

ORIGINAL

IN THE UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF TEXAS  
DALLAS DIVISION

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UNITED STATES OF AMERICA

v.

PHILIP VERGES

No. **3 - 24 CR - 551 - E**

**INDICTMENT**

The Grand Jury charges:

**General Allegations**

At all times material to this Indictment, unless otherwise specified:

**The Defendant, Related Entities, and Co-schemers**

1. PHILIP VERGES was a resident of Dallas, Texas. VERGES controlled five public companies:
  - a. Altnet Systems Inc. (“ALYI”) was a Wyoming corporation, with its principal place of business in Addison, Texas, which traded under the symbol ALYI;
  - b. Priority Aviation, Inc. (“PJET”) was a Wyoming corporation, with its principal place of business in Dallas, Texas, which traded under the symbol PJET;
  - c. Puration, Inc. (“PURA”) was a Wyoming corporation, with its principal place of business in Farmersville, Texas, which traded under the symbol PURA;

- d. Vaycaychella, Inc. (“VAYK”) was a Wyoming corporation, with its principal place of business in Las Vegas, Nevada, which traded under the symbol VAYK; and
- e. Waterpure International, Inc. (“WPUR”) was a Florida corporation, with its principal place of business in Dallas, Texas, which traded under the symbol WPUR

(collectively referred to as the “Public Companies”). The Public Companies had shares that were traded and whose ownership was distributed among the public.

2. VERGES also owned two other companies, SMEA2Z, LLC and 143 Partners LLC, that were not traded and that had no real business purpose or operations:

- a. SMEA2Z, LLC was a Wyoming corporation, with its principal place of business in Dallas, Texas; and
- b. 143 Partners LLC was a Wyoming corporation, with its principal place of business in Dallas, Texas.

VERGES used these companies to execute agreements with the Public Companies and to receive funds from the scheme.

3. CS-1 was a resident of San Juan, Puerto Rico and New York, New York. CS-1 owned Company 1, which CS-1 used to receive funds from the scheme by executing agreements with VERGES.

4. CS-2 was a resident of Punta Gorda, Florida and Louisville, Kentucky. CS-2 owned Company 2, which CS-2 used to receive funds from the scheme by executing agreements with VERGES.

**Relevant Terms**

5. “Share” was a unit of ownership in a corporation.

6. A “nominee” was an individual who acted on behalf of another person to conceal that person’s involvement in a company. Nominees could be used to protect the true owner or individual who controlled the company from public scrutiny.

7. “Convertible notes” were a form of short-term debt that could be converted into shares. Issuing convertible notes gave a company instant money, or cash flow, for expenses. Convertible notes granted the lender a right to be paid back in money or the right to instead convert the note into shares in the company.

8. A “transfer agent” referred to an individual or entity assigned by a company selling its shares to maintain records of transactions.

**COUNT ONE**  
**Securities Fraud**

**(15 U.S.C. §§ 78j(b), 78ff(a); 17 C.F.R. § 240.10b-5)**

9. All previous paragraphs of this Indictment are realleged and incorporated by reference as though fully set forth herein.

10. Beginning at least in or around January 2017 through at least in or around August 2022, in the Northern District of Texas, and elsewhere, the defendant

**PHILIP VERGES,**

together with others known and unknown to the Grand Jury, did knowingly and willfully, directly and indirectly, by use of the means and instrumentalities of interstate commerce, and of the mails, in connection with the purchase and sale of securities, use and employ, and cause others to use and employ, manipulative and deceptive devices and contrivances,

contrary to Title 17, Code of Federal Regulations, Section 240.10b-5 by: (a) employing, and causing others to employ, devices, schemes, and artifices to defraud; (b) making, and causing others to make, untrue statements of material fact and omitting to state, and causing others to omit 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, and causing others to engage, in acts, practices, and courses of business which operated and would operate as a fraud and deceit upon persons, including members of the investing public and purchasers of the securities in the Public Companies.

**Object/Purpose of the Scheme and Artifice**

11. It was the object/purpose of the scheme for VERGES and his co-schemers to unjustly enrich themselves by: (a) fraudulently increasing the price of and demand for the Public Companies' shares; (b) issuing and causing to be issued to the public materially false and misleading statements in press releases about the Public Companies; (c) concealing from the public material facts about the Public Companies; and (d) selling Public Companies shares to the public to make a profit.

