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JUSTICE NEWS

Department of Justice

Office of Public Affairs

FOR IMMEDIATE RELEASE

Wednesday, December 14, 2022

Eight Men Indicted for \$114 Million Securities Fraud Scheme Orchestrated Through Social Media

A federal grand jury in the Southern District of Texas returned an indictment that was unsealed yesterday charging eight men with conspiracy to commit securities fraud for a long-running, social media-based “pump and dump” scheme.

According to court documents, Edward Constantinescu, aka Constantin, 38, of Montgomery, Texas; Perry “PJ” Matlock, 38, of The Woodlands, Texas; John Rybarczyk, 32, of Spring, Texas; Gary Deel, 28, of Beverly Hills, California; Stefan Hrvatin, 35, of Miami, Florida; Tom Cooperman, 34, of Beverly Hills, California; Mitchell Hennessey, 23, of Hoboken, New Jersey; and, Dan Knight, 23, of Houston, Texas, allegedly engaged in a wide-ranging securities fraud conspiracy in which the defendants used their extensive social media presence on Twitter and Discord to hype interest in particular securities by posting false and misleading information in order to “pump” the prices of those securities, while concealing their intent to later “dump” their shares by selling them at the artificially inflated prices. From in or around January 2020 to in or around April 2022, the defendants profited at least approximately \$114 million from their scheme.

“Securities fraud victimizes innocent investors and undermines the integrity of our public markets,” said Assistant Attorney General Kenneth A. Polite, Jr. of the Justice Department’s Criminal Division. “As these charges demonstrate, the department will continue to prosecute those who defraud investors by spreading false and misleading information, including over social media, to line their own pockets.”

According to the indictment, the defendants collectively had over 1.5 million followers on Twitter to whom they allegedly disseminated false and misleading information about the securities that they pumped and dumped as part of the charged scheme. In addition to their Twitter presence, the defendants also allegedly ran an online community for individual stock traders called Atlas Trading, which defendants promoted as one of the largest, free online communities in the world for individual stock traders and which had a chatroom called Atlas Trading Discord. The defendants also allegedly used Atlas Trading Discord to disseminate false and misleading information about securities that they pumped and dumped as part of the charged scheme.

“We are committed to protecting the investing public from market manipulation schemes, regardless of how they are carried out,” said U.S. Attorney Alamdar S. Hamdani for the Southern District of Texas. “As some use advances in technology and social media to prey upon the public, our office will be on the cutting edge of prosecuting this area of fraud.”

According to the indictment, the defendants allegedly used the following aliases on Twitter and Discord to

perpetuate the scheme:

Defendant	Twitter Handle	Discord Handle
Edward Constantinescu	@MrZackMorris	Zack Morris#0001
Perry "PJ" Matlock	@PJ_Matlock	PJ Matlock#0001
John Rybarczyk	@Ultra_Calls	Ultra#0374
Gary Deel	@notoriousalerts	Mystic Mac [emoji of four-leaf clover]#7345
Stefan Hrvatin	@LadeBackk	Lade Backk#6083
Tom Cooperman	@ohheytommy	TOMMY COOPS #5323
Mitchell Hennessey	@Hugh_Henne	HOODHUGHBEAR[emoji of an ox]#4034
Daniel Knight	@DipDeity	Dan, Deity of Dips#8114

As further alleged in the indictment, the defendants used their social media credibility to maximize their own profits at the expense of their followers, holding themselves out as skilled stock traders by posting pictures showcasing their profits and extravagant lifestyles, and encouraging people to follow them on social media in order to share in their financial gains.

"Corporate fraud remains a priority for the FBI as it victimizes investors and erodes public confidence in the securities markets," said Assistant Director Luis Quesada of the FBI's Criminal Investigative Division. "The FBI and our law enforcement partners remain committed to identifying, investigating, and pursuing those who seek to undermine the U.S. financial market and investors."

"Financial crimes like securities fraud may not be violent, but they certainly are not victimless," said Special Agent in Charge James Smith. "The eight individuals arrested today are accused of costing investors, specifically their social media followers who trusted them, millions of dollars by a 'pump and dump' market manipulation scheme they allegedly carried out on popular social media platforms. As the lead agency investigating corporate fraud, the FBI was able to uncover their alleged manipulative activity and expose their coordinated pattern of securities fraud."

All defendants are charged with one count of conspiracy to commit securities fraud. Additionally, Constantin is charged with three counts of securities fraud and one count of engaging in monetary transactions in property derived from specified unlawful activity; Matlock and Deel are both charged with five counts of securities fraud; Rybarczyk is charged with four counts of securities fraud; and Hrvatin, Cooperman, and Hennessey are each charged with two counts of securities fraud.

The defendants made their initial court appearances yesterday. If convicted, each defendant faces a maximum penalty of 25 years in prison for conspiracy to commit securities fraud and each charged count of securities fraud. Constantin also faces a maximum penalty of 10 years in prison if convicted of engaging in unlawful monetary transactions. A federal district court judge will determine any sentence after considering the U.S. Sentencing

Guidelines and other statutory factors.

The FBI Houston Field Office is investigating the case.

Assistant Chief Scott Armstrong and Trial Attorney John J. Liolos of the Criminal Division's Fraud Section and Assistant U.S. Attorney Thomas "Heyward" Carter III for the Southern District of Texas are prosecuting the case.

If you believe you are a victim in this case, please contact the Fraud Section's Victim Witness Unit toll-free at (888) 549-3945 or by email at victimassistance.fraud@usdoj.gov. You are also encouraged to visit our webpage for this case at <https://www.justice.gov/criminal-vns/case/united-states-v-constantinescu-et-al>.

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

Attachment(s):

[Download Indictment](#)

Topic(s):

Cybercrime
Securities, Commodities, & Investment Fraud

Component(s):

[Criminal Division](#)
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[USAO - Texas, Southern](#)

Press Release Number:

22-1353

Updated March 22, 2023