UNITED STATES DISTRICT COURT
WESTERN DISTRICT KENTUCKY
AT BOWLING GREEN

GRAND JURY PROCEEDINGS

IN RE: RICHARD G. MAIKE, DOYCE G. BARNES, RICHARD J. ANZALONE, FARADAY HOSSEINIPOUR, DENNIS DVORIN, JASON L. SYN

CASE NO. 2014R00733-O (MJF)

WITNESS: SPECIAL AGENT DAVE McCLELLAND

DATE: NOVEMBER 13, 2019

TIME: 11:47 A.M.

COURT REPORTER: KALLIE WILLIAMS

APPEARANCES:

Madison Sewell, Esq.
Assistant U.S. Attorney
Department of Justice
501 Broadway Street
Paducah, KY 42001

Marissa Ford, Esq.
Assistant U.S. Attorney
Department of Justice
717 West Broadway
Louisville, KY 40202

129235

TAYLOR COURT REPORTING KENTUCKY
2901 SIX MILE LANE
LOUISVILLE, KENTUCKY 40220

This matter coming on to be heard before the Federal Grand Jury for the Western District of Kentucky at the U.S. Courthouse, 241 East Main Avenue, Bowling Green, Kentucky, on November 13, 2019, the appearances set out in the caption, the following proceedings were had.

Let the record show that there are 19 jurors present, two attorneys, the court reporter and the witness in the grand jury room.

* * * * *

SPECIAL AGENT DAVE McCLELLAND, the said witness after first being duly sworn, was examined and testified as follows:

EXAMINATION BY MS. FORD:

Q. All right. This is United States District Court, Western District of Kentucky at Owensboro. United States of America versus Richard G. Maike, Doyce G. Barnes, Richard J. Anzalone, Faraday Hosseinipour, Dennis Dvorin, and Jason L. Syn.

(The indictment was read to the grand jurors.)

MS. FORD: That concludes the reading of

the indictment.

THE WITNESS: Any questions? No. I'm just kidding.

MS. FORD: You understand now why I am not asking you questions.

* * *

EXAMINATION

BY MR. SEWELL:

Q. Okay. Can you state your name?

A. Yes. David McClelland. I'm a special agent with the FBI.

Q. Okay. And can you give a little bit of your background, experience, and the type of investigations you work on?

A. Yes. So I've been an FBI agent for over 25 years, have an accounting degree, and generally do white collar kind of investigations.

Q. And in the course of your investigations, did you do an investigation into a Richard Maike, Doyce Barnes, Richard Anzalone, Faraday Hosseinipour, Dennis Dvorin, and Jason Syn?

A. Yes.

Q. And can you give the grand jury an overview of that investigation?

A. Okay. So the allegations that came to me back in 2014 came from two places. One, we received a complaint in our Jacksonville office from an investor in this company who had lost some money. And secondly, we got some reporting for local banks in Owensboro.

The banking system is set up such that if there's suspicious activities that they notice in their banks, they have a mechanism to report that, so we get some of those reports.

What was happening was the banks were -- Mr. Maike was receiving cashiers' checks at his home in Owensboro where he was operating this business, and he was depositing large numbers of these checks into the bank.

So the bank would go to the Internet to see what was his business, and they'd put in the name of the business, and it had links to an online casino. So they were concerned that it was some kind of an online gaming operation, so they kept closing his account.

So that's how I got the information from the banks. There was something a little unusual at least. And that's kind of what we started with.

Q. And what did you do next?

A. So what I did next was we got -- we opened a case and I talked -- I got some subpoenas for the bank

records, just tried to look and see where the money came from and what it was. And from that, I could get -- could see some of the investors' names and where the money came from.

And I started talking to some of the people who had invested in the company, and understood what they had been told and why they were investing.

And essentially what was happening, just to summarize this thing at this point, this company has been set up as a -- what I would call a pyramid scheme. It's a multi-level marketing company. It's dependent on signing people up in a sort of a chain, if you will. And the more people you sign up, the commissions sort of flow up that chain to the top.

And then you have to look at what was the product they were selling. So were they selling vitamins, which is typical for those companies, or were they selling, you know, some kind of coffee or something like that? No.

The product they had at that point was simply a computer application called the I2G Touch. And what it -- what they represented it did was, if you had Twitter and Facebook, whatever your social media was, it would aggregate it onto your screen, essentially in one place. And it would allow other people who had the app

to communicate through video conferencing. That's what they purported it did. That was their product.

And the second product they had was an online casino they had set up outside the United States. So these investors were telling me basically what the -- the way it worked was, they were investing in the company, because Rick Maike had promised if you invested in the company at the highest level, those highest level investors were called emperors, and they would receive 50 percent of whatever the casino made.

And that was limited only to the emperors. And the number of emperors was capped at 5,000. So the first 5,000 people that buy an emperor position were going to get 50 percent of the online casino profits for the rest of their life.

