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6
7

8 IN THE UNITED STATES DISTRICT COURT
9 EASTERN DISTRICT OF CALIFORNIA
10

11 UNITED STATES OF AMERICA,

12 Plaintiff,

13 v.

VERIFIED COMPLAINT FOR
FORFEITURE *IN REM*

14 APPROXIMATELY \$6,567,897.50 SEIZED
FROM CTBC BANK, ACCOUNT NUMBER
15 3800191916,

16 APPROXIMATELY \$415,956.90 SEIZED
FROM CTBC BANK, ACCOUNT NUMBER
17 3800191932,

18 APPROXIMATELY \$22,145.68 SEIZED
FROM CTBC BANK, ACCOUNT NUMBER
19 3800191940,

20 APPROXIMATELY \$173,090.95 SEIZED
FROM CTBC BANK, ACCOUNT NUMBER
21 3800192518,

22 APPROXIMATELY \$429,789.81 SEIZED
FROM CTBC BANK, ACCOUNT NUMBER
23 3800192401,

24 APPROXIMATELY \$205,906.49 SEIZED
FROM CTBC BANK, ACCOUNT NUMBER
25 3800192385,

26 APPROXIMATELY \$658,990.02 SEIZED
FROM CTBC BANK, ACCOUNT NUMBER
27 3800192393,
28

1 APPROXIMATELY \$44,620.32 SEIZED
FROM CTBC BANK, ACCOUNT NUMBER
2 3800191973,

3 APPROXIMATELY \$48,538.60 SEIZED
FROM CTBC BANK, ACCOUNT NUMBER
4 3800191981,

5 APPROXIMATELY \$231,179.68 SEIZED
FROM CTBC BANK, ACCOUNT NUMBER
6 3800192005,

7 APPROXIMATELY \$188,182.25 SEIZED
FROM CTBC BANK, ACCOUNT NUMBER
8 3800192013,

9 APPROXIMATELY \$319,601.00 SEIZED
FROM CTBC BANK, ACCOUNT NUMBER
10 3800192021,

11 APPROXIMATELY \$374,088.51 SEIZED
FROM CTBC BANK, ACCOUNT NUMBER
12 3800192039,

13 APPROXIMATELY \$582,878.78 SEIZED
FROM CTBC BANK, ACCOUNT NUMBER
14 3800192088,

15 APPROXIMATELY \$486,088.22 SEIZED
FROM CTBC BANK, ACCOUNT NUMBER
16 3800192153,

17 APPROXIMATELY \$414,646.00 SEIZED
FROM CTBC BANK, ACCOUNT NUMBER
18 3800192161,

19 APPROXIMATELY \$699,753.36 SEIZED
FROM CTBC BANK, ACCOUNT NUMBER
20 3800192179,

21 APPROXIMATELY \$696,314.56 SEIZED
FROM CTBC BANK, ACCOUNT NUMBER
22 3800192609,

23 APPROXIMATELY \$980,201.44 SEIZED
FROM CTBC BANK, ACCOUNT NUMBER
24 3800192617,

25 APPROXIMATELY \$683,996.12 SEIZED
FROM CTBC BANK, ACCOUNT NUMBER
26 3800192187,

1 APPROXIMATELY \$383,219.95 SEIZED
2 FROM CTBC BANK, ACCOUNT NUMBER
3800192229,

3 APPROXIMATELY \$2,926,859.16 SEIZED
4 FROM CTBC BANK, ACCOUNT NUMBER
3800192237,

5 APPROXIMATELY \$468,745.28 SEIZED
6 FROM CTBC BANK, ACCOUNT NUMBER
3800192245,

7 APPROXIMATELY \$544,035.33 SEIZED
8 FROM CTBC BANK, ACCOUNT NUMBER
3800192252,

9 APPROXIMATELY \$194,769.83 SEIZED
10 FROM CTBC BANK, ACCOUNT NUMBER
3800192260,

11 APPROXIMATELY \$570,108.43 SEIZED
12 FROM CTBC BANK, ACCOUNT NUMBER
3800192278,

13 APPROXIMATELY \$6,187,419.55 SEIZED
