

Youngest person charged by SEC now in Wayne and in hot water again

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THE RECORD

Jonathan G. Lebed seemed to be everywhere at the age of 15.

He appeared in newspapers, Time, on "60 Minutes" and on the cover of The New York Times Magazine 10 years ago after he settled Securities and Exchange Commission charges that he manipulated penny stock prices — the youngest person ever sued by the agency.

After a brief flirtation with small town politics, he dropped out of the headlines, and moved to [Wayne](#), starting a company, Lebed.biz, that trades on his past media celebrity to tout penny stocks.

And Lebed, now 25, is in trouble again.

A Texas company that, like Lebed's, seeks to spark investor interest in particular penny stocks is seeking to collect on a \$2.56 million judgment awarded against Lebed by a federal court in South Florida for pirating parts of a stock promotion video.

Last week, the company, Austin-based Stockwire Research Group Inc., and its owner, Adrian James, began sending subpoenas to companies that do business with Lebed in half a dozen states, including New Jersey, seeking payment and contract records, James' attorney said.

The case has cast a spotlight on Lebed's current business: a website and e-mail newsletter through which he touts penny stocks — sometimes, he says, because he likes them, and other times because he is



Jonathan Lebed being interviewed about his business Lebed.biz, on Fox Business News.

Disclaimer discloses compensation for companies he touts

Jonathan Lebed sends out e-mails promoting stocks, some of which he selects and some of which he says he is paid to promote.

Below is an excerpt from a recent e-mail, including his claim about a stock and the disclaimer.

Stockwire Research Group estimates that Lebed earns more than \$1 million a year from such contracts.

paid to tout them.

James and his attorney, Stephen Putonti, estimate that Lebed earns more than \$1 million a year from the business, of which he is the sole owner and employee. They say they have filed court orders, subpoenaed Lebed's bank records and even extracted a \$12,000 payment from Lebed's mother, but have so far gotten less than 1 percent of the judgment, which was awarded 21 months ago.

"He just figures he can go and ignore everyone and it will just go away," said James, who said interest has increased what his company is owed to \$3 million. "We feel that this guy is just moving his money around from bank to bank, from brokerage account to brokerage account, kind of like playing hot potato."

The sting

James and his attorney even attempted a "sting" last fall, convinced that Lebed would never voluntarily pay off the judgment.

James, presenting himself as an investor seeking Lebed's stock promotional help, said he lured Lebed into a limousine for a supposed breakfast meeting with the investor in [Franklin Lakes](#).

Lebed, dressed in jeans, a wrinkled shirt and slippers, got in the limousine, Putonti said. And soon after, a [Passaic County](#) sheriff's officer, armed with a civil warrant for his arrest, stopped the vehicle and took Lebed to [Passaic County Superior Court Judge Anthony J. Graziano](#), the sheriff's department said.

But Lebed gave the court almost no information about his finances, signing an affidavit that said he didn't know the names, numbers or addresses of his personal bank accounts, and that his company didn't have any accounts, and was released, Putonti said.

"Lebed obviously didn't feel very threatened," he said. "He just got brought in by a bunch of cops. He probably thought it was cool. ... He looked at me and smirked, and walked out the door."

An hour later, Putonti said, Lebed sent an e-mail offering to pay \$1,000 a month, which James rejected as too little.

"He wouldn't have come close to paying it off in his lifetime," James said.

Lebed did not return numerous requests seeking comment on the suit or his business. But in a rare media appearance, on Fox Business News in 2008, he said his business gives small public companies important exposure.

"Small-cap companies aren't featured in The Wall Street Journal," he said. "If you don't get them exposure, it's hard for them to raise money."

"There is a major earth-shattering development taking place right now with Money4Gold Holdings (MFGD). In my opinion, this development could lead to MFGD becoming one of the biggest plays on Wall Street for the rest of 2010!

"My firm Lebed Biz LLC has been compensated by a third-party (ZA Consulting Inc) \$25,000 cash for a one-month MFGD investor relations contract. My firm Lebed Biz LLC was previously compensated by a third-party (National Media Associates) \$135,000 cash for two MFGD investor relations contracts which have since expired. Never invest into a stock we discuss unless you can afford to lose your entire investment."

