § 1348 - Securities Fraud

- Petty
- Minor
- Misdemeanor
- Felony

PENALTY: 25 years imprisonment
\$250,000 fine
5 years supervised release
\$100 special assessment
Potential deportation

Name of District Court, and/or Judge/Magistrate Location

NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION

DEFENDANT - U.S.

JAMES ALAN CRAIG

CRB

DISTRICT COURT NUMBER

OR 15 517

PROCEEDING

Name of Complainant Agency, or Person (& Title, if any)

FBI

person is awaiting trial in another Federal or State Court, give name of court

this person/proceeding is transferred from another district per (circle one) FRCP 20, 21, or 40. Show District

this is a re prosecution of charges previously dismissed which were dismissed on motion of:

U.S. ATTORNEY DEFENSE

SHOW DOCKET NO.

this prosecution relates to a pending case involving this same defendant

MAGISTRATE CASE NO.

prior proceedings or appearance(s) before U.S. Magistrate regarding this defendant were recorded under

Name and Office of Person Furnishing Information on this form BRIAN STRETCH

U.S. Attorney Other U.S. Agency

Name of Assistant U.S. Attorney (if assigned) Robert Rees

DEFENDANT

IS NOT IN CUSTODY

Has not been arrested, pending outcome this proceeding.

- 1) If not detained give date any prior summons was served on above charges
- 2) Is a Fugitive
- 3) Is on Bail or Release from (show District)

FILED

NOV 05 2015

IS IN CUSTODY

- 4) On this charge
 - 5) On another conviction } Federal State
 - 6) Awaiting trial on other charges
- If answer to (6) is "Yes", show name of institution

SUSAN Y. SOONG
CLERK, U.S. DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

Has detainer been filed? Yes No

If "Yes" give date filed

DATE OF ARREST

Month/Day/Year

Or... if Arresting Agency & Warrant were not

DATE TRANSFERRED TO U.S. CUSTODY

Month/Day/Year

This report amends AO 257 previously submitted

ADDITIONAL INFORMATION OR COMMENTS

PROCESS:

SUMMONS NO PROCESS* WARRANT

Bail Amount: no bail

If Summons, complete following:

Arraignment Initial Appearance

* Where defendant previously apprehended on complaint, no new summons or warrant needed, since Magistrate has scheduled arraignment

Defendant Address:

Date/Time: _____ Before Judge: _____

Comments:

1 BRIAN J. STRETCH (CABN 163973)
Acting United States Attorney

FILED

NOV 05 2015

SUSAN Y. SOONG
CLERK, U.S. DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

8 UNITED STATES DISTRICT COURT
9 NORTHERN DISTRICT OF CALIFORNIA
10 SAN FRANCISCO DIVISION

CRB

11 UNITED STATES OF AMERICA,

CR No. 15 517

12 Plaintiff,

13 v.

VIOLATION: Title 18, United States Code,
Section 1348 — Securities Fraud

14 JAMES ALAN CRAIG,

15 Defendant.

16
17 INDICTMENT

18 The Grand Jury charges:

19 Introductory Allegations

20 At all times relevant to this Indictment:

21 1. The defendant, JAMES ALAN CRAIG, was an individual who resided in and around
22 Dunragit, Scotland, United Kingdom. CRAIG traded in the United States securities market using
23 securities trading accounts like one at TradeMonster belonging to his girlfriend, L.K.

24 2. Audience, Inc. ("Audience") was a voice and sound technology company headquartered
25 in Mountain View, California, whose securities were publicly traded on the NASDAQ stock exchange
26 and registered under Section 12 of the Securities and Exchange Act of 1934 (15 U.S.C. § 78I).

27 3. Sarepta Therapeutics, Inc. ("Sarepta") was a biopharmaceutical company headquartered
28 in Bothell, Washington, whose securities were publicly traded on the NASDAQ stock exchange and

1 registered under Section 12 of the Securities and Exchange Act of 1934 (15 U.S.C. § 78l).

2 4. Twitter, Inc. (“Twitter”) was a self-publication site headquartered in San Francisco,
3 California, that allowed users to issue “Tweets” containing information that could be viewed by all other
4 Twitter users, of which there were millions.

5 COUNT ONE: (18 U.S.C. § 1348 – Securities Fraud)

6 The Scheme to Defraud

7 5. From in or about December 2012 to in or about July 2013, CRAIG devised and executed
8 a material scheme to defraud others in connection with the purchase and sale of securities of publicly-
9 traded companies in order to obtain money and property by means of materially false and fraudulent
10 pretenses, representations, and promises, and by omissions and concealment of material facts. As a
11 result of this scheme to defraud, CRAIG caused losses to shareholders of publicly-traded companies in
12 an amount that exceeded approximately \$1,600,000.00.