And that was a pretty good pitch. People thought, man, this -- and the way he made it sound, as I talked to these people, was the casino was profitable and it was growing each month, and for the rest of your life you would receive a payment.

And he was correct. He said, No other multi-level marketing company has done this before. We're going to share the profits of the casino with our members. And that's something unique that we're going to do.

And so that -- to answer your question, what I did next was I talked to some of those investors and kind of got a sense of what are they selling, you know, what are they -- why are people sending all this money?

None of the people were sending -- that I initially talked to were sending the money for this computer application. They didn't care about the computer application. They -- kind of their phones did that already. I mean -- you know, they were interested in the casino.

And many of them were not interested in signing anybody else up. They weren't multi-level marketers where they're going to go out and just sort of get all their friends to join. They simply believed if I invest in this company, I'm going to get a return on my investment. And so that's --

Q. So you obtained the bank records --

A. Yes.

Q. -- for all these deposits and cashiers' checks coming in?

Then you talked with a number of the investors?

A. Yes.

Q. And then, what did you do next? Did you

look at some of the company's material and information?

A. Yes. I looked at, you know, when was the company incorporated and how is it set up, who are the principals, who own the company. I went on their web page and read the description of how the commissions were generated.

And the question that came up, I guess, that I had at that point was, is the casino making money or not? And the people who were investing were saying they were receiving about $20 a month in casino profits, roughly, was coming in every month to them through sort of a computer back office that they could access.

And the bank records that I got did not show any kind of casino profits coming in that I could see. So we basically developed enough probable cause. We thought there was a crime here.

And so we got a search warrant, was the next step, to search Mr. Maike's house. So this business was represented to be -- the corporate office, if you will, on the web page was an address in Owensboro. That corporate office was literally Mr. Maike's house. So we got a search warrant for his house and searched his house that day. And I think it was in January of 2015.

He was there that day, so I got a chance to ask him some questions, which he answered. I asked

him why people would spend $5,000 for a computer application. It seemed like a lot of money. If that was the product, why would you do that?

And he couldn't offer an answer to that other than, Well, you would have to ask those people why they're doing that.

I asked him if the casino was making money. His answer was somewhat vague, that he couldn't tell me exactly how much money the casino was making.

One of the things we discovered in the bank records was that he had purchased $3 million in land with the money that had come in from the investors, to include $420,000 in currency that he had put into -- or had been placed into a safety deposit box.

I asked him where that cash had come from, and he said it had come from T-shirt sales that he had had at his conventions. It seemed like an unlikely source to me, but that's what his answer was.

So in that search, we searched his office, and he had an accountant that had an office that had done -- that he used to help sort of maintain the accounting records for the company.

We did a search of the accounting office also and retrieved invoices from the company that ran the online casino. And those invoices showed that each month

the casino was not operating at a profit. In fact, the way it was set up, you could go online and gamble if you were outside the United States. If you were in the U.S., you couldn't gamble in the casino.

So the volume in the casino was very low based on these invoices. And it was structured so that the volume had to reach -- at least reach $3,000 before any profits would reach I2G. It wasn't even, you know, coming close to even that minimum amount.

So Mr. Maike had to literally have checks or wire transfers sent to this company to keep the casino up and running just to keep it alive. So not only was it not making a profit, it was actually costing the company to keep it online.

Q. Was I2G operating the casino themselves, or they were paying a subcontractor to do it?

A. They paid a subcontracting company to run it. They had -- allegedly had a server set up somewhere, Malta, which is an island off of Italy, and represented that they had a license there to have that thing open.

But I2G simply would -- entered into a contract with that company, and then that company actually ran the online casino. So I guess at that -- oh, also at that search, in Mr. Maike's house, he had a safe with $150,000 in cash in the safe as well.

So we got documents related to the company at that search and talked to Mr. Maike, and it kind of confirmed our suspicions that something doesn't seem right. It doesn't seem like the casino's making money, this I2G product doesn't really seem to have much value at all. The reason all these people are sending this money in is they're hoping to get casino profits. They're being told this thing is profitable.

We got copies of conference calls he made. So each month, he would have a conference call where all the members could listen to what he had to say. And we were able to get copies of all of those conference call recordings from the company that did that for him.

And in listening to those calls, he repeatedly made representations the casino was, in fact, profitable, and urged people to go ahead and buy the emperor positions before they were all gone.

So if you do the math, he sold -- it appears that he sold close to all of the emperor packages, which would be 5,000 packages at $5,000 is $25 million that was generated.

Some of that money came into the company's accounts. We were able to track down $16 million of it. It appears some of it may have gone outside the United States, but we're not sure where those accounts

are yet. But we were able to at least document $16 million of the money.

Essentially what happened was people were joining this thing, because they wanted to get profits from this casino. And that's kind of what started the investigation up to that point.