**Description of the Scheme and Artifice**

12. From at least in or around January 2017 through at least in or around August 2022, VERGES engaged in an investment fraud scheme in which VERGES and his co-schemers sought to accomplish the unlawful objects and purpose of the scheme, which was executed in five general phases, including, by, among other things:

a. In the first phase of the scheme, VERGES obtained control of the Public Companies and installed trusted friends as nominees to conceal his control from

public scrutiny. For example, on or about July 17, 2017, VERGES installed two nominees to serve as an executive and board member of ALYI.

b. In the second phase of the scheme, VERGES entered into sham consulting agreements with the Public Companies. These consulting agreements allowed the Public Companies to execute convertible notes, which allowed VERGES to obtain shares in the Public Companies. For example, on or about January 8, 2018, VERGES executed a “Consulting Services Agreement” with ALYI, signed by the nominee VERGES installed, in which ALYI agreed to “compensate [VERGES] at a fixed rate of \$400,000 per year” and allowed VERGES to “convert all or a portion” of the compensation and interest due under the consulting agreement into “shares of common stock at the company” at a discount to the market value of the shares.

c. In the third phase of the scheme, VERGES made or caused to be made material misrepresentations about the Public Companies in financial statements and disclosures and in press releases to increase the share price of the Public Companies.

d. Regarding the financial statements and disclosures, which could be publicly viewed, VERGES directed CS-2 and others to file them on Over-The-Counter Markets, Inc., a market where shares of the Public Companies were sold. These financial disclosures and statements often fraudulently omitted the existence of VERGES’s involvement in the Public Companies and the convertible notes issued by the Public Companies to VERGES. For example, on or about August 12, 2022, VERGES emailed CS-2 with the subject line, “PURA.” In the email, VERGES provided fraudulent information for CS-2 to include in the financial disclosures for “ALYI,” “WPUR,” “PJET,”

“VAYK,” and “PURA.” This information was incorporated into the relevant filings.

e. Regarding the press releases, VERGES drafted and submitted to the market thousands of press releases for the Public Companies, many of which contained misrepresentations about the operations of the Public Companies. For example, on or about February 27, 2020, VERGES issued or caused to be issued a press release titled, “PURA Announces New Acquisition Entering \$1 Billion CBD Pet Products Market” that contained materially false and misleading information about PURA’s operations, including falsely stating that PURA had acquired a company involved in the CBD (meaning derived from cannabis) pet products market, in order to inflate the trading volume and price of PURA’s shares. As another example, on or about April 16, 2021, VERGES issued or caused to be issued a press released titled, “ALYI Annual Report Discloses \$1 Million Raise at \$.10 to Fund Strategic EV Expansion,” which falsely claimed that ALYI made a “\$1 million investment in” another company as part of its electric vehicle expansion and was financed by a “\$1 million convertible note” issued by ALYI with a “\$0.10 conversion price.” However, the convertible note issued by ALYI was to CS-1, and Company 1 had a conversion price well below “\$0.10” listed in the release. This inflated conversion price was designed to increase the public share price of ALYI shares, which were trading at \$0.0518 per share the day before the release was issued.

f. In the fourth phase of the scheme, VERGES sold certain of his convertible notes to CS-1 and CS-2. CS-1 and CS-2 then converted the notes into shares of the Public Companies, which were converted at steep discounts from the market price of the shares. Following the conversion, CS-1 and CS-2 sold their shares into the market

for a profit. For example, on or about December 7, 2020, VERGES, using an alias, asked a transfer agent to issue shares in ALYI to Company 1 from a convertible note that VERGES sold to CS-1. CS-1 later sold those shares in the market, and on or about December 11, 2020, CS-1 emailed VERGES with an Excel attachment titled, “PHIL ALYI.” The attachment contained a list of sales of ALYI shares that CS-1 made on December 8, 2020, and December 9, 2020, from convertible notes that he purchased from VERGES. The attachment indicated that CS-1 sold “34,251 mil” shares on those two days and made “[\$]263,270” in profit, and the attachment further indicated that CS-1 was going to pay VERGES half of the proceeds from the sale of that shares, or approximately “[\$]131,835.”

g. In the fifth phase of the scheme, VERGES received from CS-1 a portion of the proceeds from the sale of the shares in the Public Companies. For example, on January 15, 2021, CS-1 transferred from a Company 1 Bank Account to an account VERGES held (in the name of SMEA2Z ending in x5956), located in Dallas, Texas, \$150,000, which was derived from sales of shares in the Public Companies.

13. As a result of the scheme, VERGES obtained approximately \$23 million from CS-1, and the scheme resulted in approximately a \$211 million loss to the public.

All in violation of Title 15, United States Code, Sections 78j(b) and 78ff(a), and Title 17, Code of Federal Regulations, Section 240.10b-5.

