

**IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF KENTUCKY
OWENSBORO DIVISION**

UNITED STATES OF AMERICA,	:	
	:	
	:	
v.	:	CASE NO. 4:17-CR-12-GNS
	:	
RICHARD G. MAIKE, et al.	:	
	:	
DEFENDANTS.	:	
	:	

DECLARATION OF JERRY REYNOLDS

Declarant Jerry Reynolds states as follows:

Attorneys for the Defendants have sent me US-7240, a spreadsheet that I provided to the United States during the course of this investigation. 7240 has metadata that shows it was created by me on 9/9/15. The United States apparently produced this spreadsheet to all defendants in 2017 and titled it "Backoffice Enterprise Solutions: Checks.xlsx." The attorneys for the Defendants have asked me if I can answer the following questions. Below are the questions and my answers (in red).

1. In 7240, under column R, there are certain entries that read, "Check created for funds transfer for purchase." Are we correct that this means that commissions earned by the IBO were utilized for another purchase from I2G? Is it also correct that these commissions were not included in the column titled, "Value Checks Requested And Paid" on Government Exhibit US-101i?

The answer to the first part of your question "Are we correct that this means that commissions earned by the IBO were utilized for another purchase from I2G?" is YES. This type of record is created when a member utilizes earned commissions to make a purchase in the system.

The answer to the second part of your question "Is it also correct that these commissions were not included in the column titled, "Value Checks Requested And Paid" is also YES. These type of transactions would have been filtered out of that number.

2. In 7240, under column R, there are certain entries that read "Check created for funds transfer from ___[individual A]___ to ___[individual B]___." Are we correct that this means that commissions earned by the IBO were transferred for the benefit of another individual? Is it also

correct that these commissions were not included in the column titled, "Value Checks Requested And Paid" on 101i for individual A?

The answer to the question "*Are we correct that this means that commissions earned by the IBO were transferred for the benefit of another individual?*" is YES. This function allows one member to transfer funds from their own account to another member.

The answer to the second question "*Is it also correct that these commissions were not included in the column titled, "Value Checks Requested And Paid"*" is also YES. These type of transactions would have been filtered out of that number.

3. In 7240, under column R, there are certain entries that read "Requested from E-Wallet via web." Are we correct that this means that the IBO requested via the backoffice that he or she be paid commissions from the payroll company that was in place at the time?

The short answer is YES. This action would create a request for payment that would have been transmitted to the payroll company when those requests were processed.

4. When an IBO was gifted an Emperor position, 101i includes a "value" of \$5,000 for that position in columns N and O. Do you have a way to determine which of the Emperor positions were not paid for (gifted)?

No.

5. Did any of the data that you maintained reflect refunds that were paid to IBOs?

Yes. I have attached a spreadsheet of the raw dump of the refund table, titled Refunds_Raw Data. I cannot speak to how these were processed by i2G (or not processed). This is simply the record of a refund due.

This spreadsheet is Exhibit 1 to this declaration.

6. Did your company's services assist i2G with the creation of 1099s?

The Firestorm system generated the 1099 totals for each person based on what the system shows they earned. It was then up to i2G to print and mail out the 1099s or to have a third party company do so.

7. On 101i, there are entries that reflect "Reported Fraud." Can you let us know what "Reported Fraud" refers to in your system (and, therefore, on that spreadsheet)?

This text is located in the CompanyName field, therefore it is not anything that our system did. It is possible that administrative personnel made this change, or the individual could also have done it when they updated their profile in their back office. There is no way for me to tell accurately.

I am attaching a spreadsheet titled MembersWithCompanyName_ReportedFraud for you to easily see all of the people in the system that had this as a company name.

This spreadsheet is Exhibit 2 to this declaration.

8. Can you run a search for "All Commissions Earned" from 7-1-13 to the present. In other words, please run a report that details all commissions earned by any Emperor from 7-1-13 to the present regardless of whether and how the commissions were used.

Because the system was shut down several years ago, there won't be any data after a certain point. I have created a spreadsheet titled AllTimeCommissionsEarnedByEmperors that shows the results of this search. Among other commissions, this will include "pool cash" and "fast start bonuses."

This spreadsheet is Exhibit 3 to this declaration.

9. On U.S. Exhibit 101i, there is a column titled "ValueAllPurchases." Do the figures in this column include autopay charges to Emperors regardless of whether those charges were actually paid by the Emperor?


Yes. For example, Melanie Adam (IBO#833568) purchased an Emperor position and several charges for "Emperor monthly subscription" are included in the ValueAllPurchases figure.

10. Does the column on U.S. Exhibit 101i titled "ValueChecksRequestedAndPaid" include commissions earned by participants that were used to make purchases from i2G or that were transferred to another participant?

No.

11. I declare under penalty of perjury, pursuant 28 U.S.C. § 1746, that the foregoing answers are true and correct.

FURTHER THE DECLARANT SAYETH NOT.

 4/4/2023

Jerry Reynolds