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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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:
UNITED STATES OF AMERICA
:
-v.-
:
ROBERT KELLY,
:
Defendant.
:
----- x

INDICTMENT

12 Cr. ____

12 CRIM 888

COUNT ONE

(Securities Fraud)

The Grand Jury charges:

Relevant Individual and Entities

1. At all times relevant to this Indictment, ROBERT KELLY, the defendant, was the chief executive officer and chairman of the board of directors of Wwebnet, Inc.

2. Wwebnet, Inc., formerly known as ValuFlik, Inc., was incorporated in Nevada in or about July 2005. At all times relevant to this Indictment, Wwebnet, Inc., which had its principal office at 1230 Avenue of the Americas, 7th Floor, New York, New York 10020, was the sole owner of a United Kingdom entity called DirectChoice TV Communications, Ltd.

("DirectChoice" or "DCTV") that had offices in Chelsea, England. According to investment solicitation documents that ROBERT KELLY, the defendant, provided to potential investors, Wwebnet, Inc., its predecessor companies (including ValuFlik), and its subsidiaries (including DirectChoice) (collectively, "Wwebnet")

JUDGE CROTTY

were in the business of developing a software program that could provide consumers, via the Internet, "music, film, and video" content after the user downloaded the software program onto his or her computer.

3. Rymatics Software Ltd. ("Rymatics") was incorporated in the British Virgin Islands in or about August 2004. At all times relevant to this Indictment, ROBERT KELLY, the defendant, was the majority owner of Rymatics and was also its "Managing Member." According to an Agreement for Services, dated September 9, 2005, that was entered into between Rymatics (by KELLY in his capacity as Rymatics' "Managing Member") and Wwebnet (also by KELLY in his capacity as Wwebnet's chief executive officer), Rymatics agreed "to provide software development, hardware acquisition, strategic software advice and web hosting services" to Wwebnet, in exchange for "a monthly service fee in the amount of \$95,000" (the "Rymatics Contract").

4. Executive Consultants Services, Ltd. ("ECS") was incorporated in the British Virgin Islands in or about August 2004. At all times relevant to this Indictment, ECS was owned and operated solely by ROBERT KELLY, the defendant. Based on financial disclosure statements that Wwebnet filed in the United Kingdom, ECS purportedly provided "management" and "business set-up" services to Wwebnet.

The Scheme To Defraud

5. From at least in or about 2004, up to and including at least in or about November 2008, ROBERT KELLY, the defendant, perpetrated a scheme to defraud investors of millions of dollars. KELLY solicited investors to wire their investments to various bank accounts on the basis of false representations that their investments would be used by Wwebnet to develop software for transmitting music, videos, and movies over the Internet. Through these and other misrepresentations, KELLY obtained millions of dollars in investor funds.

6. Contrary to the representations that ROBERT KELLY, the defendant, made to investors about how their money would be spent, Wwebnet's Chief Technology Officer ("CTO") and his team were not given the necessary resources to develop the software to perform the functions that KELLY described to investors. KELLY falsely told the CTO, in sum and substance, that because of a lack of funding, KELLY was unable to allocate adequate resources for software development and could do so only "when we get the money." Instead, the CTO and his team worked exclusively on "demos" - prototypes that attempted to show how a computer program, once developed, was expected to look and function - that were incapable of delivering entertainment content to consumers in the general public in the manner that KELLY had described to investors.

7. Contrary to the representations that ROBERT KELLY, the defendant, had made to the CTO, KELLY had in fact successfully solicited substantial amounts of money from investors. However, instead of using the money for legitimate business purposes, KELLY diverted a substantial portion of investors' money for his own financial benefit. KELLY typically did so by first transferring the investment proceeds that Wwebnet received into a Rymatics bank account in Gibraltar ("Gibraltar Account"). After the money reached Rymatics' Gibraltar Account, KELLY further transferred the money into ECS's account in the Cayman Islands, which KELLY had opened for the purpose of trading options and futures ("KELLY's Cayman Islands Options Trading Account"). Investor funds were often diverted into KELLY's Cayman Islands Options Trading Account in the manner described above within a few days of their receipt. As a result, Wwebnet's various bank accounts and the Rymatics Gibraltar Account typically had balances that were significantly less than the amounts that KELLY had received from Wwebnet investors.

8. From in or about December 2004 up to and including in or about September 2007, ROBERT KELLY, the defendant, caused at least \$2.49 million of investor proceeds to be transferred from Wwebnet's bank accounts into Rymatics' Gibraltar Account. During this same time period, KELLY transferred at least \$2.11 million from Rymatics' bank accounts into KELLY's Cayman Islands

Options Trading Account. As a result of trading losses, as of May 2008, KELLY's Cayman Islands Options Trading Account had a zero account balance.

