



Department of Justice

Office of Public Affairs

FOR IMMEDIATE RELEASE

Friday, June 10, 2022

Stock Trader Pleads Guilty to Defrauding Investors in Medical Technology Company

A California man pleaded guilty yesterday in connection with a scheme to defraud investors in a publicly traded company's securities and manipulate the company's stock price.

According to court documents, Jason Nielsen, 55, of Scotts Valley, was a large shareholder of Arrayit, a publicly traded medical device company based in California. From approximately 2019 through April 2020, Nielsen engaged in an unlawful "scalping" and "spoofing" scheme to manipulate the price of Arrayit securities. Nielsen used online message boards to publicly post false and misleading information about the nature of his trading in Arrayit securities, in order to induce others to purchase Arrayit securities and thereby drive up the stock's price, a practice known as "scalping."

Nielsen admitted that he placed orders to buy Arrayit stock that he intended to cancel before execution. The purpose of these orders was to deceive the public and Arrayit shareholders by signaling demand for Arrayit securities which did not exist. This allowed Nielsen to sell his shares at artificially inflated prices, a practice known as "spoofing." While engaged in these practices, Nielsen was secretly selling his own previously acquired shares at an artificially inflated price.

Nielsen pleaded guilty to one count of securities fraud. He is scheduled to be sentenced on Oct. 24 and faces a maximum penalty of five years in prison. A federal district court judge will determine any sentence after considering the U.S. Sentencing Guidelines and other statutory factors.

Assistant Attorney General Kenneth A. Polite, Jr. of the Justice Department's Criminal Division; U.S. Attorney Stephanie M. Hinds for the Northern District of California; Special Agent in Charge Steven Ryan of the Department of Health and Human Services – Office of Inspector General (HHS-OIG); Assistant Director Luis Quesada of the FBI's Criminal Investigative Division; Special Agent in Charge Sean Ragan of the FBI's San Francisco Field Office; Inspector in Charge Eric Shen of the U.S. Postal Inspection Service's Criminal Investigations Group; Special Agent in Charge Kim Lampkins of the Department of Veterans Affairs – Office of Inspector General (VA-OIG), Mid-Atlantic Field Office; and Special Agent in Charge Bryan Denny of the Department of Defense Office of Inspector General's (DoD OIG) Defense Criminal Investigative Service (DCIS) made the announcement.

HHS-OIG's San Francisco Regional Office and Detroit Regional Office, U.S. Postal Inspection Service, the FBI, VA-OIG and DCIS investigated the case.

Acting Principal Assistant Chief Justin Weitz, Assistant Chief Jacob Foster, and Trial Attorney Laura Connelly of the Criminal Division's Fraud Section and Assistant U.S. Attorney Lloyd Farnham of the Northern District of California are prosecuting the case.

The Fraud Section is using the Victim Notification System (VNS) to provide victims with case information and updates related to this case. Victims with questions may contact the Fraud Section's Victim Assistance Unit by calling the Victim Assistance phone line at 1-888-549-3945 or by emailing Victimassistance.fraud@usdoj.gov. To learn more about victims' rights, please visit: <https://www.justice.gov/criminal-vns/victim-rights-derechos-de-las-v-ctimas>. If you believe you are a victim, please visit <https://www.justice.gov/criminal-vns/case/Nielsen>.

Topic(s):

Financial Fraud

Securities, Commodities, & Investment Fraud

Component(s):

Criminal Division

Criminal - Criminal Fraud Section

Press Release Number:

22-621

Updated June 13, 2022