That led us, you know, up into January, February, March of that month. And I interview more and more people who invested in the company. The story was the same. We sent out a survey to people that we could sort of identify who had sent money in. We got a decent response from that.

Every one of those people that responded had nothing good to say about their experience. They had all lost money, they had all been promised that the casino was making money.

So that -- essentially what was happening, there was two things. People were investing, because they hoped to get money. And then, the people at the top were making tons of commissions, because the more people that buy emperors, the more commissions flow up to those top-level people.

So the people that are charged in the indictment along with Mr. Maike, which includes Mr. Anzalone, Ms. Hosseinipour, Mr. Dvorin, and Mr. Syn,

those four were all promoters that weren't owners, but were just out there selling it like gangbusters.

Q. And how did you identify them?

A. Through the records of the company, we were able to get -- there was a third-party company that paid the commissions, so they had all the records of who received the commissions.

And that literally came in as sort of an Excel computer spreadsheet where you could see who made how much money. And that showed who these top-level people were.

So they were promoting it. And would put -- as mentioned in the indictment, would put out YouTube videos, and would promote and make false representations that the casino was making money.

They would say things like, How would you like to make money every time someone places a bet? Gave the impression that it was just a lucrative casino, that it was easy to just collect money on.

Q. And did you view the YouTube videos?

A. Yes.

Q. Okay. And how did you find and access those?

A. Through the Internet, essentially. I was able to download those when I found them on the Internet,

and save them.

Q. And can you give the grand jury an overview of what you saw on those YouTube videos; who, if anyone, was on them; and what was discussed?

A. Okay. Yes. All of the defendants, Mr. Maike, Mr. Barnes, Mr. Anzalone, Ms. Hosseinipour, Dvorin, and Syn, all were on different videos that I've seen. And I would say in each case they all made misrepresentations on those videos.

Like I've said already, each of them made the casino appear more profitable than it was. Very rarely was there much talk about the computer application. It turned out, as I talked to victims, people who did try to use it said it didn't work well.

I've talked to the programer or the person who sort of created that program. He admitted that it didn't work well. The company actually went into bankruptcy pretty soon after Mr. Maike started selling this.

Q. The company that invented the program --

A. Yes.

Q. -- went into bankruptcy?

A. Yes. The company that -- that's correct.

The computer application was sort of a veneer of legitimacy for the company. They had to have a

product that they could sell, so they sort of tacked that thing on. And then, in the underbelly of the company was this online casino that you couldn't gamble on in the U.S., but it supposedly was going to earn profits. And they really pushed that heavy.

And really, just the floodgates opened up, checks just started being mailed in from around the country to Mr. Maike's house is essentially what happened.

Subsequently, he added a different product, a third product, between the -- besides the casino and the computer application, which was called Songs2Gram. The same guy who developed the sort of I2G Touch software also had a project going, which was called Songs2Gram. And it was a computer application that would allow you to download music and make a video. Essentially it would stream the song and make a video, then you would have a video of yourself with the music in the background.

And the misrepresentations that were made about that product was that they had major entertainers that were going to support this, were going to Tweet it out.

And then in the same multi-level marketing structure, when all that volume happened and people

bought all this music or downloaded the music through Songs2Gram, that would be shared with the IBO members. Just like -- kind of like you would share in the casino profits, you'd be sharing in the profits of all the money generated from these future downloads after all these celebrities promoted it.

He -- I know Mr. Maike made a statement comparing it to iTunes. Like, you know, Apple makes all this money when you download music. Well, we're going to take that money and give it back to you.

So it sort of made it sound like it was going to be comparable to iTunes or an Apple-type thing, but something that he would share with the people in the company. Again, making people want to join the company.

Q. And how did the Songs2Gram portion of the company proceed?

A. It was promoted for two months, and then it never went online, and it disappeared, so...

Q. Okay. I'm going to go over some of the specific allegations that are in the indictment.

And so you've reviewed a copy of the indictment?

A. Yes.

Q. Okay. So first it says from on or about and between February 6, 2013 and continuing to on or

about December 31, 2014, that the named defendants, six people named, engaged in this $25 million fraudulent pyramid scheme.

What are the significance of those two dates?

A. That -- February 6th is the date the company was incorporated. And December 31st is just the point in time when the illegal acts stopped, essentially.

Q. So the money was received in between those two dates?

A. Yes.

Q. Okay. And when -- how did they represent about -- or what did they represent about the profits of I2G, and were those statements true?

A. Again, they represented that the casino was making a profit, which it was not, so that was a false statement.

Q. Okay. And you looked at I2G's actual profits and how much was coming from the casino versus how much was coming from memberships.

Right?

A. Correct. So the company itself, I guess, arguably was very profitable, because people were sending in money like gangbusters. But that money was essentially being used to pay out commissions to the

people who were signing people up.

Q. Okay. So the vast majority of the profits were from membership fees of --

A. Yeah. Mostly from emperor positions. I would say 90 percent, if not higher, of the people -- the money that came in came from people buying these emperor positions.