9. In addition to diverting investors' money offshore to trade options and futures, ROBERT KELLY, the defendant, also used investor money to benefit himself in other ways, including transferring money into his personal bank accounts and paying his personal federal and state income taxes.

Statutory Allegation

10. From at least in or about 2004, up to and including at least in or about November 2008, in the Southern District of New York and elsewhere, ROBERT KELLY, the defendant, willfully and knowingly, directly and indirectly, by the use of the means and instrumentalities of interstate commerce, and of the mails, and of the facilities of national securities exchanges, did use and employ, in connection with the purchase and sale of securities, manipulative and deceptive devices and contrivances in violation of Title 17, Code of Federal Regulations, Section 240.10b-5, by (a) employing devices, schemes, and artifices to defraud; (b) making untrue statements of material facts and omitting to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; and (c) engaging in acts, practices, and courses of business which

operated and would operate as a fraud and deceit upon persons, to wit, KELLY solicited investors to buy shares in a company known as Wwebnet, Inc. on the basis of false representations that their investments would be used to develop software for transmitting music, videos, and movies over the Internet.

(Title 15, United States Code, Sections 78j(b) & 78ff;
Title 17, Code of Federal Regulations, Section 240.10b-5, and
Title 18, United States Code, Section 2.)

COUNT TWO

(Wire Fraud)

The Grand Jury further charges:

11. The allegations contained in paragraphs 1 through 9 are repeated, realleged and incorporated by reference as if fully set forth herein.

12. From at least in or about 2004, up to and including at least in or about November 2008, in the Southern District of New York and elsewhere, ROBERT KELLY, the defendant, willfully and knowingly, having devised and intending to devise a scheme and artifice to defraud, and for obtaining money and property by means of false and fraudulent pretenses, representations, and promises, did transmit and cause to be transmitted by means of wire communication in interstate and foreign commerce, writings, signs, signals, and sounds for the purpose of executing such scheme and artifice to defraud, to wit, KELLY solicited investors to wire money to various bank accounts

on the basis of false representations that their investments would be used by Wwebnet to develop software for transmitting music, videos, and movies over the Internet.

(Title 18, United States Code, Sections 1343 and 2.)

FORFEITURE ALLEGATION

13. As the result of committing the securities fraud and wire fraud offenses, in violation of Title 15, United States Code, Sections 78j(b) & 78ff; Title 17, Code of Federal Regulations, Section 240.10b-5; and Title 18, United States Code, Sections 1343 and 2, as alleged in Counts One and Two of this Indictment, ROBERT KELLY, the defendant, shall forfeit to the United States pursuant to 18 U.S.C. § 981(a)(1)(c) and 28 U.S.C. § 2461, all property, real and personal, that constitutes or is derived from proceeds traceable to the commission of the offenses alleged in Counts One and Two of this Indictment.

Substitute Asset Provision

14. If any of the above-described forfeitable property, as a result of any act or omission of the defendant:

(1) cannot be located upon the exercise of due diligence;

(2) has been transferred or sold to, or deposited with, a third person;

(3) has been placed beyond the jurisdiction of the Court;

(4) has been substantially diminished in value; or

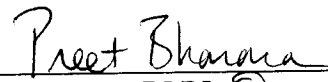
(5) has been commingled with other property which cannot be subdivided without difficulty;

it is the intent of the United States, pursuant to 21 U.S.C. §853(p), to seek forfeiture of any other property of the defendant up to the value of the above forfeitable property.

(Title 18, United States Code, Sections 981 and 1343, Title 28, United States Code, Section 2461, Title 15, United States Code, Sections 78j(b) and 78ff, and Title 17, Code of Federal Regulations, Section 240.10b-5).



FOREPERSON



PREET BHARARA (AS)
United States Attorney

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

UNITED STATES OF AMERICA

- v. -

ROBERT KELLY,

Defendant.

INDICTMENT

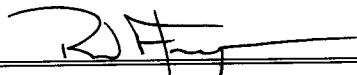
12 Cr. _____

(Title 15, United States Code,
Sections 78j(b) & 78ff;
Title 17, Code of Federal Regulations,
Section 240.10b-5;
Title 18, United States Code,
Sections 1343 and 2.)

PREET BHARARA
United States Attorney.

A TRUE BILL

Foreperson



11/28/12 FILED INDICTMENT. CASE ASSIGNED TO J. CORTY.
COTY, USM