**COUNTS TWO AND THREE**  
**Monetary Transactions in Criminally Derived Property**  
**(18 U.S.C. § 1957)**

14. Paragraphs 1 through 9, and 11 through 13 of this Indictment are realleged

and incorporated by reference as though fully set forth herein.

15. On or about the dates set forth in the table below, with respect to each count, in the Northern District of Texas, and elsewhere, the defendant,

**PHILIP VERGES,**

did knowingly engage in and attempt to engage in the following monetary transactions within the United States, by, through, and to a financial institution affecting interstate and foreign commerce, in criminally derived property of a value greater than \$10,000, such transactions involving the proceeds of a specified unlawful activity, that is, securities fraud, in violation of Title 15, United States Code, Sections 78j(b) and 78ff(a), Title 17, Code of Federal Regulations, Section 240.10b-5:

<b>COUNT</b>	<b>Approximate Date of Monetary Transaction</b>	<b>Approximate Amount of Monetary Transaction</b>	<b>Description of Monetary Transaction</b>
2	September 11, 2020	\$250,000	VERGES transferred proceeds from the sale of shares in the Public Companies from an account ending x5956 at Bank 1, located in Dallas, Texas, to an account ending in x2108 at Bank 1.
3	December 15, 2020	\$100,000	VERGES transferred proceeds from the sale of shares in the Public Companies from an account ending in x5956 at Bank 1, located in Dallas, Texas, to an account ending in x2108 at Bank 1.

All in violation of Title 18, United States Code, Section 1957.



**Forfeiture Notice**  
**(18 U.S.C. § 981(a)(1)(C); 18 U.S.C. § 2461(c))**

16. All previous paragraphs of this Indictment are realleged and incorporated by reference as though fully set forth herein.

17. Pursuant to 18 U.S.C. § 981(a)(1)(C) and 28 U.S.C. § 2461(c), upon conviction for any of Counts One through Three, the defendant, PHILIP VERGES, shall forfeit to the United States, any property, real or personal, that constitutes or is derived, directly or indirectly, from gross proceeds traceable to the respective count. The property subject to forfeiture includes, but is not limited to, a sum of money equal to the proceeds derived from the offense(s) of conviction.

18. Pursuant to 21 U.S.C. § 853(p), as incorporated by 18 U.S.C. 982(b)(1), if any of the property described above, as a result of any act or omission of the defendant, PHILIP VERGES:

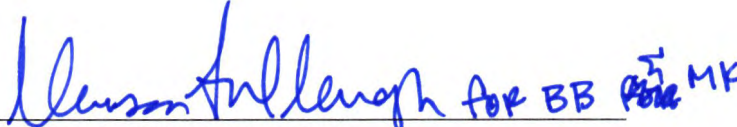
- a. cannot be located upon the exercise of due diligence;
- b. has been transferred or sold to, or deposited with, a third party;
- c. has been placed beyond the jurisdiction of the court;
- d. has been substantially diminished in value; or
- e. has been commingled with other property which cannot be divided without difficulty,

the United States intends to seek forfeiture of any other property of the defendant, PHILIP VERGES, up to the value of the property detailed as subject to forfeiture.

A TRUE BILL:

  
GRAND JURY FOREPERSON

GLENN S. LEON  
CHIEF  
CRIMINAL DIVISION, FRAUD SECTION  
U.S. DEPARTMENT OF JUSTICE

  
BRANDON BURKART  
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IN THE UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF TEXAS  
DALLAS DIVISION

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THE UNITED STATES OF AMERICA

v.

PHILIP VERGES

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INDICTMENT

15 U.S.C. §§ 78j(b), 78ff(a); 17 C.F.R. § 240.10b-5  
Securities Fraud  
(Count 1)

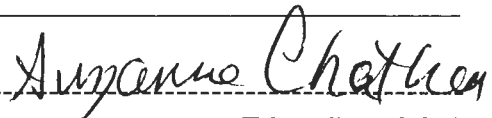
18 U.S.C. § 1957  
Money Laundering  
(Counts 2-3)

18 U.S.C. § 981(a)(1)(C); 18 U.S.C. § 2461(c)  
Forfeiture Notice

3 Counts

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A true bill rendered



DALLAS

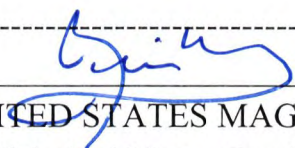
FOREPERSON

Filed in open court this 10 day of December, 2024.

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**Summons to Issue**

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UNITED STATES MAGISTRATE JUDGE  
No Criminal Matter Pending