14 FROM CTBC BANK, ACCOUNT NUMBER
3800192286,

15 APPROXIMATELY \$205,926.67 SEIZED
16 FROM CTBC BANK, ACCOUNT NUMBER
3800192369,

17 APPROXIMATELY \$1,557,738.60 SEIZED
18 FROM CTBC BANK, ACCOUNT NUMBER
3800192633,

19 APPROXIMATELY \$435,709.90 SEIZED
20 FROM CTBC BANK, ACCOUNT NUMBER
3800192641,

21 APPROXIMATELY \$338,049.59 SEIZED
22 FROM CTBC BANK, ACCOUNT NUMBER
3800192674,

23 APPROXIMATELY \$4,859,535.55 SEIZED
24 FROM CTBC BANK, ACCOUNT NUMBER
3800192377,

25 APPROXIMATELY \$1,549,614.76 SEIZED
26 FROM CTBC BANK, ACCOUNT NUMBER
3800192682,

27 APPROXIMATELY \$212,467.30 SEIZED
28 FROM CTBC BANK, ACCOUNT NUMBER
3800192690,

1 APPROXIMATELY \$984,530.60 SEIZED
FROM CTBC BANK, ACCOUNT NUMBER
2 3800192724,

3 APPROXIMATELY \$1,443,614.13 SEIZED
FROM CTBC BANK, ACCOUNT NUMBER
4 3800253682,

5 APPROXIMATELY \$3,180,022.58 SEIZED
FROM CTBC BANK, ACCOUNT NUMBER
6 3800250951,

7 APPROXIMATELY \$95,270.20 SEIZED
FROM CTBC BANK, ACCOUNT NUMBER
8 3800192542,

9 APPROXIMATELY \$62,774.62 SEIZED
FROM CTBC BANK, ACCOUNT NUMBER
10 3800192559,

11 APPROXIMATELY \$9,689.21 SEIZED
FROM CTBC BANK, ACCOUNT NUMBER
12 3800192732,

13 APPROXIMATELY \$24,070.81 SEIZED
FROM CTBC BANK, ACCOUNT NUMBER
14 3800192567,

15 APPROXIMATELY \$74,327.30 SEIZED
FROM CTBC BANK, ACCOUNT NUMBER
16 3800192757,

17 APPROXIMATELY \$53,757.07 SEIZED
FROM CTBC BANK, ACCOUNT NUMBER
18 3800192773,

19 APPROXIMATELY \$107,410.55 SEIZED
FROM CTBC BANK, ACCOUNT NUMBER
20 3800205112,

21 APPROXIMATELY \$14,282.17 SEIZED
FROM CTBC BANK, ACCOUNT NUMBER
22 3800234062,

23 APPROXIMATELY \$143,971.70 SEIZED
FROM CTBC BANK, ACCOUNT NUMBER
24 3800052795, HELD IN THE NAME OF PARK
ROAD LLC,

25 APPROXIMATELY \$148,716.28 SEIZED
FROM CTBC BANK, ACCOUNT NUMBER
26 3800191965,
27
28

1 APPROXIMATELY \$123,437.69 SEIZED
FROM CTBC BANK, ACCOUNT NUMBER
2 3800192534,

3 APPROXIMATELY \$8,559.93 SEIZED
FROM CTBC BANK, ACCOUNT NUMBER
4 3800192575,

5 APPROXIMATELY \$8,223.20 SEIZED
FROM CTBC BANK, ACCOUNT NUMBER
6 3800192781,

7 APPROXIMATELY \$58,931.09 SEIZED
FROM CTBC BANK, ACCOUNT NUMBER
8 3800207688,

9 APPROXIMATELY \$68,304.49 SEIZED
FROM CTBC BANK, ACCOUNT NUMBER
10 3800196840,

11 APPROXIMATELY \$9,004,531.62 SEIZED
FROM CTBC BANK, ACCOUNT NUMBER
12 3800283929,

13 APPROXIMATELY \$3,549,723.15 SEIZED
FROM MEEDER INVESTMENT
14 MANAGEMENT, ACCOUNT NUMBER
2370,

15 APPROXIMATELY \$2,968,880.56 SEIZED
FROM MEEDER INVESTMENT
16 MANAGEMENT, ACCOUNT NUMBER
17 2371,

