

FILED
2/11/2025
ER
THOMAS G. BRUTON
CLERK, U.S. DISTRICT COURT

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

UNITED STATES OF AMERICA

No. 25 CR 30-2

v.

Hon. John F. Kness
District Court Judge

ARTHUR PIZZELLO

AGREEMENT TO DEFER PROSECUTION

The UNITED STATES OF AMERICA, by its attorney, MORRIS PASQUAL, Acting United States Attorney for the Northern District of Illinois, and the defendant, ARTHUR PIZZELLO, and his attorney, DONALD ANGELINI, hereby agree to the following:

Defendant has been charged by indictment with securities fraud and conspiracy to commit securities fraud, in violation of Title 15, United States Code, Sections 78j(b) and 78ff; Title 17, Code of Federal Regulations, Section 240.10b-5; and Title 18, United States Code, Section 371. By signing this agreement, defendant agrees that, pursuant to Title 18, United States Code, Section 3161(h)(2), the period during which this prosecution is delayed pursuant to this Agreement is to be excluded in computing the time within which the trial in this case must commence under the Speedy Trial Act. Defendant knowingly waives his right to assert that his trial did not occur within the time limits prescribed by the Speedy Trial Act for 18 months or until the end of his cooperation, whichever is longer.

The United States Attorney will move the district court, pursuant to Title 18, United States Code, Section 3161(h)(2), to defer the prosecution of defendant on the indictment for 18 months or until his cooperation with the government is completed, whichever is later, for the purpose of allowing defendant to demonstrate his good conduct during this period. For the purpose of demonstrating his good conduct, defendant agrees to abide by the conditions and requirements of this Agreement set out below.

Conditions of Pretrial Diversion

1. Defendant shall not violate any federal, state, or local law (excluding minor traffic and parking infractions). Defendant shall immediately contact his

pretrial diversion supervisor if arrested and/or questioned by any law enforcement officer.

2. Defendant shall attend school or work regularly at a lawful occupation or otherwise comply with the terms of the special program described below. If defendant loses his job, defendant shall notify his pretrial diversion supervisor at once. Defendant shall consult his pretrial diversion supervisor prior to job changes.

3. Defendant shall report to his pretrial diversion supervisor as directed, comply with his or her instructions, and keep him/her informed of defendant's whereabouts.

4. Defendant shall participate in, and abide by, any and all programs and examinations as directed by the assigned pretrial diversion supervisor.

5. Defendant shall continue to reside in his current judicial district. If you intend to move out that district, you shall inform your pretrial diversion supervisor so the Pretrial Services Office and the government can determine whether it is possible and appropriate to transfer responsibility for your supervision.

6. Defendant shall not possess any firearm or apply for any Firearm Owner's Identification Card.

7. Defendant shall complete 50 documented hours of community service. The specific type of community service performed must be approved by both Pretrial Services and the government.

8. Defendant agrees that he will fully and truthfully cooperate in any matter in which he is called upon to cooperate by a representative of the United States Attorney's Office for the Northern District of Illinois. This cooperation shall include providing complete and truthful information in any investigation and pre-trial preparation and complete and truthful testimony in any criminal, civil or administrative proceeding.

9. During the period of this Agreement, defendant shall pay any civil disgorgement, penalties, and interest owed to the United States Securities and Exchange Commission.

Defendant agrees to be supervised by the pretrial services office and be subject to the Conditions of Pretrial Diversion set forth above for a period of 18 months. Defendant acknowledges that the government will not move to dismiss the

indictment in this case until defendant's cooperation is complete. Defendant agrees that his cooperation may be required beyond the 18 months of supervision and that, following the expiration of the supervision period, he will still be subject to any pretrial release order entered by the Court.

