

"A deliberate attempt to interfere with the free and fair operation of the market to create misleading appearances of share prices"

Stock Manipulation

Do you feel something?



Market manipulation is prohibited in most nations, including Singapore. Understanding what is stock manipulation can help you avoid hefty losses. But the best form of defence?

Stocks, especially Penny Stocks, which can be easily influenced - a single trader can, for a fee/ commission, move money into the stock and send the prices skyrocketing - then fancy press releases are put out to whip retail investors into a frenzy. The innocent retail followers put their money in the stocks and get burnt.

#1 FBI: Busted 22 Penny Stocks Pumpers

FBI Operation "Penny Pincher" nabbed 22 penny stock pumpers

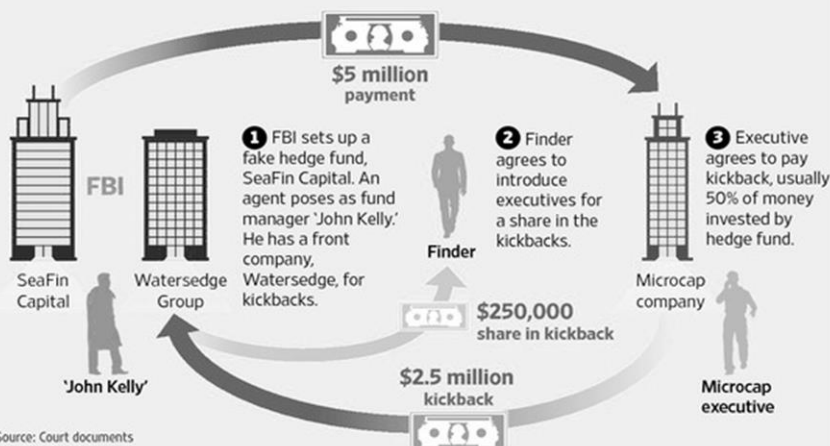
Federal Bureau of Investigation started a massive sting operation aimed at tackling fraud in the penny-stock market. FBI set up a US\$5 million hedge fund, manned by a hedge fund manager looking for help in luring penny-stock companies willing to pay kickbacks in exchange for a large investment.

A stock with a market cap under \$100M is called penny stock - regardless of the share price

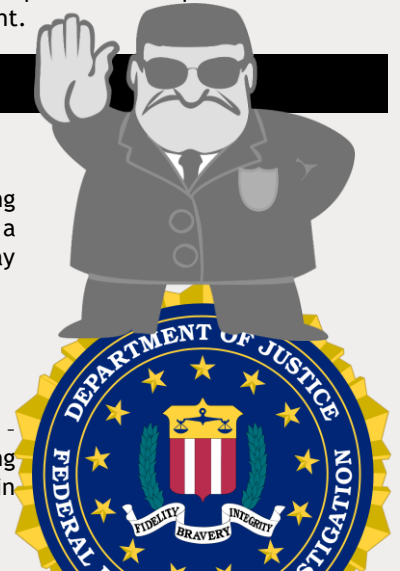
Of course, the same thing happens with mid-cap stocks as well and even large-caps - it's just that the people manipulating those stocks are generally better at covering their tracks! 22 is the number of people the FBI caught in the short period of time in 2014.

Pinching Pennies

In an undercover sting called Operation Pennypincher, the FBI set up a fake hedge fund that attracted penny-stock executives and others willing to participate in a kickback scheme.



Source: Court documents
The Wall Street Journal



Four middlemen who introduced pink-sheet executives to SeaFin Capital, the hedge fund created by the FBI.

John Keelan, an FBI agent, is the center of the sting. Keelan as Kelly offered penny-stock companies investments of up to \$5 million from SeaFin, which he said managed \$3 billion in total assets. Prosecutors said Kelly made very clear that he would effectively be stealing from clients in exchange for a kickback.

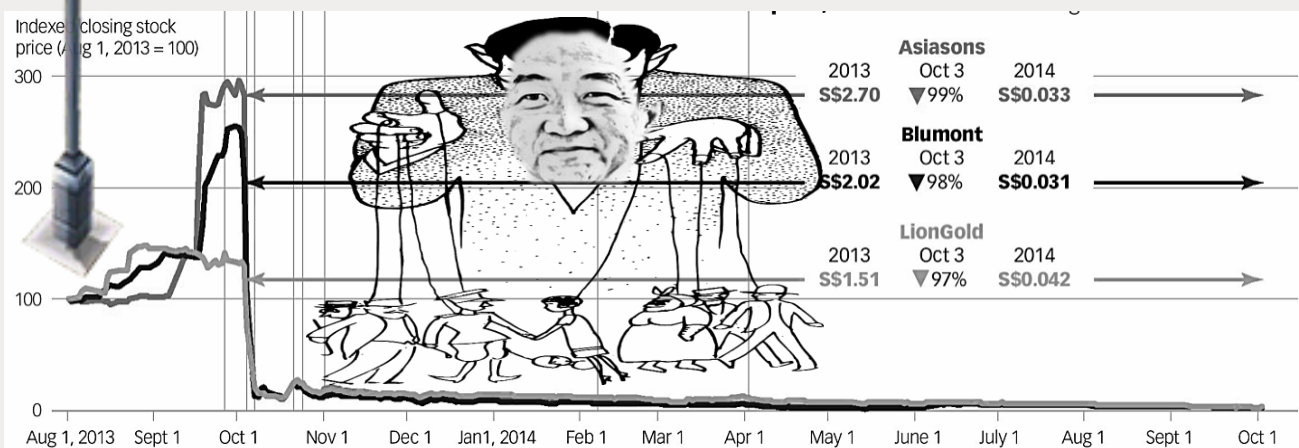
One former stockbroker said he was so brazen that he feared it "could be an FBI sting." But that did not stop Edward Henderson from taking \$12,650 in exchange for introducing Kelly to several penny-stock executives, leading to his arrest later on—and his admission to a past, undetected bit of insider-trading. It also led to his cooperation.

