

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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:
UNITED STATES OF AMERICA, :
:
: INDICTMENT
-v.- :
:
: 01 Cr.
ROYS S. POYIADJIS, :
:
:
Defendant. :
:
:
-----X

COUNT ONE

(Securities Fraud)

The Grand Jury charges:

Introduction

1. At all times relevant to this Indictment, AremisSoft Corporation ("AremisSoft") was a Delaware corporation with offices in the United Kingdom, India, Cyprus, and the United States. AremisSoft purported to be engaged in the business of developing, marketing, implementing and supporting enterprise-wide software applications for organizations in the manufacturing, hospitality, healthcare, and construction industries. From on or about April 22, 1999 through on or about July 30, 2001, AremisSoft's common stock was publicly-traded on the NASDAQ National Market, an electronic securities market administered by the National Association of Securities Dealers.

2. At all times relevant to this Indictment, ROYS S. POYIADJIS, the defendant, ("POYIADJIS") was an executive officer

of AremisSoft. From in or about June 1998 through in or about January 2001, POYIADJIS was President of AremisSoft. From in or about May 2000 through in or about July 2001, POYIADJIS was either Chief Executive Officer or Co-Chief Executive Officer of AremisSoft.

3. As described more fully below, from in or about March 2000 through in or about June 2001, POYIADJIS engaged in a scheme to defraud AremisSoft shareholders by making false and misleading statements regarding his personal ownership and disposition of AremisSoft securities. In various public documents filed with the United States Securities and Exchange Commission (the "SEC"), and in other statements disseminated to members of the investing public, POYIADJIS represented that he had not sold any of his substantial holdings of AremisSoft securities, that his sole dispositions of such securities had been by way of gifts made for tax and estate planning purposes, and that he maintained a positive view of AremisSoft's future prospects. These statements were false and misleading when made because, in truth and in fact, at the time POYIADJIS made these statements, he was secretly liquidating millions of AremisSoft shares and secreting the proceeds in off-shore bank accounts.

The Fraudulent Scheme

4. Federal securities laws and regulations require publicly-traded companies, and their executive officers, to make

timely and accurate public reports regarding the ownership of company securities by such executive officers. In annual reports filed with the SEC, as well as in other public filings, companies are required to report the ownership of company securities by their executive officers. In addition, executive officers themselves are required to file with the SEC timely reports of changes in their ownership of company securities, and to file annual reports summarizing any such ownership changes. These public reporting requirements reflect the judgment of Congress and of the SEC that timely disclosure of information about the ownership of company securities by company executive officers is information material to investors in the company's securities. Public investors pay close attention to reports of purchases and sales of company's securities by executive officers because such purchases and sales are perceived by members of the investing public to reflect an executive officer's beliefs regarding the company's future prospects.

5. From in or about March 2000 through in or about June 2001, AremisSoft and POYIADJIS filed with the SEC a series of reports of POYIADJIS' ownership and disposition of AremisSoft securities. AremisSoft and POYIADJIS also made various public statements to regarding POYIADJIS' ownership and disposition of such securities. The reports and public statements included the following:

a. On or about March 30, 2000, AremisSoft filed with the SEC its 1999 Annual Report on SEC Form 10-K (the "1999 Annual Report"), which was signed on behalf of AremisSoft by POYIADJIS. The 1999 Annual Report stated that, as of March 14, 2000, POYIADJIS owned 1,162,953 AremisSoft shares, which were held by Onyx Capital, Inc. ("Onyx"), a British Virgin Islands corporation that POYIADJIS controlled. The 1999 Annual Report further stated that POYIADJIS owned options to purchase an additional 700,000 AremisSoft shares.

b. On or about February 13, 2001, POYIADJIS filed with the SEC an Annual Statement Of Changes In Beneficial Ownership on SEC Form 5 (the "Form 5"), which purported to summarize changes in POYIADJIS' ownership of AremisSoft securities during the year 2000. In the Form 5, POYIADJIS stated that: (i) on September 19, 2000, for "pre-immigration estate planning purposes," Onyx had given away 779,620 AremisSoft shares to an unidentified donee; (ii) on October 17, 2000 and December 7, 2000, Prime Growth, Inc. ("Prime Growth"), another British Virgin Islands corporation that POYIADJIS controlled, had given away to an unidentified donee 1,450,000 AremisSoft options; and (iii) as of December 31, 2000, POYIADJIS owned no AremisSoft shares or options. Neither the Form 5 nor any other SEC filing explained how POYIADJIS had disposed of the remaining AremisSoft shares that the 1999 Annual Report stated were owned by Onyx, nor

how POYIADJIS had come to own the additional 750,000 AremisSoft options beyond the 700,000 options that the 1999 Annual Report stated he owned.

c. On or about March 21, 2001, AremisSoft filed with the SEC its 2000 Annual Report on SEC Form 10-K (the "2000 Annual Report"), which was signed on behalf of AremisSoft by POYIADJIS. The 2000 Annual Report stated that, as of March 8, 2001, POYIADJIS owned 3,775,580 AremisSoft shares, and options to purchase 1,500,000 AremisSoft shares, figures that reflected a two-for-one split declared by AremisSoft. With respect to the AremisSoft shares and options that POYIADJIS had reported in the Form 5 as having been given away, the 2000 Annual Report stated that POYIADJIS had "gifted" the shares and options to entities "in which [he] has no voting, beneficial or pecuniary interest, ... [a]s part of his overall tax and estate planning." The 2000 Annual Report further stated that, as of March 8, 2001, all of the gifted shares and virtually all of the "gifted" options had been sold by the purported donees.