Admissions by Arthur Pizzello

By signing this Agreement, defendant admits the following facts and agrees that these admissions may be used against him in any proceeding for any purpose, including as admissions, in the event that the government subsequently determines that he has breached this Agreement and the United States resumes or institutes prosecution of the charge against defendant in the indictment, or any other charge:

Beginning in or around December 2021, and continuing until in or around February 2022, in the Northern District of Illinois, Eastern Division, and elsewhere, Arthur Pizzello conspired with Anthony Marsico, Robert Quattrocchi, and Timothy Carey, to commit an offense against the United States, that is, to willfully use and employ, by the means and instrumentalities of interstate commerce and the facilities of national securities exchanges, directly and indirectly, in connection with the purchase and sale of securities, a manipulative and deceptive device and contrivance, in contravention of Title 17, Code of Federal Regulations, Section 240.10b-5, by: (a) employing a device and scheme to defraud; and (b) engaging in an act, practice, and a course of business which operated and would operate as a fraud and deceit upon any person, 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.

More specifically, Pizzello had invested money in Company A sometime before it went public in or around February 2021. At all relevant times, Pizzello was aware Marsico was an owner and high-level executive at Company A. Over the course of 2021, Pizzello had continued to purchase stock in Company A. As of December 2021, Pizzello had lost money as a result of his investments in Company A and Marsico knew that Pizzello had lost money investing in Company A.

After Pizzello started investing in Company A, Marsico provided Pizzello with updates about Company A's performance. On or about December 21, 2021, Marsico told Pizzello in a telephone conversation that Company A was going to acquire Company B soon shortly after the first day of the upcoming new year. In that conversation, Marsico also told Pizzello not to purchase large volumes of Company B stock in any single transaction so as not to raise any red flags, and that this information was nonpublic.

Pizzello had previously received training on insider trading and understood at the time that Marsico was tipping him with material nonpublic information about Company A's anticipated acquisition of Company B. Pizzello understood at the time of this conversation that Marsico had improperly disclosed the material nonpublic information about Company A's anticipated acquisition of Company B in breach of

the duties and trust and loyalty that Marsico owed to Company A. At all relevant times, Company B's stock was traded on the Canadian Stock Exchange and an over-the-counter markets in the United States.

Moreover, that same day, on or about December 21, 2021, Pizzello purchased approximately 15,000 shares of Company B stock. Prior to those purchases, Pizzello had never purchased Company B stock. And, at the time of these stock purchases, Pizzello was at his home located in the Northern District of Illinois.

On or about December 22, 2021, Pizzello told Marsico in an-person conversation that Pizzello had purchased Company B stock. In that conversation, Marsico again assured Pizzello that the acquisition was going to take place, and as a result, Pizzello purchased another 15,000 shares of Company B stock. Continuing through December 2021 and January 2022, Pizzello had additional conversations with Marsico about the timing of Company A's acquisition of Company B. Over the course of those conversations, Marsico assured Pizzello that the acquisition would in fact take place. In approximately mid-January 2022 (or two weeks before February 1, 2022), Marsico told Pizzello that the acquisition would take place on February 1, 2022. In total, Pizzello purchased 167,398 shares of Company B stock prior to February 1, 2022.

Additionally, in or around January 2022, Pizzello told Quattrocchi, and Carey about Company A's planned acquisition of Company B. Quattrocchi and Carey knew Marsico and also knew that he was a high ranking employee at Company A. Pizzello, Quattrocchi, and Carey all belonged to the same country club as Marsico and the four routinely played golf and socialized with one another.

In particular, on or around January 4, 2022, Pizzello told Quattrocchi that Company A was going to acquire Company B. Pizzello told Quattrocchi that he learned this information from Marsico and that the information was nonpublic. Over the next month, in or around January 2022, Pizzello kept Quattrocchi up to date with information that Pizzello received from Marsico about the acquisition. At the time of these conversations, Pizzello understood that Quattrocchi planned to use the material nonpublic information that Pizzello had learned from Marsico and had tipped to Quattrocchi about Company A's acquisition of Company B to make the purchases in Company B's stock.

Furthermore, with respect to Carey, in early January 2022, Pizzello told Carey about Company A's anticipated acquisition of Company B and that the information was nonpublic. Pizzello insinuated to Carey that the information came from Marsico. At the time of this conversation, Pizzello understood that Carey planned to use the

material nonpublic information that Pizzello had learned from Marsico and had tipped to Carey about Company A's acquisition of Company B to make purchases in Company B's stock.