Q. Okay.

A. They were pushed very heavy. Because the emperor position was the only position that gave you the 50 percent casino profit sharing.

Q. And it says that on or about February 6, 2013, that Maike, a resident of Owensboro, incorporated Finance Ventures, LLC in Wyoming.

How did you find out that information?

A. From the search warrant, we got some of those records, and I went to the Wyoming Secretary of State page and found that.

Q. Okay. And Maike was the owner and president of Finances Ventures, and Barnes the co-owner?

A. Yes.

Q. Okay. And then, what happened on July 15 of 2013, or what did your record -- investigation show?

A. Again, I think I got some Secretary of State records from Wyoming, and it shows that on that

date, July 15th, he registered a trade name for Finance Ventures on that date --

Q. And --

A. -- which was Infinity2Global.

Q. Okay. Infinity2Global, which was --

A. Right.

Q. -- the name that the public would see --

A. Right.

Q. -- when interacting with the company?

A. Exactly. The corporation was called Finance Ventures, the trade name was Infinity2Global.

Q. Okay.

A. That was set up on July 15th, 2013.

Q. And Paragraphs 5 through 9 talks about the respective defendants, where they're from, and how much each received from the scheme. Also mentions that all of them promoted I2G to the victim investors.

How did you find that information?

A. Again, we got the records from the payroll company, essentially, that provided commission payments and the bank records of the company, so I looked at both of those sets of records and compared them. I was able to determine how much money each of these people received.

Q. And as far as the residences of everyone?

A. Okay. So yeah, Mr. Barnes lives in Goldsboro, North Carolina; Mr. Anzalone lives in the Los Angeles, California area; Ms. Hosseinipour lives outside of Jacksonville, Florida; Mr. Dvorin lives in Los Angeles, California; and Mr. Syn was living in the Los Angeles, California area.

Q. Okay. And you mentioned earlier that you spoke with Mr. Maike.

Did you speak with these other individuals?

A. I did not. We had -- agents did interview Mr. Anzalone and Mr. Barnes.

Q. Okay.

A. But I have not spoken -- no one's spoken to the other ones.

Q. Okay. And what were the results of those conversations, if you can summarize?

A. Similar to the -- sort of the interview of Mr. Maike, the answers were somewhat vague and misleading. I don't have the details in front of me, and my recollection is a little foggy.

Q. Okay.

A. It was a while ago. But they did acknowledge that they were part of the company and they had promoted the company. They were somewhat defensive

about it being fraudulent, but couldn't provide specific answers to how much the casino made or questions like that.

Q. Now, in Paragraph 10, talking about how the company promoted the different ways to join and the infinite opportunity plan for independent business owners, where did you get all the information in that paragraph?

A. From the -- well, from the company web page, for one, it had a listing of all the ways that you could join the company, different membership ranks, and how the commissions were paid. So that really came from the Internet page, as well as victims who had printed that out and they sent in copies of that to me as well.

Q. And the information that you found on the Internet page of the company was consistent with what the victims had told you about how the different plans were scheduled?

A. Yes.

Q. Okay. Okay. Now, the three products. I believe you've talked about those three products. Just making sure we've covered everything in these.

So on the second product, the i2gcasino.com, the information says the highest rank of emperor provided the investor with a promise to share in

50 percent of the casino profits with other emperors without sponsoring any new members, and that only 5,000 emperor packages would be sold.

Where did that information come from?

A. Well, from conference calls where Mr. Maike made that representation. All the promoters made that statement. That was sort of a well-known fact that it was limited to 5,000 positions.

Q. Okay. And then you also tracked financial records of people sending in checks that --

A. Yes.

Q. -- corresponded with those amounts?

A. Yes. Yes.

Q. Okay.

A. And to point it out too, many people bought multiple emperor positions, so you can see the amounts. The reason for that, they want to make even more money from the casino. Because if they were joining just to sponsor people, you would only need one spot. If you had a position, you could then sign up people and be in the pyramid so to speak.

So really the only logical reason to buy more than one is you're expecting to receive a big profit back. And in some cases, there were victims that were elderly or that were sort of -- that sent in all their

life savings. And some people sent in over $100,000.

Q. And did the casino generate a profit from its inception to the end on December 31st --

A. No.

Q. -- 2014?

A. No, it did not.

Q. Okay. We talked about that.

On Page 5 of the proposed indictment, it talks about the -- or superseding -- second superseding indictment, it talks about a YouTube video from an online hangout from December 15 of 2013.

And where did you view that video, and is the description in the second superseding indictment consistent with what you viewed there?

A. Yes. Again, I downloaded the video off of the Internet. And that's a quote that I drafted from that video. Mr. Syn is -- Ms. Hosseinipour is actually doing the online hangout, and then she puts Mr. Syn on, who's sort of a partner of hers, I guess, in promoting this thing, and just wants him to talk, because he's one of the leading promoters.