13 6. Specifically, CRAIG set up accounts at Twitter using names similar to market research
14 firms and issued so-called “Tweets” with false and fraudulent information about publicly-traded
15 securities. These false and fraudulent Tweets issued by CRAIG caused the price of the securities to
16 rapidly decline. CRAIG then bought those securities through his girlfriend’s brokerage account and
17 later sold them at a higher price per security.

18 Manner and Means of the Scheme to Defraud

19 7. On or about January 25, 2013 CRAIG set up a Twitter account with the handle
20 @Mudd1Waters using the alias “Shun Ho” and a Gmail address he previously created. As the Twitter
21 account’s profile picture, CRAIG used the logo of Muddy Waters Research, a market research firm, in
22 an effort to make the account appear to be associated with that firm. As part of that same effort, he used
23 a name associated with C.B., the founder of Muddy Waters Research, as the account’s handle.

24 8. On or about January 29, 2013, CRAIG used the @Mudd1Waters Twitter account to
25 publish multiple false and fraudulent Tweets about Audience’s business activities, such as that Audience
26 was being investigated by the “DOJ” on rumored fraud charges.

27 9. On or about January 29, 2013, Audience’s security price fell significantly in the wake of
28 CRAIG’s Tweets until trading was halted. That same day, CRAIG used L.K.’s TradeMonster account

1 to purchase 300 shares of Audience's securities.

2 10. On or about January 30, 2013, after he bought 100 more shares of Audience's securities,
3 CRAIG sold all 400 securities at a per-share price higher than the 300 he had bought the day before.

4 11. On or about January 29, 2013, CRAIG set up a Twitter account with the handle
5 @citreonrearc using a false email address purporting to belong to Citron Research. As the Twitter
6 account's profile picture, CRAIG used the logo of Citron Research, a market research firm, in an effort
7 to make the account appear to be associated with that firm.

8 12. On or about January 30, 2013, CRAIG used the @citreonrearc Twitter account to
9 publish multiple false and fraudulent Tweets about Sarepta's business activities, such as that Sarepta's
10 trial papers were seized by the "FDA."

11 13. On or about January 30, 2013, Sarepta's security price fell significantly in the wake of
12 CRAIG's Tweets. That same day, CRAIG used L.K.'s TradeMonster account to purchase 700 total
13 shares of Sarepta's securities.

14 14. On or about February 1, 2013, CRAIG sold all 700 securities at an average per-share
15 price higher than the average per-share price he had bought them on January 30, 2013.

16 15. In furtherance of his scheme, CRAIG made material misrepresentations, and omitted and
17 concealed material facts, including the following:

18 a. CRAIG made his @Mudd1Waters Twitter account appear to look like the account
19 of a legitimate market research firm when it was not;

20 b. CRAIG falsely claimed in multiple Tweets that Audience was being investigated
21 by the "DOJ" when it was not;

22 c. CRAIG falsely claimed in multiple Tweets that Audience was being investigated
23 on rumored fraud charges when it was not;

24 d. CRAIG made his @citreonrearc Twitter account appear to look like the account
25 of a legitimate market research firm when it was not;

26 e. CRAIG falsely claimed in multiple Tweets that Sarepta's biopharmaceutical
27 results were tainted and doctored when they were not; and

28 f. CRAIG falsely claimed in multiple Tweets that Sarepta's trial papers were seized

1 by the "FDA" when they were not.

2 16. Between on or about December 2012 and July 2013, in the Northern District of
3 California and elsewhere, the defendant,

4 JAMES ALAN CRAIG,

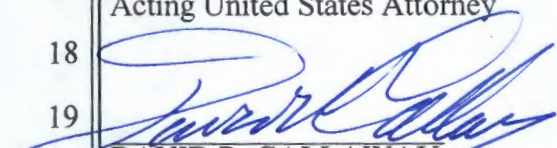
5 did knowingly execute and attempt to execute a material scheme and artifice to defraud others in
6 connection with securities, including those of Audience and Sarepta, and to obtain, by means of material
7 false and fraudulent pretenses, representations, and promises, money and property in connection with the
8 purchase and sale of securities, including those of Audience and Sarepta, each of which were registered
9 under Section 12 of the Securities and Exchange Act of 1934 (15 U.S.C. § 78l) and were required to file
10 reports under Section 15(d) of the Securities and Exchange Act of 1934 (15 U.S.C. § 78o(d)), in
11 violation of Title 18, United States Code, Section 1348.

12
13 DATED: November 5, 2015

A TRUE BILL.

14
15 
16 FOREPERSON

17 BRIAN J. STRETCH
Acting United States Attorney

18 
19 DAVID R. CALLAWAY
20 Chief, Criminal Division

21 (Approved as to form: )
22 AUSA Rees