On or about February 1, 2022, Company A publicly announced its acquisition of Company B, as Marsico had tipped to Pizzello. On January 31, 2022, at the close of the trading day, Company B's stock was trading at approximately \$1.64 a share. On February 1, 2022, at the close of the trading day and after the acquisition announcement, Company B's stock was trading at approximately \$2.34, which was a 42.2% increase in the price of Company B's stock. After the acquisition announcement, Pizzello never sold his Company B stock and held onto it as a long-term investment.

In total, Pizzello used material nonpublic information that he learned from Marsico about Company A's acquisition of Company B in December 2021 and January 2022 to purchase 167,398 shares of Company B stock across approximately 25 separate transactions in three brokerage accounts that Pizzello controlled for a total of approximately \$267,255.

Further Agreements Between the Parties

If, at any point during the period of this Agreement, defendant violates any condition of this Agreement, the Acting United States Attorney may unilaterally revoke or modify any conditions of this Pretrial Diversion Agreement and/or change the period of supervision, which shall in no case exceed twenty-four months. The Acting United States Attorney may release defendant from supervision at any time. The Acting United States Attorney may at any time within the period of defendant's supervision initiate prosecution for this offense should defendant violate the conditions of this Agreement. In this case the government will furnish defendant with notice specifying the conditions of the Agreement which defendant has violated. Determination of whether defendant has violated this Agreement shall be within the sole discretion of the Acting United States Attorney.

If defendant successfully completes this diversion program and fulfills all the terms and conditions of the Agreement, the government will move the Court to dismiss the indictment against defendant.

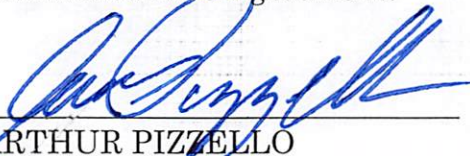
Defendant understands that this Agreement is a public document and may be disclosed to any party.

Defendant understands that pursuant to Title 18, United States Code, Section 3161(h)(2), this Agreement is subject to approval by the Court. Should the Court refuse to approve, and thereby reject, this Agreement, neither party shall be bound to any term of this Agreement, and no admissions in this Agreement may be used against defendant.

Waiver of Claims Arising From Delay


I, ARTHUR PIZZELLO, assert and certify that I am aware of the fact that the Sixth Amendment to the Constitution of the United States provides that in all criminal prosecutions the accused shall enjoy the right to a speedy and public trial. I also am aware that Rule 48(b) of the Federal Rules of Criminal Procedure provides that the Court may dismiss an indictment, information, or complaint for unnecessary delay in presenting a charge to the Grand Jury, filing an information or in bringing a defendant to trial. I hereby request the United States Attorney for the Northern District of Illinois to defer any prosecution of me for violation of Title 18, United States Code, Section 371 (conspiracy to commit securities fraud) until the completion of his cooperation, and to induce the United States Attorney to defer such prosecution I agree and consent that any delay from the date of this Agreement to the date of initiation of prosecution, as provided for in the terms expressed herein, shall be deemed to be a necessary delay at my request, and I waive any defense to such prosecution on the ground that such delay operated to deny my rights under Rule 48(b) of the Federal Rules of Criminal Procedure and the Sixth Amendment to the Constitution of the United States to a speedy trial or to bar the prosecution by reason of the running of the statute of limitations for a period of months equal to the period of this agreement.

Defendant acknowledges that he has read this Agreement and has carefully reviewed each provision with his attorney. Defendant and his attorney acknowledge that no threats, promises, or representations have been made, nor agreements reached, other than those set forth in this Agreement. Defendant further acknowledges that he understands and voluntarily accepts each and every term and condition of this Agreement.



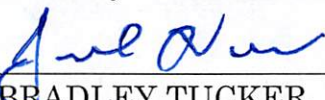
ARTHUR PIZZELLO
Defendant

Date: 2/11/25



DONALD ANGELINI
Attorney for Arthur Pizzello

Date: 2/11/25



BRADLEY TUCKER
JARED HASTEN
Assistant U.S. Attorneys

Date: 2-11-25