He's Korean and did a lot of sort of promotion in the Korean community. And he emphasizes -- he talks for about 20 minutes and really emphasizes nothing but buying these $5,000 packages. Doesn't talk

about the I2G Touch at all. At that time, I don't think Songs2Gram was even out. And doesn't really even talk about the casino. He just talks about selling, selling, you got to sign people up. And he made a lot of money doing that.

And I think his point that he only sells emperor packages basically is based on the idea -- the reason for that is people are thinking they're going to make money on this casino. That's why they're buying that emperor package.

Q. And we've talked about the conference calls and YouTube videos. It also mentions in Paragraph 17 in-person conferences and small group meetings.

Can you give the grand jury an overview of what you found there?

A. Okay. Yeah. In-person conferences. So in talking to the victims, they would -- people who were promoting this company would have meetings in restaurants or, you know, just different businesses to sort of give a little pitch. They'd invite friends, say, Come on over, I've got something to tell you.

So one place they did that was at a Denny's Restaurant. Mr. Anzalone, Mr. Dvorin, and Mr. Syn, all three would often go to that restaurant and pitch these emperor packages to people there.

They also had company conventions periodically that they would have. Mr. Maike would sponsor sort of a large convention in Las Vegas or in Los Angeles where people could come, and they would talk about the company and sort of build excitement for the company.

They would hand out large cardboard checks to some of the promoters at those meetings. Like Ms. -- all the defendants received cardboard checks, except for Mr. Maike or Mr. Barnes, because they were sort of the owners or principals of the company, but the other defendants here would sort of show the commission checks that they had earned, and that would sort of promote or -- the business and make more people want to join.

Sort of give the perception the casino was profitable, the company was making money, and hurry up and get in on it.

Q. And the quote from a conference call in Paragraph 17 about the August 10th, 2013 conference call.

You have a copy of the conference call, listened to it, and that is an accurate quote of what Maike stated at that time?

A. Yes.

Q. Okay. We talked about the large cardboard checks that got presented.

You saw those through videos?

A. Yes.

Q. Okay.

A. And there were pictures of them on Maike's computer we got as part of a search warrant, so...

Q. Paragraph 20 talks about Barnes recruiting people in his hometown in Goldsboro, North Carolina.

Can you talk about that aspect of the investigation, how you found that information?

A. Yes. Again, in talking to different victims, there was a good chunk of victims from the North Carolina area.

And in interviewing those people, they -- several of them said to me that they had met Mr. Barnes at a -- he had a local jewelry store and several -- I guess maybe even more than one business in Goldsboro, where he's from.

So he had some office space. And he'd set up a little office to promote the -- to promote I2G, and investors would go to that office and -- or potential investors would go there and listen to his promotion. So people decided to join based on those meetings.

Q. And the quote there on Paragraph 20 of the -- from the conference call, you've listened to that conference call. In fact, all the quotes in this

document, you've -- have you listened to the conference call or video or made sure that that quote was accurate?

A. Yes.

Q. Okay. So victim 20- -- Paragraph 21 talks about the total received in the time period alleged, which is at least 16 million.

And how was that number determined?

A. That's -- again, all the -- taking the bank records that we do have, we added up all the deposits of money that came in from investors, and that's the amount we could for sure document. My suspicion is it may be more than that, based on the 5,000 times 5,000 number, but that's where that number came from.

Q. Okay.

MR. SEWELL: Let me give you -- let me take one break real quick.

* * *

(Off the record.)

* * *

EXAMINATION

BY MS. FORD:

Q. Madison was just asking you, Paragraph 22 contains seven different bullet points, of which refer to

either statements made by Defendants Maike, Barnes, Hosseinipour, Dvorin in various YouTube videos or some of these online chats. Each of those bullet points contains a direct quote.

You've reviewed each of those, haven't you?

A. Yes.

Q. Okay. And based on your investigation, the statement, the quote in each of those bullet points would be a misrepresentation -- would be a false statement about how the business was doing, or would have omitted material facts that would be important for an investor to know?

A. Yes.

Q. Okay. So you've talked already before, in several of these bullet points statements are made about how profitable the casino has been when, in fact, the records at that time showed that the casino was operating at a net loss?

A. Correct.

Q. Okay. And the representations about how many members they were going to have by the end of 2013 was supposed to be hundreds of thousands. In fact, they had -- your investigation showed 7,000 members at the end of 2013?

A. Right.

Q. Okay. There was also a statement about -- that Mr. Maike made in February of 2014 that he said, We're in the process of working on a project to buy a half-a-billion-dollar hotel/casino facility?

A. Right.

Q. Did your investigation find any evidence that any steps had been taken towards building a hotel/casino?

A. No.

Q. Okay. And you've talked quite a bit about Songs2Gram already.

So in Paragraph 25, the overt acts A through P that are charged as part of the conspiracy to commit mail fraud, each of those overt acts refers to, by initials, an investor.