18 APPROXIMATELY \$175,725.14 SEIZED
FROM U.S. BANK, ACCOUNT NUMBER
19 157514299575,

20 APPROXIMATELY \$376,390.14 SEIZED
FROM ETRADE BANK, ACCOUNT
21 NUMBER 37623631,

22 APPROXIMATELY \$1,351,143.57 SEIZED
FROM JP MORGAN CHASE BANK
23 ACCOUNT NUMBER 0213392373,

24 APPROXIMATELY \$1,090,590.19 SEIZED
FROM JP MORGAN CHASE BANK
25 ACCOUNT NUMBER 0530592877,

26 APPROXIMATELY \$707,711.92 SEIZED
FROM JP MORGAN CHASE BANK
27 ACCOUNT NUMBER 3061715396,
28

1 APPROXIMATELY \$41,865.00 SEIZED
FROM BBVA COMPASS BANK, ACCOUNT
2 NUMBER 6716963894,

3 APPROXIMATELY \$53,982.47 SEIZED
FROM BBVA COMPASS BANK, ACCOUNT
4 NUMBER 6728745124,

5 APPROXIMATELY \$157,862.00 SEIZED
FROM BBVA COMPASS BANK, ACCOUNT
6 NUMBER 6734699819,

7 APPROXIMATELY \$142,139.29 SEIZED
FROM BANK OF AMERICA, ACCOUNT
8 NUMBER 195461020,

9 ANY AND ALL PRE-PURCHASED FLIGHT
HOURS, AIRPLANE SHARES, AND ANY
10 OTHER TRAVEL ARRANGEMENTS
NETJETS HAS CREDITED FOR
11 INDIVIDUALS 1 AND 2, INCLUDING ANY
CREDIT OR SHARING FORMING THE
12 BASIS FOR TRAVEL ON DECEMBER 20,
2018,

13 APPROXIMATELY \$1,697,154.00 IN U.S.
14 CURRENCY,

15 APPROXIMATELY \$150,902.00 IN U.S.
16 CURRENCY,

17 APPROXIMATELY \$22,000.00 IN U.S.
18 CURRENCY,

19 APPROXIMATELY \$18,900.00 IN U.S.
20 CURRENCY,

21 APPROXIMATELY \$18,846.00 IN U.S.
22 CURRENCY,

23 APPROXIMATELY \$9,221.00 IN U.S.
24 CURRENCY,

25 APPROXIMATELY \$9,063.07 IN U.S.
26 CURRENCY,

27 APPROXIMATELY \$5,000.00 IN U.S.
28 CURRENCY,

APPROXIMATELY \$3,567.00 IN U.S.
CURRENCY,

APPROXIMATELY \$801.00 IN U.S.
CURRENCY,

1 APPROXIMATELY \$8,647.00 IN U.S.
CURRENCY,
2
3 18 KARAT FASHION RING, 1.66 CT.
OVAL/.070 TW ROUND DIAMONDS,
4
5 14 KARAT STUD EARRINGS, 1.13 CT
DIAMOND/1.29 CT DIAMOND,
6
7 THREE PRONG DIAMOND NECKLACE,
8 112 17.1 TW DIAMONDS/40 TW YELLOW
DIAMONDS,
9
10 LADIES PLATINUM 3 STONE RING, 1.43
CT MARQUISE AND TWO HALF-MOON
DIAMONDS,
11
12 18 KARAT HALO PENDANT CHAIN WITH
4.52 CT DIAMOND,
13
14 18 KARAT 3 ROW HALO FASHION RING,
15
16 SAPPHIRE AND DIAMOND PENDANT, 14
DIAMONDS AND 5.84 CT OVAL
SAPPHIRE,
17
18 BALLON BLEU DE CARTIER WATCH,
19
20 ROTONDE MOON PHASE WATCH,
21
22 ANY AND ALL LUXURY BOX SHARES,
AND ANY OTHER ARRANGEMENTS OR
BENEFITS CREDITED BASED ON A WIRE
TRANSFER OF \$782,949.00 TO THE
STADCO REVENUE ACCOUNT RELATED
TO THE LAS VEGAS RAIDERS
TRADITIONAL SUITE PROGRAM IN OR
ABOUT JULY 2018, and
23
24 APPROXIMATELY \$806,400.00 SEIZED
FROM CRESTMARK BANK, ACCOUNT
NUMBER 1210590,

Defendants.

