Co-CEO of Chinese publicly traded technology company and financial advisor indicted for over $100M securities fraud scheme.

ALEXANDRIA, Va. – An indictment was unsealed yesterday in the Eastern District of Virginia charging two men with orchestrating a securities fraud scheme utilizing Ostin Technology Group Co. Ltd. (OST) stock to target American retail investors. The scheme netted over $100 million for the defendants and their co-conspirators, who siphoned OST shares in non-bona fide securities transactions and then dumped their stock amidst a coordinated social media campaign to pump OST's share price from April to June 2025. The Department of Justice has already seized nearly $10 million in assets from co-conspirators' accounts. "Protecting the integrity of our financial markets remains a top priority," said Erik S. Siebert, U.S. Attorney for the Eastern District of Virginia. "Anyone who picks the pockets of American investors in violation of the law will be aggressively prosecuted. The Department of Justice has established whistleblower programs to encourage corporations and individuals to come forward with timely information regarding misconduct and criminal behavior. Failing to do so invites serious consequences."

"The defendants targeted American retail investors through a predatory pump and dump scheme to take advantage of the artificial inflation of the price of OST shares," said Acting Assistant Attorney General Matthew R. Galeotti of the Justice Department's Criminal Division. "Today's charges show the Criminal Division's focus on aggressively protecting Americans from foreign actors seeking to exploit U.S. markets. Through the hard work of our prosecutors and law enforcement partners, we will continue to act quickly to seize the proceeds of these crimes and mitigate losses for victims."

"Securities fraud by foreign actors not only exploits fair investment practices, but also defrauds American investors and harms U.S. markets," said Assistant Director Jose A. Perez of the FBI's Criminal Investigative Division. "Today's charges demonstrate the FBI's continued commitment, alongside our partners, to combatting financial crime and bringing perpetrators to justice."

"The defendants allegedly concocted a scheme that distorted the price of OST stock, costing investors tens of millions of dollars," said Reid Davis, Special Agent in Charge of the FBI Washington Field Office's Criminal Division. "Today's indictment should serve as a warning to fraudsters: If you seek to manipulate U.S. markets for personal gain, the FBI will pursue you even if you're operating halfway around the world."

“The SEC-Office of Inspector General (SEC-OIG) will relentlessly investigate individuals who submit false filings with the SEC,” said Inspector General Kevin Muhlendorf of the SEC. “Comprehensive investigative oversight to protect investors, the global markets, and the operational integrity of the SEC’s programs, systems, and operations is a top priority for our office.”

According to the indictment, Lai Kui Sen is the co-CEO of OST, and Yan Zhao, who goes by the aliases Hank Shi and Hank Shu, among others, is a financial advisor. OST is a Cayman Islands company with its principal operations in China, that claimed to be a manufacturer of display modules used in consumer electronics, commercial LCD displays, and automotive displays. OST is publicly traded on NASDAQ and operated, at one point, with a variable interest entity (VIE) investment structure, which is often used by Chinese companies.

According to the indictment, Sen, Zhao, and others allegedly engaged in a complex scheme to first provide a group of fifteen co-conspirators with tens of millions of OST shares through two securities transactions. In one of these transactions, the co-conspirators allegedly paid nothing to OST for more than 70 million OST shares.

On April 15, the same day that the select investors received their first tranche of heavily discounted OST shares, a fraudulent campaign allegedly began to artificially inflate the price and trading volume of the OST stock. This allegedly included promoting the stock by impersonating real investment advisors, among others, promoting the stock on social media, and creating a false impression of market-wide buying momentum. To capitalize on OST’s artificial price inflation and to harm the victim investors, Zhao and Sen allegedly facilitated the opening of brokerage accounts for certain select investors and orchestrated the selling of the shares that they had received either heavily discounted or for no remuneration. These sales generated substantial profits of approximately more than $110 million. Ultimately, according to the indictment, unwitting investors suffered significant losses when, on June 26, OST lost over $950 million in market capitalization, representing over 94% of its value.

Zhao and Sen are charged with conspiracy to commit securities fraud and wire fraud, securities fraud, and wire fraud. If convicted, Zhao and Sen face a maximum penalty of 20 years in prison for conspiracy and wire fraud, 25 years in prison for Title 18 securities fraud, and 20 years in prison for Title 15 securities fraud. A federal judge will determine any sentence after considering the U.S. Sentencing Guidelines and other statutory factors.

The FBI and SEC-OIG investigated the case. The Department of Justice appreciates the efforts of FINRA's Surveillance and Market Intelligence – Market Abuse Group who referred this matter.

Assistant U.S. Attorney Avi Panth for the Eastern District of Virginia and Trial Attorney Kashan K. Pathan of the Criminal Division's Fraud Section are prosecuting the case.

A copy of this press release is located on the website of the U.S. Attorney's Office for the Eastern District of Virginia.

An indictment is merely an accusation. Defendants are presumed innocent until proven guilty.