Is that correct?

A. Yes.

Q. Okay. And you found, based on your investigation, based on records of payments received by I2G, that each of these investors had purchased -- were these all emperor positions that they were buying?

A. Yes.

Q. Okay. So for example, if we look at overt act F, QP, on January 23rd of 2014, that $25,099.75 would

have represented the purchase of five emperor positions?

A. Yes.

Q. Okay. And the preceding overt act, E, that's the same person, QP.

Correct?

A. Yes.

Q. All right. And on January 16 of 2014, that same person in the preceding week, less than a week apart, less than seven days apart, QP purchased $35,136.50 in emperors positions?

A. Correct.

Q. Okay. So that would be -- QP bought a total of 11 emperor positions.

A. Right.

Q. Is that correct?

A. Yes.

Q. All right. When you talked to investors, you said you found in your investigation they knew that some of the people -- there were people who bought smaller membership ranks at the $119.95 level?

A. Uh-huh. (Witness answers in the affirmative.)

Q. Those people paid by credit card?

A. Correct.

Q. Okay. But you said that for the emperor

packages, the $5,000 checks, did you find evidence for each of these overt acts that the cashier's check was either mailed to Mr. Maike's residence in Owensboro or sent by some kind of commercial carrier, like Federal Express or DHL?

A. Yes.

Q. Okay.

A. So the bank accounts were being run out of Owensboro. That's where they had been set up. And the deposits of these checks that were sent in -- the deposits were made in Owensboro.

So the victims had to have mailed the checks for them to get to Owensboro. And we received evidence that that was happening at the search where we had -- there were some labels and things like that of -- that people had been mailing checks.

Q. Okay. And for these overt acts A through P, I think there's only one investor that lives in the State of Kentucky.

Is that correct?

A. Yes.

Q. And that would be -- is that BW in overt act J?

A. No. I think it's --

Q. No. It's BF in G?

A. Yes.

Q. Okay. So BF is the one investor in here who lives in the Commonwealth of Kentucky, but BF lives in the -- is it in the Eastern District of Kentucky?

A. Yes.

Q. Okay. He does not -- BF does not live in or near Owensboro?

A. No.

Q. Okay. So let's move on to Counts 2 through 10, which charge the nine counts of money laundering.

And is it fair to say, so we can summarize for the grand jury, that each of these financial transactions charged in Counts 2 through 10 relate to the funding by Maike of the purchase of the three tracts of land in Kansas?

A. Yes.

Q. Okay. And basically those financial transactions occurred in two separate groups?

A. Yes.

Q. Okay. So the closing on the first tract, which is about $965,000, there was a series of financial transactions that Maike engaged in to fund that purchase?

A. Yes.

Q. All right. And then there was another

series of financial transactions that Maike engaged in to fund the closing on the 2 -- for 2.3 million for the other -- the remaining two tracts of land?

A. Correct.

Q. Okay. So why don't you summarize or walk the grand jury through how those -- what those -- how those transactions worked.

A. Okay. So what Mr. Maike was doing was buying land in Kansas. It's about 1,700 acres of land. It's pasture land in Kansas. He has family that lives there. Just as -- I wondered why was he buying the land? And in talking to the title attorney who handled the transaction, he asked Mr. Maike, What do you plan to do with the land? And Mr. Maike said, One day I hope to put a house on it. So it did not seem to have a business purpose behind it. It seemed to be a personal purchase.

Q. And there was some reference in the second superseding indictment to RAW Ventures.

What is RAW Ventures?

A. So the initials RAW are, I believe, Richard, it's his first name, "A" is Angela, his wife's name, and "W" is Weston, his son's name.

Q. Okay.

A. So it's a corporation that was set up to buy the land, but is essentially closely held. His wife

and he were the -- Mr. Maike were the owners of that corporation.

Q. Okay.

A. So what they did, I guess to run through this, essentially took the company money and wired it to a couple different transactions to get it to the title company.

Q. So in Count 2, the first transaction on November 20th of 2013, it alleges a wire transfer from a PNC account ending in 9374.

Was that PNC account the Infinity2Global account?

A. Yeah. It was a Finance Ventures account --

Q. Finance Ventures account?

A. Right.

Q. But that's where Maike was depositing the $5,000 in proceeds --

A. Right.

Q. -- from emperor packages?

A. Right.

Q. Okay. And then wire -- $965,000 was transferred by a wire to an HSBC account.

Where was that HSBC account located?

A. So that account was set up in Hong Kong,

and it was also in the name of Infinity2Global. And he had money that he was receiving from victims in that account too. People could wire transfer money there. So that was a company account also, but it was outside the United States.

Q. And then, Count 3, five days later on November 25th of 2013, is a wire transfer in the same amount, $965,000. That's from the HSBC account in Hong Kong.

