



**NEWS RELEASE**  
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**MEDIA CONTACT**

Lillian Alves, Deputy Securities Commissioner  
P 303-894-2320

[lillian.alves@state.co.us](mailto:lillian.alves@state.co.us)  
[www.dora.colorado.gov/dos](http://www.dora.colorado.gov/dos)

## **Colorado Securities Commissioner announces criminal charges following software company securities fraud investigation**

DENVER — Colorado Securities Commissioner Gerald Rome announced that criminal charges have been filed in Arapahoe County District Court pursuant to an investigation of Direction Labs, a Greenwood Village based trading software company.

Affidavits in support of the arrests of Chisan Chong of Aurora and Steven Linnenkamp of Castle Rock allege that Direction Labs was in the business of marketing purportedly predictive trading software called "Second Sight," described as "out-of-sample signaling software that is web-based and provides clients with signals on when to enter and exit positions." The defendants allegedly promised that Second Sight could take "all the guesswork" out of making trades, was "bulletproof," and that investors would "never lose." The affidavits further allege that the defendants solicited over \$800,000 from one family. Initially the defendants solicited the funds for a "trading investment" for the investors' benefit. Later they requested additional funds to keep Direction Labs in operation. No portion of the funds was returned to the investors.

Chong and Linnenkamp face multiple counts of Securities Fraud (Class 3 felony) and Theft (Class 3 felony). In addition, Linnenkamp was charged with Computer Crime (Class 3 felony), Conspiracy to Commit Securities Fraud (Class 4 felony) and Conspiracy to Commit Theft (Class 4 felony). Chong was arrested and released on bond in the amount of \$75,000. Linnenkamp was released on a \$10,000 personal recognizance bond.

The investigation was conducted by the Colorado Division of Securities, a division of the Department of Regulatory Agencies (DORA), the Greenwood Village Police Department and the District Attorney's Office for the 18<sup>th</sup> Judicial District.

The charges contained in the complaints and facts set forth in the arrest affidavits are allegations. The defendants are presumed innocent until and unless proven guilty.

A copy of the complaint can be obtained by calling the Division at 303-894-2320.

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