

BEFORE THE HEARING BOARD
OF THE
ILLINOIS ATTORNEY REGISTRATION
AND
DISCIPLINARY COMMISSION

In the Matter of:)
)
ASHMIT S. PATEL,)
) Commission No 2024PR00015
Attorney-Respondent,)
)
No. 6309877.)

COMPLAINT

Lea S. Gutierrez, Administrator of the Attorney Registration and Disciplinary Commission, by her attorneys, M. Katherine Boychuk and Matthew D. Lango, pursuant to Supreme Court Rule 761, complains of Respondent, Ashmit S. Patel, who was licensed to practice law in the State of Illinois on November 1, 2012, and alleges that Respondent has engaged in the following conduct which subjects Respondent to discipline pursuant to Supreme Court Rule 770:

COUNT I

(Conviction of Conspiracy to Commit Securities Fraud and Manipulative Trading)

1. Beginning no later than September 2014 and continuing until in or around January 2017, Respondent, Michael Wexler, Ongkaruck Sripetch, and Brehnen Knight conspired to commit securities fraud and manipulative securities trading, in violation of Title 18, U.S.C. § 371. Specifically, Respondent, Wexler, Sripetch, and Knight conspired to conduct an illegal pump-and-dump scheme surrounding VMS Rehab Systems, Inc. (“VMS”) and its stock. Wexler was the chief executive officer of VMS. Sripetch ran a stock promotion website called Stockpalooza and controlled Optimus Prime Financial, Inc. Respondent maintained a domestic brokerage account.

2. A pump-and-dump scheme was a fraudulent scheme that involved the artificial inflation of the stock price of a publicly traded company (the “pump”) so that individuals who

FILED
3/7/2024 9:12 AM
ARDC Clerk

controlled a substantial portion of the company's stock could sell shares of that stock at artificially high prices (the "dump"). Generally, such schemes effected the artificial inflation in share price by, among other things, issuing news releases and promotional materials regarding the company and its stock – often containing false, misleading, or exaggerated information – and by engaging in manipulative trading of the stock to affect its price and generate the appearance of demand for the shares.

3. A manipulative trading scheme was a fraudulent scheme that involved practices carried out for the purpose of creating the false and misleading appearance of trading activity for such stock and the market for such stock. A manipulative trading scheme might involve matched trades, which were trades involving the selling or buying of stock at pre-arranged prices and volumes.

4. Respondent, Wexler, Sripetch, and Knight agreed that:

- a. Respondent would acquire millions of shares of VMS stock, purportedly in exchange for providing legal services;
- b. Respondent would make misrepresentations to his brokerage firm in order to deposit and trade the shares of VMS through his brokerage account;
- c. Sripetch and Knight would engage in manipulative trading in VMS stock for the purpose of creating a false or misleading appearance of active trading in the stock and a false or misleading appearance with respect to the market for the stock;
- d. Wexler would issue press releases about VMS in order to generate interest in the company and its stock, and to provide material to be used in third-party promotions of the stock;
- e. Sripetch would cause the promotion of the stock, in order to artificially avoid the deflation of the stock and to inflate and maintain the share price of the stock;

- f. Respondent would sell the VMS stock from his brokerage account into the open market at inflated prices; and
- g. After selling the stock, Respondent would transfer a portion of the proceeds to a bank account controlled by Knight, who, in turn, would transfer a portion to an account controlled by Sripetch.

5. Between at least March 2016 and January 2017, Respondent, Wexler, Sripetch, and Knight, carried out various aspects of their agreement to perpetrate a pump-and-dump scheme involving VMS and its stock. In furtherance of the scheme, they did the following:

- a. On or about April 29, 2016, around 12:58 p.m., Knight entered an order to sell VMS stock from a brokerage account held in Knight's name for \$1.78 per share. Around 1:25 p.m., Sripetch entered an order to purchase VMS stock from an account held in Sripetch's name for \$1.78 per share. A corresponding trade for 200 shares at \$1.78 per share was executed in the market;
- b. On or about May 24, 2016, Sripetch wired, or caused to be wired, \$26,000 from an Optimus Prime bank account to facilitate a promotion of VMS and its stock;
- c. On or about November 22, 2016, Wexler issued, or caused to be issued, a press release from VMS announcing a planned acquisition of an electronic health company;
- d. On or about December 21, 2016, Respondent sold, or caused to be sold, 5,321,434 shares of VMS stock through his brokerage account for the proceeds of \$183,057.33;
- e. On or about December 23, 2016, Respondent transferred \$56,500 from his bank account to a bank account controlled by Knight; and
- f. On or about December 23, 2016, Knight transferred \$29,700 to a bank account controlled by Sripetch.

6. On January 8, 2020, a federal grand jury in the Southern District of California returned an indictment against Respondent and others. The matter was captioned *United States of America v. Ongkaruck Sripetch et al.*, Case No. 20CR0160H. The indictment charged Respondent

in Count 1 with the offense of conspiracy to commit securities fraud and manipulative trading, in violation of Title 18, U.S.C. § 371, and in Count 2 with the offense of securities fraud, in violation of Title 15, U.S.C. §§ 78j(b) and 78ff, and Title 17, C.F.R. § 240.16b-5.

7. On July 11, 2022, Respondent and the United States Attorney for the Southern District of California entered into a written plea agreement in case number 20CR0160H, in which Respondent agreed to plead guilty to Count 1 of the indictment and the United States Attorney agreed to dismiss the remaining count against Respondent.

8. In the plea agreement, Respondent admitted that he committed each element of the offense of conspiracy to commit securities fraud and manipulative trading. Respondent further admitted that the unlawful gain that resulted from the offense was approximately \$499,100.

9. On January 29, 2024, the Honorable Marilyn L. Huff, United States District Judge, entered a judgment of conviction against Respondent as to Count 1 of the indictment in case number 20CR0160H, and imposed a sentence of 3 years' probation and a \$100 assessment. Judge Huff also ordered Respondent to pay restitution in the amount of \$41,953.26 to the victims of his offense. The judge dismissed Count 2 as to Respondent on the motion of the United States.

10. By reason of the conduct described above, Respondent engaged in the following misconduct:

- a. committing a criminal act that reflects adversely on his honesty, trustworthiness, or fitness as a lawyer in other respects, by committing the criminal offense of conspiracy to commit securities fraud and manipulative trading in violation of Title 18, United States Code, Section 371 and Rule 8.4(b) of the Illinois Rules of Professional Conduct (2010); and

- b. conduct involving dishonesty, fraud, deceit, or misrepresentation, by conduct including committing the criminal offense of conspiracy to commit securities fraud and manipulative trading in violation of Title 18, United States Code, Section 371 and Rule 8.4(c) of the Illinois Rules of Professional Conduct (2010).

WHEREFORE, the Administrator requests that this matter be assigned to a panel of the Hearing Board, that a hearing be held pursuant to Supreme Court Rule 761, and that the panel make findings of fact, conclusions of fact and law, and a recommendation for such discipline as is warranted.

Respectfully submitted,

Lea S. Gutierrez, Administrator
Illinois Attorney Registration and
Disciplinary Commission

By: /s/ M. Katherine Boychuk
M. Katherine Boychuk

M. Katherine Boychuk
Matthew D. Lango
Counsel for Administrator
One Prudential Plaza
130 East Randolph Drive, #1500
Chicago, Illinois 60601
Telephone: (312) 565-2600
Email: kboychuk@iadc.org
Email: mlango@iadc.org
Email: ARDCeService@iadc.org

1719881-v1