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### AJ DiScala Co-Conspirator admits they did illegal trades in Microcap Fraud Ring

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*UPDATE 8.8.16-* Court records show Goodrich was ordered to pay only \$3,938 in forfeiture fines for his role in the manipulation of a stock called Cubed. He is still waiting to be sentenced.

#### Original Text

A So-Cal stock broker admitted to aiding in the pump and dump of penny stock Cubed with accused microcap fraudster AJ DiScala last week. Darren C. Goodrich, 37-year-old head trader at BMA Securities, plead guilty in Brooklyn federal court on June 27th to one count of conspiracy to commit securities fraud for his role in artificially controlling the price and volume of Cubed shares through fraudulent concealment of AJ's crew's ownership interest in the stock and engineering price movements through wash and match trades. The charge carries a 5 year max jail term plus criminal forfeiture of assets through fines and restitution. Goodrich was arrested on multiple counts of securities and wire fraud on November 2, 2015 with the possibility of over 20 years in jail.

I've reported (<http://seekingalpha.com/instablog/22554301-teri-buhl/3292835-the-seedy-world-of-microcap-stock-advisors>) extensively since 2014 on the alleged pump and dump (<http://www.teribuhl.com/2014/09/18/the-seedy-world-of-microcap-stock-advisors/>) stock schemes the DOJ thinks AJ DiScala led with New York-based attorney [Darren Ofsink](#) (<http://www.growthcapitalist.com/tag/attorney-ofsink-arrest/>) and Nevada-based attorney Kyleen Cane. All three are still fighting the charges with plans to go to trial. The DOJ has now secured four guilty pleas from DiScala's crew of co-conspirators, which included his investment banking partner at OmniView Marc Wexler, who are presumable now helping the DOJ with their case. The DOJ says Goodrich only acted illegally in the manipulation of one of four stocks in their complaint.

According to FINRA records Goodrich was a licensed investment advisor and broker for 14 years. He spent most of his career as a broker for Burt Martin Arnold who founded El Segundo-based broker-dealer BMA Securities. The broker dealer has multiple FINRA enforcement actions, fines and sanctions against them. On November 11th, 2104 the broker dealer, Goodrich, and Arnold were charged by their regulator for failure to supervise deficiencies regarding sales of unregistered securities, failure of duty to conduct a reasonable inquiry into the issuance of large blocks of stock to only a few clients who sold millions of shares just six days after being issued the free trading shares. The manipulation of Cubed occurred between March-July 2014. The FINRA charges don't say which microcap stock these charges are for but they sound very familiar to how the DOJ

described the Cubed manipulation in their complaint against Goodrich a year later. Goodrich and Arnold (who was not charged by the DOJ) were suspended by FINRA for 30 days and broker dealer had to pay a hefty fine of \$325,000. Goodrich left BMA Securities a month before he was arrested.

Goodrich's plea deal causes new headaches for attorney [Kyleen Cane](https://kyleenandmichaelcane.wordpress.com/2015/12/13/feds-hand-down-superseding-indictment-to-cane-and-her-co-defendants/) (<https://kyleenandmichaelcane.wordpress.com/2015/12/13/feds-hand-down-superseding-indictment-to-cane-and-her-co-defendants/>). She is alleged to have been the thought leader behind their shares into escrow account scheme. According to DiScala, who I first interviewed in September 2014, Cane came up with the idea that the mom and pop investors, who brokers like Goodrich would convince to buy Cubed's stock, would have their shares deposited in an escrow account for the first six months to a year to make sure their wasn't a rush to dump the stock of the newly reverse merged company- this included AJ's own shares he said he agreed to have put in escrow in an effort to support the newly traded stock. The DOJ says unbeknownst to investors Cane, who controlled the shares going in and out of escrow accounts, released millions of the shares, that were suppose to be restricted, to dummy nominee accounts that AJ and his co-conspirator brokers controlled. And those shares are what aided in creating a false impression there was a buying and selling in the stock to make a market and increase the share price. Cane in her legal motions denies her leadership role in the escrow scheme. But with Goodrich now pleading in open court that Cane told him how she was doing the scheme there is new strong evidence against her. This is on top of the wire taps that DOJ has of AJ and Darren talking about Cane's scheme.

Cane was formerly a man named Michael Cane, according to bar records. She has filed some aggressive litigation in Stamford and Las Vegas state courts against some of the investor deal finders in Cubed who were not arrested named Max Kahn and Michael Caridi. She throws out the notion that Kahn and Caridi are two of the confidential witnesses the DOJ doesn't name in their original charges in her complaint. According to Kahn and Caridi's attorney at Anderson Kill this claim is 'absurd'. But whoever got the DOJ's attention to bring to case and ask for wire taps of AJ's cell phone is still unknown.