24 The United States of America, by and through its undersigned attorney, brings this complaint and
25 alleges as follows in accordance with Supplemental Rule G(2) of the Supplemental Rules for Admiralty
26 or Maritime Claims and Asset Forfeiture Actions:
27
28

1 **NATURE OF ACTION**

2 1. This is a civil action *in rem*, brought by the United States to forfeit the defendant assets
3 listed above based on their connection to fraud and money laundering crimes.

4 **JURISDICTION AND VENUE**

5 2. This Court has jurisdiction over an action commenced by the United States under Title
6 28, United States Code, Section 1345 and over an action for forfeiture under Title 28, United States
7 Code, Section 1355(a).

8 3. This district is a proper venue pursuant to Title 28, United States Code, Section 1355,
9 because the acts giving rise to this *in rem* forfeiture action occurred in this district and many of
10 businesses associated with the defendant bank accounts have their principal business location in this
11 district.

12 **FACTUAL ALLEGATIONS**

13 4. The defendants in this action are:

- 14 a. Approximately \$6,567,897.50 seized from CTBC Bank, Account
15 Number 3800191916;
- 16 b. Approximately \$415,956.90 seized from CTBC Bank, Account
17 Number 3800191932;
- 18 c. Approximately \$22,145.68 seized from CTBC Bank, Account
19 Number 3800191940;
- 20 d. Approximately \$173,090.95 seized from CTBC Bank, Account
21 Number 3800192518;
- 22 e. Approximately \$429,789.81 seized from CTBC Bank, Account
23 Number 3800192401;
- 24 f. Approximately \$205,906.49 seized from CTBC Bank, Account
25 Number 3800192385;
- 26 g. Approximately \$658,990.02 seized from CTBC Bank, Account
27 Number 3800192393;
- 28 h. Approximately \$44,620.32 seized from CTBC Bank, Account
Number 3800191973;
- i. Approximately \$48,538.60 seized from CTBC Bank, Account
Number 3800191981;
- j. Approximately \$231,179.68 seized from CTBC Bank, Account
Number 3800192005;
- k. Approximately \$188,182.25 seized from CTBC Bank, Account
Number 3800192013;
- l. Approximately \$319,601.00 seized from CTBC Bank, Account
Number 3800192021;
- m. Approximately \$374,088.51 seized from CTBC Bank, Account
Number 3800192039;
- n. Approximately \$582,878.78 seized from CTBC Bank, Account
Number 3800192088;
- o. Approximately \$486,088.22 seized from CTBC Bank, Account