Correct?

A. Yes.

Q. And it's being wire transferred to a Chase account 030 -- 6309.

What was the name on that Chase account?

A. So that account belonged -- had the name of Angela Leonard on it, which is Rick Maike's wife. She was the -- had her name on it, and I believe eventually Rob Fleenor, who is the accountant's name, was added to that account.

Q. Okay. And the next day, Count 4, a day -- one day later on November 26th of 2013, there's a wire transfer of $964,000. That's from Chase account 6309.

That was Angela Leonard's account?

A. Yes.

Q. Okay. Maike's wife's account?

A. Right.

Q. And that wire transfer is to Charles Wilson Title (sic)?

A. Right.

Q. Where is Charles Wilson Title located?

A. In Kansas.

Q. Okay. That was the title company that was handling the closing on the Kansas real estate?

A. Yes.

Q. All right. And so that completed the purchase price, it was that 964,000 that was used to -- by Maike to close, to buy the first tract of land in Kansas?

A. Yes.

Q. Okay. And then, Counts 5, 6, 7, 8, 9, and 10, am I correct, those all relate to funding the closing on the other two tracts of land in Kansas?

A. Correct.

Q. Okay. So on April the 10th of 2014, $1,360,000 is wire transferred from an HSBC account 3838.

Again, that's the Finance Ventures account located in Owensboro?

A. The HSBC account actually is the one in Hong Kong, so --

Q. Okay.

A. -- money had been sent into that account. There was investor funds that had been put in the Hong Kong account. And it was wire transferred from that Hong Kong account to the H -- the RAW Ventures account in Kansas.

Q. Okay.

A. The bank account there.

Q. That -- so the ESB RAW Ventures was the -- Maike had set up --

A. Set up an account --

Q. -- the bank account in the name of RAW Ventures --

A. Yeah. At a small bank called ESB.

Q. -- at ESB Financial --

A. Right.

Q. -- in Kansas? Okay.

Which was near where the property was located?

A. Right.

Q. Okay. On the next day, on April the 11th of 2014, $1,372,971 is wire transferred. That wire transfer is from Maike's RAW Ventures account, again, to Charles Wilson Title?

A. Correct.

Q. Okay. So that is to fund 1.3 million of

the purchase?

A. Yes.

Q. But the total purchase price for the remaining two tracts was about 2.3 million?

A. Yes.

Q. So on April the 29th of 2014, there's a wire transfer of $500,000.

That, again, is coming from the account in Hong Kong?

A. Correct.

Q. Okay. But it's I2G investor money?

A. Correct.

Q. It's not coming from Maike's personal bank account?

A. That's right.

Q. Okay. And it's also being transferred to the RAW Ventures account at ESB Financial in Kansas?

A. Right.

Q. Okay. The next day, on April the 30th of 2014, $420,000 in currency is deposited to the RAW Ventures account at ESB Financial.

How did you find out about that currency deposit?

A. From the bank, from ESB Bank. They had records that show that deposit.

Q. And that money came from -- he had also, when he opened the bank account at ESB Financial, he had rented a safety deposit box?

A. That's correct.

Q. Okay.

A. He had -- he rented a safety deposit box, and the currency came out of that safety deposit box and was deposited into the account, so that he could use it for the closing.

Q. Okay. And then, on April -- Counts 9 and 10 on April the 20th of 2014, there was a $920,000 wire transfer from the RAW Ventures bank account in Kansas to Charles Wilson Title?

A. Yes.

Q. And the same day, $85,000, that was wire transferred from the Finance Ventures account at Fifth Third --

A. Right.

Q. -- to Charles Wilson Title?

A. Right. That came directly out of just the domestic U.S. Finance Ventures account.

Q. So basically their business operating account --

A. Right.

Q. -- at Fifth Third Bank at that time?

A. Right.

Q. That $85,000 was used to finish that closing?

A. Correct.

Q. Okay. We're going to skip Counts 11 and 12.

Count 13, which charges securities fraud, charges each of the named defendants, Maike, Barnes, Anzalone, Hosseinipour, Dvorin, and Syn, with engaging in a scheme and artifice to sell -- a conspiracy to sell securities using a scheme and artifice to defraud or by making false and fraudulent statements of material facts or omitting material facts.

You have -- securities fraud violations are charged under Title 15 of the United States Code. This is a conspiracy count under 18 U.S.C. Section 371.

You have met, have you not, and communicated with experts in the Kentucky Department of Financial Institutions?

A. Yes.

Q. All right. And their responsibility, they, among other things, investigate people for selling securities or stock without a license?

A. Yes.

Q. All right. So is it fair to say that

generally, if you're going to sell people an investment, a share in a company, that typically there are requirements that you either be -- that you be registered as a broker, that your stock be registered for sale.