Goodrich is still out on bail, his father an LA-based litigator Brenton Foster Goodrich put up \$250,000 for his son's million dollar bond and his wife Mindy Goodrich put their amazing ocean view home as collateral. There is no date set for his sentencing yet as I am sure the DOJ will wait till the DiScala case is concluded. Goodrich, who grew up in the Palos Verde section of L.A.'s southbay, was forced to sale his family home for \$6.15 million in May. You can see a sales video tour of the beautiful 5 bedroom, five bath modern home [here](https://www.youtube.com/watch?v=97WL3rOR9-Y) (<https://www.youtube.com/watch?v=97WL3rOR9-Y>). I am assuming the house was sold to help pay legal fees and upcoming restitution.

Goodrich and BMA Securities did not return a call for comment. I reached out to AJ's attorneys about Goodrich saying 'AJ's guilty' but they did not return an email for comment.

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[April 7, 2018 at 10:55 am \(https://www.teribuhl.com/2016/07/05/aj-discala-co-conspirator-admits-they-did-illegal-trades-in-microcap-fraud-ring/#comment-475358\)](https://www.teribuhl.com/2016/07/05/aj-discala-co-conspirator-admits-they-did-illegal-trades-in-microcap-fraud-ring/#comment-475358)

Hi Teri,

I just discovered your blog/website and find it fascinating. Do you have the story and outcome of federal case on former New Canaan resident Stuart Bell(now living in Southport), and Walter Forbes (New Canaan)of Compucard? I've heard so many different stories, would like to get the right one.

[Reply \(/2016/07/05/aj-discala-co-conspirator-admits-they-did-illegal-trades-in-microcap-fraud-ring/?replytocom=475358#respond\)](https://www.teribuhl.com/2016/07/05/aj-discala-co-conspirator-admits-they-did-illegal-trades-in-microcap-fraud-ring/?replytocom=475358#respond)

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[August 10, 2018 at 5:13 am \(https://www.teribuhl.com/2016/07/05/aj-discala-co-conspirator-admits-they-did-illegal-trades-in-microcap-fraud-ring/#comment-487314\)](https://www.teribuhl.com/2016/07/05/aj-discala-co-conspirator-admits-they-did-illegal-trades-in-microcap-fraud-ring/#comment-487314)

What is so disheartening about this case is that Darren Goodrich after pledging guilty and sentenced has some how kept a large sum of \$ from his scams. After being arrested he started another career with the \$ he scammed flipping homes in Manhattan Beach, CA. which start at \$1.4M for a home that needs a completed rehab. He has been doing this up until his sentencing. How is this even possible when he confesses and was sentenced from profiting over \$1.5M in commission from his scam?

[Reply \(/2016/07/05/aj-discala-co-conspirator-admits-they-did-illegal-trades-in-microcap-fraud-ring/?replytocom=487314#respond\)](https://www.teribuhl.com/2016/07/05/aj-discala-co-conspirator-admits-they-did-illegal-trades-in-microcap-fraud-ring/?replytocom=487314#respond)

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[August 20, 2018 at 4:24 pm \(https://www.teribuhl.com/2016/07/05/aj-discala-co-conspirator-admits-they-did-illegal-trades-in-microcap-fraud-ring/#comment-488190\)](https://www.teribuhl.com/2016/07/05/aj-discala-co-conspirator-admits-they-did-illegal-trades-in-microcap-fraud-ring/#comment-488190)

Court docs show the govt was trying to get Goodrich to pay \$4.2 million in restitution. And his prison sentence is long 6.8 years. Some times judges don't force defendants to pay high restitution if they are given a long prison sentence. I don't know what his final restitution is though.

[Reply \(/2016/07/05/aj-discala-co-conspirator-admits-they-did-illegal-trades-in-microcap-fraud-ring/?replytocom=488190#respond\)](https://www.teribuhl.com/2016/07/05/aj-discala-co-conspirator-admits-they-did-illegal-trades-in-microcap-fraud-ring/?replytocom=488190#respond)

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**steven on**

[Honig Deals lead to FINRA Investigation of Laidlaw & Co. \(https://www.teribuhl.com/2018/10/31/honig-deals-lead-to-finra-investigation-of-laidlaw-co/comment-page-1/#comment-537940\)](https://www.teribuhl.com/2018/10/31/honig-deals-lead-to-finra-investigation-of-laidlaw-co/comment-page-1/#comment-537940).

**Dan Younger on**

[Andy DeFrancesco sued for Securities Fraud for role in Aphria: \\$APHA \(https://www.teribuhl.com/2019/05/30/andy-defrancesco-sued-for-securities-fraud-for-role-in-aphria-apha/comment-page-1/#comment-537199\)](https://www.teribuhl.com/2019/05/30/andy-defrancesco-sued-for-securities-fraud-for-role-in-aphria-apha/comment-page-1/#comment-537199).

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**Don Shemwell on**

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