- 1 Number 3800192153;
- 2 p. Approximately \$414,646.00 seized from CTBC Bank, Account
- 3 Number 3800192161;
- 4 q. Approximately \$699,753.36 seized from CTBC Bank, Account
- 5 Number 3800192179;
- 6 r. Approximately \$696,314.56 seized from CTBC Bank, Account
- 7 Number 3800192609;
- 8 s. Approximately \$980,201.44 seized from CTBC Bank, Account
- 9 Number 3800192617;
- 10 t. Approximately \$683,996.12 seized from CTBC Bank, Account
- 11 Number 3800192187;
- 12 u. Approximately \$383,219.95 seized from CTBC Bank, Account
- 13 Number 3800192229;
- 14 v. Approximately \$2,926,859.16 seized from CTBC Bank, Account
- 15 Number 3800192237;
- 16 w. Approximately \$468,745.28 seized from CTBC Bank, Account
- 17 Number 3800192245;
- 18 x. Approximately \$544,035.33 seized from CTBC Bank, Account
- 19 Number 3800192252;
- 20 y. Approximately \$194,769.83 seized from CTBC Bank, Account
- 21 Number 3800192260;
- 22 z. Approximately \$570,108.43 seized from CTBC Bank, Account
- 23 Number 3800192278;
- 24 aa. Approximately \$6,187,419.55 seized from CTBC Bank, Account
- 25 Number 3800192286;
- 26 bb. Approximately \$205,926.67 seized from CTBC Bank, Account
- 27 Number 3800192369;
- 28 cc. Approximately \$1,557,738.60 seized from CTBC Bank, Account
- Number 3800192633;
- dd. Approximately \$435,709.90 seized from CTBC Bank, Account
- Number 3800192641;
- ee. Approximately \$338,049.59 seized from CTBC Bank, Account
- Number 3800192674;
- ff. Approximately \$4,859,535.55 seized from CTBC Bank, Account
- Number 3800192377;
- gg. Approximately \$1,549,614.76 seized from CTBC Bank, Account
- Number 3800192682;
- hh. Approximately \$212,467.30 seized from CTBC Bank, Account
- Number 3800192690;
- ii. Approximately \$984,530.60 seized from CTBC Bank, Account
- Number 3800192724;
- jj. Approximately \$1,443,614.13 seized from CTBC Bank, Account
- Number 3800253682;
- kk. Approximately \$3,180,022.58 seized from CTBC Bank, Account
- Number 3800250951;
- ll. Approximately \$95,270.20 seized from CTBC Bank, Account
- Number 3800192542;
- mm. Approximately \$62,774.62 seized from CTBC Bank, Account
- Number 3800192559;
- nn. Approximately \$9,689.21 seized from CTBC Bank, Account
- Number 3800192732;
- oo. Approximately \$24,070.81 seized from CTBC Bank, Account
- Number 3800192567;
- pp. Approximately \$74,327.30 seized from CTBC Bank, Account
- Number 3800192757;

- 1 qq. Approximately \$53,757.07 seized from CTBC Bank, Account
Number 3800192773;
- 2 rr. Approximately \$107,410.55 seized from CTBC Bank, Account
Number 3800205112;
- 3 ss. Approximately \$14,282.17 seized from CTBC Bank, Account
Number 3800234062;
- 4 tt. Approximately \$143,971.70 seized from CTBC Bank, Account
Number 3800052795;
- 5 uu. Approximately \$148,716.28 seized from CTBC Bank, Account
Number 3800191965;
- 6 vv. Approximately \$123,437.69 seized from CTBC Bank, Account
Number 3800192534;
- 7 ww. Approximately \$8,559.93 seized from CTBC Bank, Account
Number 3800192575;
- 8 xx. Approximately \$8,223.20 seized from CTBC Bank, Account
Number 3800192781;
- 9 yy. Approximately \$58,931.09 seized from CTBC Bank, Account
Number 3800207688;
- 10 zz. Approximately \$68,304.49 seized from CTBC Bank, Account
Number 3800196840;
- 11 aaa. Approximately \$9,004,531.62 seized from CTBC Bank, Account
Number 3800283929;
- 12 bbb. Approximately \$3,549,412.06 seized from Meeder Investment
Management, Account Number 2370;
- 13 ccc. Approximately \$2,965,671.52 seized from Meeder Investment
Management, Account Number 2371;
- 14 ddd. Approximately \$175,725.14 seized from U.S. Bank, Account
Number 157514299575;
- 15 eee. Approximately \$376,390.14 seized from Etrade Bank, Account
Number 37623631;
- 16 fff. Approximately \$1,351,143.57 seized from JP Morgan Chase Bank
Account Number 0213392373;
- 17 ggg. Approximately \$1,090,590.19 seized from JP Morgan Chase Bank
Account Number 0530592877;
- 18 hhh. Approximately \$707,711.92 seized from JP Morgan Chase Bank
Account Number 3061715396;
- 19 iii. Approximately \$41,865.00 seized from BBVA Compass Bank,
Account Number 6716963894;
- 20 jjj. Approximately \$53,982.47 seized from BBVA Compass Bank,
Account Number 6728745124;
- 21 kkk. Approximately \$157,862.00 seized from BBVA Compass Bank,
Account Number 6734699819;
- 22 ll. Approximately \$142,139.29 seized from Bank of America,
Account Number 195461020;
- 23 mmm. Any and All Pre-Purchased Flight Hours, Airplane Shares, and
Any Other Travel Arrangements NetJets has Credited for
24 Individuals 1 and 2, Including Any Credit or Sharing Forming the
Basis for Travel on December 20, 2018;
- 25 nnn. Approximately \$1,697,154.00 in U.S. Currency;
- 26 ooo. Approximately \$150,902.00 in U.S. Currency;
- 27 ppp. Approximately \$22,000.00 in U.S. Currency;
- 28 qqq. Approximately \$18,900.00 in U.S. Currency;
- rrr. Approximately \$18,846.00 in U.S. Currency;
- sss. Approximately \$9,221.00 in U.S. Currency;
- ttt. Approximately \$9,063.07 in U.S. Currency;
- uuu. Approximately \$5,000.00 in U.S. Currency;

