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Tuesday, June 17, 2003

WPB man pleads guilty to securities conspiracy

South Florida Business Journal

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Government agencies said a man identified during **Operation Bermuda Short**, a two-year undercover investigation, has pled guilty to one count of conspiracy to commit securities fraud.

The U.S. Attorney for the Southern District of Florida and a special agent for the Federal Bureau of Investigation said Larry Kerschenbaum entered his guilty plea before U.S. District Court Judge Patricia Seitz. He faces a maximum term of five years in prison, followed by supervised release, a fine of up to \$250,000 and court costs.

Sentencing is scheduled for Aug. 22 before Judge Seitz, the government said.

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Operation Bermuda Short, which targeted corrupt practices in the securities industry in South Florida. Investigators said in 1996, Kerschenbaum founded Halo Holdings, a skydiving business in West Palm Beach.

Kerschenbaum agreed to do a reverse merger of Halo into a pre-existing company, A1 Internet.com (AWON), based in Rockville, Md., the government said.

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Kerschenbaum received about 400,000 shares of stock in the newly formed AWON, which was publicly traded in the United States on the over-the-counter market, the government said.

"From July 1999 through January 2001, Kerschenbaum agreed to pay undisclosed kickback payments to securities brokers in order for them to recommend and sell Kerschenbaum's shares of AWON stock to their clients," the U.S. Attorney's Office said. "Kerschenbaum paid an undisclosed kickback of 50 percent of the price at which any AWON stock was sold."

To pay the kickbacks to the brokers, the government said Kerschenbaum agreed to accept a purchase price lower than market price for his AWON shares. Stock brokers arranged for the sales at market price.

"As much as \$500,000 worth of AWON shares were sold and Kerschenbaum paid approximately \$100,000 in kickback payments," the government said. "These kickback payments were not disclosed to subsequent purchasers of Kerschenbaum's AWON shares."

The case is being prosecuted by Assistant U.S. Attorney Christopher J. Clark of the economic crimes section.

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