**Introduction**

**Statement of Facts**

Faraday Hosseinipour did not knowingly participate in a criminal conspiracy.  No witness testified that Hosseinipour lied or misrepresented the opportunity.  The Government fails to identify any proof that Hosseinipour knew of any misrepresentation to a purchaser of an Emperor package or that I2G was a pyramid scheme. Hosseinipour was one of thousands of I2G distributors who joined the company with good intentions. (R.690, #9411.) The evidence was overwhelming that she believed in the business plan.  She believed I2G was a legitimate business with sustainable customer-driven products, a sound legal team, and experienced ownership. (R. 504, #4345; US Exhibit 144, 5:40-9:27, 10:35- 11:09, 11:39-11:55, 20:32 – 21:27, 21:53 – 22:07.) She strongly believed and trusted Anzalone (511 #4229, 4230, 4853) who emphasized his belief in I2G, Maike, Koerner, and the i2G products and never believed they were doing anything wrong (Doc 504 4406, 07, 09, 14, 36, 64, 74, Doc 505 4660, 61, 71, 72, 81, 84, 89, 91, 94, 4707, 08, 09, 4719, 4730, 34, 37, 511) The Government's reference to Hosseinipour as an "insider" is baseless. Anzalone described the term as only the common industry practice to give your top sales producers a courtesy “heads up” (doc 504 #4480). The term is not probative of criminal activity.

The Government falsely states that “I2G leadership represented that I2G was generating large profits through online gambling,” citing nothing from the record. (Gov’t Brief at 4.) This is false.  The I2G participant witnesses understood that the casino was only getting started and that they would only share in casino profits in the future if there were profits. (Doc 512 4982, 83 Doc 515 5010, Doc 500 4265, 66, 72, 76) The Government mischaracterizes certain evidence.  For example, there was no evidence that Hosseinipour had previously worked with Barnes and Maike.  Anzalone testified that she had not worked with them previously.  (R. 504, #4316.) Other evidence is not probative of Hosseinipour’s knowing participation in a fraudulent scheme  For example, Hosseinipour’s location in the I2G structure and ownership of “customer spots” do not establish that she was aware of any misrepresentations to purchasers of Emperor packages. As Jerry Reynolds explained, compensation in all binary compensation systems is based on the development of a distribution team by the distributor: “It depends on who’s in your downline. Your level is really irrelevant because you’re supposed to sell, and you build a downline by selling and enrolling people.” (R.498,4213.)  Nor was proof offered that she withheld information which Anzalone stated was “typical of the industry," “people knew, " and “we would tell them.” (Doc 504 #4352, 53)  Regardless, failing to disclose specifics of another distributor’s transaction (i.e., the location of a different Emperor’s place in the structure) to a purchaser does not constitute proof of a misrepresentation to the purchaser.

In any event, the suggestion that “customer spots” were not widely available is belied by the fact that US Exhibit 101i included 2,650 distributors who owned “customer spots.”

Likewise, the alleged statements of Hosseinipour referenced by the Government were not false or were repeats of what others had said. There is no proof that she knew a statement was false. For example, Bruce Fredericks testified that eight years before his testimony, he had seen a description below a Hosseinipour YouTube video: “Join I2G and get your share of the 150 billion gambling pie.” In fact, on US 144 (at 6:06-6:21), there was nothing wrong with her reference to the size of the gambling industry’s market.  Likewise, the statement that “[w]e get paid when other people play” was a truthful description of the I2G business plan. Emperors earned BV if their customers gambled in the online casino and earned a share of any profits from the casino. Similarly, Syn’s 5-second statement that emperors could earn from future casino profits was true. The government’s representation of the video, however, was false.  Syn emphasized that the overall plan was to drive “tons and tons of real customers” to the i2G casino,  that "playing games is their hobby,"  So once they get in, they don't get out."  So that is how the company will grow. " (ex 152 41:51-44:45)

Anzalone testified that Hosseinipour “was a big [pro]ponent of getting customers on the casino. Biggest [pro]ponent of anybody was Faraday. She wanted the customer—casino profit share and wanted the company to spend money on it.” (R. 565,#3601.) The evidence was clear that she believed in the plan. In April 2014, when she indicated that casino profits had gone up every month, the undisputed evidence is that she was correct. Specifically, I2G's share of the casino profits exceeded its monthly fee to Plus-Five Gaming during April and May of the same year. (GovBr.9.)

The Government criticizes occasions when Hosseinipour repeated statements Maike or Rocky Wright made. For example, Hosseinipor repeated on a video Maike’s claim that the Touch had a valuation of $200 million and was backed by billionaires. Maike had previously informed I2G participants of the involvement of two Chinese billionaires. (US Exhibit 136, 17:16-18:45.) He also had announced at the outset of the company that only one aspect of the Touch was worth $100 million (US Exhibit 160, 30:45-31:01; *see also* Maike Exhibit 205, 13:00-30.  There is no proof that Hosseinipour, like thousands of other purchasers, had any reason to disbelieve Maike. Similarly, the Government criticizes the fact that Hosseinipour repeated the claims of the founder of Songstagram (Rocky Wright) that certain celebrities had backed the product. (R.505,#4720-22, However, Richard Anzalone confirmed that Hosseinipour’s statements were based on what the founder had stated: “We didn't think Rocky would say stuff in public that wasn't true.” (R.511,#4922.) The defense even entered a video of Wright’s statements into evidence. (Barnes Exhibit 11; R.505,#4815-16.)

Finally, the Government criticizes Hosseinipour for other issues that do not show she believed that I2G was a pyramid scheme or that purchasers of Emperor packages were deceived. These criticisms include “staying with the company” after she forwarded Maike an email with suggestions to fix the website, which she addressed in the email.(Doc 504 4471, 4472) Regardless, believing in a business plan and working for a company after the company receives a complaint is not criminal. The Government criticizes Hosseinipour for standing by large depictions of checks that she believed accurately reflected her earnings. The government also criticizes Hosseinipour for being told about a sales bonus that would change and not telling others despite having no proof of who was not told.

Finally, the Government criticizes an email response (US Exhibit 636) to a non-Emperor named Bruce Deery, who was seeking a refund and publicly criticizing the company. Hosseinipour wrote in September 2014,

Sales are way up.  People are over the moon excited.  The new products with the fantasy football are creating hundreds of new customers and thousands of people using it….Real cusomer, very streamlined, great odds, and paying on every game played, win, lose or draw.  The perfect customer acquisition program that has ever come out in mlm.  We have 20,000 people using our social media platform product and the same goes with the boardwalk.

This email accurately described the state of the company at that time. Anzalone confirmed that the email accurately reflected that sales had a trajectory of going up in the last couple of months since the introduction of fantasy sports. (R.505,#4589-90.) Glenn Logan also testified that volume was going up after the introduction of fantasy sports. (R.701,#10918.) Maike also told participants that sales had increased because of fantasy sports. (Maike Exhibit 211, 10:24-45.) A resurgence of sales due to the fantasy sports product was underway in September 2014, and there was nothing wrong with Hosseinipour expressing that, as well as her excitement about the company’s focus on customer sales.

In sum, the Government fails to point to any evidence that Hosseinipour knew she was participating in a pyramid scheme or that she knew of misrepresentations made to purchasers of Emperor packages.