d. In an interview with the New York Times published on May 17, 2001, POYIADJIS stated that he had "gifted" away his AremisSoft shares to "a trust that wasn't just created to move the stock of AremisSoft so it could be sold."

e. On or about May 21, 2001, AremisSoft issued a press release that reiterated previously-announced plans for

AremisSoft to buy back one million of its own shares and announced that POYIADJIS and his co-Chief Executive Officer each planned personally to purchase 100,000 AremisSoft shares. The press release stated, "In light of its recent trading price, the Company believes that its common stock is undervalued. The share repurchase program as well as the individual share purchases by the Co-CEOs reflects management's continued confidence in the business."

f. On or about June 11, 2001, POYIADJIS filed with the SEC a Statement Of Changes In Beneficial Ownership on SEC Form 4 (the "Form 4"). In the Form 4, POYIADJIS stated that on May 14, 2001 and May 24, 2001, he had purchased a total of 200,000 AremisSoft shares, through an entity known as Olympus Capital Investment, Inc.

6. The statements made by AremisSoft and POYIADJIS regarding POYIADJIS' ownership and dispositions of AremisSoft shares and options were false and misleading when made. From in or about August 2000 through in or about December 2000, POYIADJIS secretly directed the sale of millions of AremisSoft shares that he controlled, and then secreted the proceeds of those sales in off-shore bank accounts that he and his family members controlled.

7. POYIADJIS conducted his secret sales of AremisSoft shares through the following steps:

a. POYIADJIS arranged for AremisSoft shares and options to be transferred into the names of various nominees;

b. POYIADJIS caused AremisSoft options that he controlled to be exercised;

c. POYIADJIS arranged for restrictive legends to be removed from certificates for AremisSoft shares to permit the shares to be traded freely;

d. POYIADJIS arranged for AremisSoft shares to be transferred to agents located in Europe;

e. POYIADJIS' agents deposited AremisSoft shares with various banking institutions located in Switzerland, including: Bordier & Cie; Dominick Co. AG, Privatbank; Union Bank of Switzerland AG; and Hentsch Henchoz et Cie (collectively, the "Swiss Banks");

f. The Swiss Banks transferred the AremisSoft shares to Brown Brothers Harriman & Co. ("Brown Brothers"), a banking institution located in New York, New York;

g. Brown Brothers arranged for the AremisSoft shares to be sold in open-market transactions on the NASDAQ National Market;

h. The proceeds from the sales of the AremisSoft shares were transferred from Brown Brothers to various locations outside the United States; and

i. POYIADJIS caused approximately \$175 million in proceeds from the sales of AremisSoft shares to be transferred into accounts at banking institutions located in the Isle of Man.

8. In view of POYIADJIS' secret sales of AremisSoft shares, POYIADJIS' SEC filings and public statements operated as a fraud and deceit upon AremisSoft investors by misleading such investors into believing that POYIADJIS was not disposing of his substantial AremisSoft holdings and that POYIADJIS maintained a positive view of AremisSoft's future prospects.

Statutory Allegation

9. From in or about February 2000, up to and including in or about June 2001, ROYS S. POYIADJIS, the defendant, unlawfully, wilfully, and knowingly, by the use of the means and instrumentalities of interstate commerce and of the mails, directly and indirectly, would and did use and employ, in connection with the purchase and sale of securities, manipulative and deceptive devices and contrivances in contravention of Title 17, Code of Federal Regulations, Section 240.10b-5, by (a) employing devices, schemes, and artifices to defraud, (b) making untrue statements of material facts and omitting 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 in acts, practices, and courses of business which operated and would operate as a fraud upon

investors, in connection with the purchase and sale of AremisSoft common stock.

(Title 15, United States Code, Sections 78j(b) and 78ff;
Title 17, Code of Federal Regulations, Section 240.10b-5;
Title 18, United States Code, Section 2.)

FORFEITURE ALLEGATIONS

10. The allegations contained in Count One of this Indictment are repeated and realleged as if fully set forth herein, for the purpose of alleging forfeiture pursuant to provisions of Title 18, United States Code, Section 981(a)(1)(C), and Title 28, United States Code, Section 2461.

11. As the result of committing the offense alleged in Count One of this Indictment, ROYS S. POYIADJIS, the defendant, shall forfeit to the United States, pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461, all property, real and personal, that constitutes or is derived from proceeds traceable to the commission of the offenses, including but not limited to the following:

a. \$175,292,893.38, and all interest and proceeds traceable thereto, in that such sum in aggregate is property that constitutes or is derived from proceeds traceable to the commission of the offenses;

b. Any and all right, title and interest held by POYIADJIS in the contents of Fleming Isle of Man Limited Account Number 2248772101, held in the name of Olympus Capital Investment, Inc.;

c. Any and all right, title and interest held by POYIADJIS in the contents of Fleming Isle of Man Limited Account Number 2248820401, held in the name of Oracle Capital Inc.;

d. Any and all right, title and interest held by POYIADJIS in the contents of Standard Bank Isle of Man Limited Account Number 43016907, held in the name of Olympus Capital Investment, Inc.; and

e. Any and all right, title and interest held by POYIADJIS in the contents of Standard Bank Isle of Man Limited Account Number 43016908, held in the name of Oracle Capital Inc.;

12. If any of the property described above as being subject to forfeiture, as a result of any act or omission of the defendant--

- (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; it is the intention of the United States, pursuant to Title 18, United States Code, Section 982(b), to seek forfeiture of any other property of the defendant up to the value of the forfeitable property.

(Title 18, United States Code, Section 982.)

FOREPERSON

MARY JO WHITE
United States Attorney