A. Yes.

Q. Is that correct?

A. Yes.

Q. Okay.

A. That's correct.

Q. And you have talked with them. The definition of what constitutes a security is very broad?

A. Yes.

Q. Basically, selling somebody an investment in something --

A. And expecting to get a return from it.

Q. Yes. Basically getting -- an expectation that you're going to share in profits --

A. Right.

Q. -- of a company without doing any work on your own part is considered a security for purposes of security law?

A. Yes.

Q. Okay. And so they, in fact, provided them some documents related to Mr. Maike's business, and in their opinion, the emperor positions that were being sold

by these defendants constituted securities under federal law?

A. Yes.

Q. All right. And basically the scheme and artifice to defraud, the misrepresentations and omissions are the same kinds of -- same false statements we were talking about in Count 1 --

A. Yes.

Q. -- with the conspiracy to commit mail fraud?

A. Right.

Q. All right. And so, in this particular -- so the same overt acts A through P are people who mailed checks purchasing emperor packages to Maike's home in Owensboro?

A. Yes.

Q. All right. And so, some of these, again, for example, overt act L, the investor is MK, that person made a total purchase on December 26th of 2013 of $100,399?

A. Yes.

Q. Okay. So that represented 20 emperor packages?

A. Yes.

Q. Okay. The sale of basically 20 --

A. Right.

Q. -- shares in I2G --

A. Right.

Q. -- casino profits?

A. Uh-huh. (Witness answers in the affirmative.)

Q. All right. And then, the last four overt acts, Q, R, S, and T, were not charged in the mail fraud.

Can you just describe for the grand jury those particular investors and why -- how those are different --

A. Right.

Q. -- from the --

A. Okay. So around July of 2014, Mr. Maike stopped promoting the emperor position and changed the name of the company to Global 1 Entertainment and no longer mentioned emperor positions.

However, he continued to receive people -- payments where people were continuing to buy them. So promoters were continuing to sell them.

One such promoter is a guy named Scott Majors. And what Mr. Majors did was set up a bank account or use an account he already had set up, a business called Heartbeats Worldwide.

And he would then sell emperor positions

to investors, he would put the money -- and he would put the money into his Heartbeats account, and then he'd wire transfer the funds to Mr. Maike's account, business account.

So these investors are different in that, one, they're after the point in time when the company was sort of overtly promoting the emperor positions.

And they're different in the sense that the money was given to Mr. Majors, and then he wire transferred it into the company account. It wasn't mailed in, like these other investors did.

Q. But you have interviewed Mr. Majors?

A. Yes.

Q. Okay. And these particular amounts also represent the purchase of emperor packages?

A. They do. Now, the amounts are the -- in some cases, for example, Q, it says ML1, $50,000. That was a $50,000 wire transfer from the Heartbeats account to Maike's business account consisting of emperor investments. It would include ML's investment and possibly another person's investment as well, if that makes sense. So --

Q. The total wire was $50,000?

A. That's right.

Q. Okay.

A. And the bottom two there, S and T, those were the actual investment amounts, I believe, of those investors, but in any event.

Q. So each of those individuals, S and T, purchased three emperor packages?

A. I believe so.

Q. Okay.

A. I believe so.

Q. Okay.

A. And if not, in any event, it would be maybe one or two, and then there would be another investor invested, one position, to add up to the total amount that was then sent in. All the monies being wired in from Mr. Majors were for emperor positions that had been sold.

Q. Okay.

A. And that's what's shown in those items.

Q. Okay.

MS. FORD: I am going to excuse Special Agent McClelland and just bring Special Agent Sauber in here to talk to you briefly about Counts 11 and 12, unless any members of the grand jury have any questions for Special Agent McClelland.

(No response.)

MS. FORD: It's a lot of information. I

know.

THE WITNESS: It's a lot of -- the Rolls-Royce, do we need to mention that or no?

MS. FORD: I don't think so.

THE WITNESS: Okay.

MS. FORD: I don't think so.

THE WITNESS: Okay.

MS. FORD: Not -- I thought about that, but not for today.

THE WITNESS: Okay.

* * *

(Witness Excused.)

* * *

C E R T I F I C A T E

I, Kallie Williams, Official Court Reporter for the Federal Grand Jury, Western District of Kentucky, hereby certify that the foregoing testimony was taken at the time and place stated in the caption; that the aforesaid witness was first duly sworn by the foreman of the grand jury to tell the truth, the whole truth, and nothing but the truth; that the testimony was taken down by me in stenotypy notes, translated, and later reduced to computer-generated transcript.

I further certify that I am not related by blood or marriage to any of the parties hereto and that I have no interest in the outcome of the captioned case.

Given under my hand as Official Grand Jury Reporter, this 3rd day of December, 2019 in the Commonwealth of Kentucky.

Kallie Williams

KALLIE WILLIAMS, NOTARY ID 614408

OFFICIAL GRAND JURY REPORTER

MY COMMISSION EXPIRES: 2/2/2023