Jonathan Lebed
Lebed.biz
Staff

Lebed, who lived at his parents' home in [Cedar Grove](#) when he was targeted by the SEC, now lives alone in a 4,000-square-foot, four-bedroom red-brick house that he rents for \$5,200 a month in [Wayne](#), which he cites in court papers as the address of Lebed.biz.

His father, Gregory Lebed, now of [Lyndhurst](#), said his son graduated from high school but never attended college. The younger Lebed, who ran unsuccessfully for the [Cedar Grove](#) township council in 2003, has run several stock-related businesses since the SEC accused him in 2000 of fraudulently manipulating thinly traded stocks.

The agency claimed that from August 1999, when he was 14, to February 2000, Lebed purchased large blocks of the stocks through online brokerage accounts, and sent "numerous false and/or misleading" e-mail messages, mainly to Yahoo message boards under fictitious names.

'God bless him'

When the stock prices rose, pumped up by Lebed's messages, Lebed would sell his holding — usually within 24 hours of his purchase — and pocket the difference between the buy and sell price, the SEC alleged. His profits totaled \$272,826, the SEC said.

Lebed, who admitted no wrongdoing, signed an agreement to pay \$285,000 and "cease and desist" from violating the section of the securities laws that prohibits investors from using fraud to sell stocks.

Gregory Lebed, who vigorously defended his son a decade ago, said last week that he knew nothing of his son's latest legal woes.

"All I can say is, he is an honest person and God bless him," said the older Lebed, adding that he no longer talks to his son regularly. "This sounds strange. Sounds absurd, the amount of money."

Yet James is not the only person chasing Lebed over debts.

In Florida, former [Major League Baseball player David Segui](#) is owed \$16,500, plus \$12,000 damages and attorney fees, after he successfully sued Lebed over damage to his apartment, which Lebed rented, in a tony Miami Beach building called The Setai.

"The guy was throwing some crazy parties there," said Segui's attorney, D. Fernando Bobadilla of [Miami](#), adding that once Segui filed suit, Lebed "never appeared, he never defended, he never did anything."

As of December 2009, Lebed owed \$221,000 to the IRS in unpaid taxes for 2008, penalties and interest, according to an IRS document that Lebed provided to Putonti, at a deposition in December. The IRS would not say whether Lebed paid.

The South Florida suit accused Lebed of using footage from a video shot by Stockwire Research Group to promote the stock of Amedia Networks Inc., a telecommunications company then based in Eatontown.

James, a former options trader, said Lebed edited the copyright marks out but left in footage of

James, and used it to create his own video promoting Amedia.

Lebed then posted the video on You Tube and "issued press releases directing the public to the ... pirated video," where it was watched 11,786 times, the complaint says. A note posted next to the video stated that Lebed.biz was paid \$45,000 by Zegal & Ross Capital LLC., a third-party company, to promote the Amedia stock, the suit says.

Three months into the case, Lebed's Miami-based attorney asked to withdraw from the case, saying his client had stopped communicating with him; court records don't indicate Lebed retained another attorney.

"At some point, it seemed like he just walked away from it," said James' attorney on the case, Peter A. Koziol of Florida.

The court awarded a default judgment of \$2.56 million, including \$200 for each of the 11,786 views of the video.

Another defendant, Lebed's mother, Constance, whose home was the registered address of the Lebed.biz website, settled her part of the case for about \$12,000, James said.

The suit alleged that Constance Lebed enabled her son's stock promoting activities and benefited financially from them, receiving lavish gifts from her son, such as a Mercedes sport utility vehicle.

She wasn't supposed to be part of the suit, said Constance Lebed, who sells real estate in [Montclair](#), "And I got out of it." She declined to comment on her son, but in a court affidavit, she said she merely let her son use her credit card to pay an unnamed bill, which she later learned was for the website.

Putonti said he will seek to have the court appoint a receiver to run Lebed's company, and track his finances.

In that situation, Putonti said, "you can't spend money without the receiver knowing about it."

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