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Department of Justice

U.S. Attorney's Office

Eastern District of New York

FOR IMMEDIATE RELEASE

Monday, February 6, 2017

Architect Of Offshore Fraud Haven And Orchestrator Of More Than 40 Pump And Dump Schemes Sentenced To 6 And 12 Years In Prison, Respectively, For Executing A \$250 Million Money Laundering Scheme

Defendants Used Shell Companies in Belize and the West Indies to Facilitate Numerous Fraud Schemes, Including the Manipulation of Cynk Technology Corp (CYNK)

BROOKLYN, N.Y. – Earlier today, Robert Bandfield, a U.S. citizen and resident of Belize, and Gregg R. Mulholland, a dual U.S. and Canadian citizen, were sentenced to 6 and 12 years in prison, respectively. In May 2016, Bandfield pleaded guilty to money laundering conspiracy for setting up an elaborate and fraudulent structure of shell companies and brokerage firms in Belize and the West Indies that enabled his clients to fraudulently manipulate the stocks of dozens of U.S. publicly-traded companies. That same month, Mulholland, the secret owner of Legacy Global Markets S.A. (Legacy), an offshore broker-dealer and investment management company based in Panama City, Panama and Belize City, Belize, pleaded guilty to money laundering conspiracy for fraudulently manipulating the stocks of more than 40 U.S. publicly-traded companies and then laundering more than \$250 million in fraudulent proceeds through at least five offshore law firms. As part of the sentences, Bandfield was ordered to forfeit, among other things, \$1 million and all his rights and interests in three corporate entities -- IPC Management Services LLC, IPC Corporate Services Inc. and IPC Corporate Services LLC (collectively, "IPC Corp") -- that he founded and controlled in Belize, whereas Mulholland was ordered to forfeit, among other things, a Dassault-Breguet Falcon 50 aircraft, a Range Rover Defender vehicle, two real estate properties in British Columbia, and funds and securities on deposit at more than 25 bank and brokerage accounts.

The sentences were announced by Robert L. Capers, United States Attorney for the Eastern District of New York; William F. Sweeney, Jr., Assistant Director-in-Charge, Federal Bureau of Investigation, New York Field Office (FBI); Kathy A. Enstrom, Acting Special Agent-in-Charge, United States Internal Revenue Service, Criminal Investigation, New York (IRS-CI); and Angel M. Melendez, Special Agent-in-Charge, New York, Homeland Security Investigations (HSI).

In addition to the agencies that led the investigation, Mr. Capers thanked the Securities and Exchange Commission (SEC), the Department of Justice's Office of International Affairs (OIA), the Department of State's Diplomatic Security Service (DSS) and the Financial Industry Regulatory Authority, Inc., Criminal Prosecution Assistance Group (FINRA CPAG) for their cooperation and assistance in the investigation.

According to the court filings and facts presented at the plea and sentencing hearings, between January 2009 and September 2014, Bandfield, Mulholland and their co-conspirators engaged in three interrelated schemes: (1) to induce U.S. investors to purchase stock in various thinly-traded U.S. public companies through fraudulent promotion of the stock, concealment of their ownership interests in the companies, and fraudulent manipulation of artificial price movements and trading volume in the stocks of those companies; (2) to circumvent the payment of capital gains taxes and the IRS's reporting requirements under the Foreign Account Tax Compliance Act (FATCA); and (3) to launder the fraudulent proceeds from the stock manipulation schemes to and from the United States through debit cards and attorney escrow accounts. Between 2010 and 2014, Mulholland controlled a group of individuals (the Mulholland Group). Through these schemes, Bandfield helped his corrupt clients -- who included Mulholland and more than 100 others -- launder more than \$250 million in fraudulent proceeds.

To facilitate these interrelated schemes, Bandfield and his co-conspirators created shell companies in Belize and the West Indies for the corrupt clients and placed nominees at the helm of these companies. This structure was designed to conceal the clients' ownership interest in the stock of U.S. public companies, in violation of U.S. securities laws, and enable the corrupt investors to engage in trading under the nominee's names through brokerage firms also set up in Belize. For example, this structure enabled the Mulholland Group to manipulate the stock of Cynk Technology Corp, which traded on the U.S. OTC markets under the ticker symbol CYNK. Using aliases such as "Stamps" and "Charlie Wolf," Mulholland was intercepted on a court-authorized wiretap on May 15, 2014, admitting to his ownership of "all the free trading" or unrestricted shares of CYNK. Prior to this conversation between Mulholland and his trader at Legacy, there had been no trading in CYNK stock for 24 trading days. Over the next two months, the stock of CYNK rose from \$0.06 per share to \$13.90 per share, a more than \$4 billion stock market valuation for a company that had no revenue and no assets.

Mulholland used the services of a U.S.-based lawyer to launder the more than \$250 million generated through his stock manipulation of CYNK and other U.S. companies -- directing the fraud proceeds to five law firm accounts and transmitting them back to members of the Mulholland Group and its co-conspirators. Other clients used unidentifiable debit cards to freely transfer their fraudulent proceeds back into the United States.

Bandfield's scheme also enabled the U.S. corrupt clients evade reporting requirements to the IRS

by concealing the proceeds generated by the manipulated stock transactions through the shell companies and their nominees. For example, in response to a request received by a U.S. corrupt client from a U.S. transfer agent who had to determine whether the proceeds from manipulative stock trading transaction were taxable under U.S. law, Bandfield forwarded an IRS Form signed by co-defendant Andrew Godfrey as the nominee for the shell company which had been set up at the request of the client. At one point during the government's investigation, Bandfield boasted to an undercover law enforcement agent that he had specifically designed this "slick" corporate structure to counter then-President Barack Obama's new laws, a reference to FATCA.

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Today's proceeding took place before United States District Judge I. Leo Glasser.

The government's case is being prosecuted by the Office's Business and Securities Fraud Section. Assistant United States Attorneys Jacquelyn Kasulis, Winston Paes and Michael Keilty are in charge of the prosecution, with assistance from Assistant United States Attorney Brian Morris of the Office's Civil Division, who is responsible for the forfeiture of assets.

The Defendants:

ROBERT BANDFIELD

Age: 72

Belize City, Belize

GREGG R. MULHOLLAND

Age: 47

San Juan Capistrano, California

Vancouver, Canada

EDNY Docket No. 14-CR-476 (S-2) (ILG)

Topic(s):

Financial Fraud

Securities, Commodities, & Investment Fraud

StopFraud

Component(s):

USAO - New York, Eastern

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