The markets are manipulated in some ways. Some CEOs and their Boards worry about the stock price - the minute they begin to worry about the stock price, manipulation is sure to follow. That's the way the system is designed.



#2: Singapore- Clean & Green City Securities Fraud Case

2013 penny saga: The most famous case in Singapore is perhaps the 2013 penny saga- Blumont Group, LionGold and Asiasons Capital- which after seeing huge run-ups in their share prices lost more than S\$8b in shareholders' value in less than 2 trading days. (The classic pump and dump)



Fake news or outright fraud?

Leading up to the price peak, A US-based hedge fund, Platinum Partners, and its related parties, agreed to subscribe to US\$560m worth of shares and convertible bond in *Asiasons*, *Blumont* and *LionGold* collectively. The transactions were called off following the collapse in share price, but likely helped stroked bullish sentiment and fuelled the run-ups. Around the same time, Asiasons said it would buy a 27.5% stake in Black Elk for US\$171.65m from Platinum Partner and its associate—effectively valuing a loss making company with negative equity and financial leverage, that is in the midst of facing multiple civil suits, for US\$625m. The now defunct fund, Platinum partners' co founder had recently pleaded guilty to fraud (although for other cases in US) in May 18.

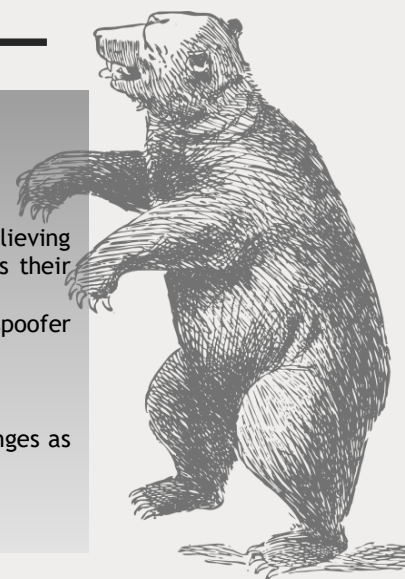
Other types of stock manipulation

Spoofing the Tape (layering)

- The "spoofers" place orders in the market with no intention of having them filled.
- Retail investors see the large orders waiting to be executed, are tricked into believing that a market whale is trying to buy or sell at a certain price → and they place their order at the same level to buy or sell.
- The spoofer pulls their order, and the retail investor's order is filled → After the spoofer pulls the order, the market drops

Bear raiding

- A large player forces share prices lower by placing large sell orders. The price plunges as stops are hit, adding to the selling.





#GivingWeekSG

Share your Time, Talent, Treasure and Voice

Most of our time is spent in the concrete jungle, juggling between our long working hours, personal and family errands. The little time we've left is usually used to chill, have a wine and just relax. In a society where time is money, how many of us actually put in the effort to give back to the society?



Not to fret, as part of the National Volunteer & Philanthropy Centre from **27 November to 5 December 2018**, retailers, corporates and organisations have teamed up to present **#GivingWeekSG**.

Imagine a week where we constantly get opportunities to do our part, to give back to the society without additional hassle—From the moment we start our day, during our commute, at work, play, when having a meal, shopping, or even a mundane conversation or activity can have an element of care.

We want to help spread this movement, and help to embed the DNA of Giving as part of our everyday culture, becoming a **#CityofGood**.

27 Nov to 5 Dec: The doyenne of Peranakan cooking, Violet Oon, will be donating 100% of its proceeds from the sale of their signature tapioca cake, kueh bang kah, to the Daughters of Tomorrow foundation.



VioletOon
SINGAPORE



Daughters of Tomorrow is a foundation that empowers women of tomorrow by offering training and workforce-related coaching to help each woman reach regular and sustained employment by helping them regain confidence and a social support networks that helps them through their difficult times.

Their beneficiaries are women aged 20 to 60 from low-income families (surviving on \$200 to \$500 per capita per month), mostly living in government-subsidized rental flats, and facing multiple stressors in their families.