- vvv. Approximately \$3,567.00 in U.S. Currency;
- www. Approximately \$801.00 in U.S. Currency;
- xxx. Approximately \$8,647.00 in U.S. Currency
- yyy. 18 Karat Fashion Ring, 1.66 Ct. oval/.070 Tw round diamonds;
- zzz. 14 Karat stud earrings, 1.13 ct diamond/1.29 ct diamond;
- aaaa. Three prong diamond necklace 112 17.1 Tw diamonds/40 Tw yellow diamonds;
- bbbb. Ladies platinum 3 stone ring, 1.43 Ct marquise and two half-moon diamonds;
- cccc. 18 Karat halo pendant chain with 4.52 Ct diamond;
- dddd. 18 Karat 3 row halo fashion ring;
- eeee. Sapphire and diamond pendant, 14 diamonds and 5.84 Ct oval sapphire;
- ffff. Ballon Bleu De Cartier Watch;
- gggg. Rotonde Moon Phase Watch;
- hhhh. Any and all luxury box shares, and any other arrangements or benefits credited based on a wire transfer of \$782,949.00 to the Stadco Revenue Account Related to the Las Vegas Raiders Traditional Suite Program in or about July 2018; and
- iiii. Approximately \$806,400.00 seized from Crestmark Bank, account number 1210590 (hereafter “defendant assets”).

OVERVIEW

5. This action is brought by the United States of America pursuant to Title 18, United States Code, Sections 981(a)(1)(A) and (C), seeking the forfeiture of funds, cash and personal property involved in, and traceable to, an investment fraud and money laundering scheme by the Company (“the Company”), a solar equipment company with its principal place of business in the Eastern District of California. The Company primarily operated through Company S, which raised capital to manufacture and sell solar equipment to tax equity investors, and Company D, which leased the solar equipment from the tax equity investment funds affiliated with Company S.¹ The Company represented to investors that investing in the solar equipment—i.e., purchasing it through the tax equity investment fund—had very favorable tax consequences, including valuable tax credits and depreciation.

6. Company S would solicit one or more investors to participate in transactions organized around the manufacture and deployment in the market of mobile solar generator units (“MSGs”). Those transactions triggered favorable tax consequences for the investor, and could be structured to suit the investment appetite of the investor. For example, in a transaction structured around \$100 million in purported value, Company S would solicit an investor to contribute approximately \$30 million in cash

¹ Companies S and D are referred to as “the Company,” but referred to individually in the context of particular business dealings with investors and others.

1 into an investment fund account. To cover the balance of the purported value of the transaction, the
2 investor would execute a promissory note to Company S for the remaining \$70 million. The investor
3 held title to the equipment and was obligated to pay debt installments to Company S, pursuant to the
4 note. However, as part of the transaction, the investment fund leased the MSGs to Company D, which
5 agreed to sublease the MSGs to Telecom Company A and other companies, generating substantial cash
6 flow, which Company D agreed to use to pay down the investment fund's debt obligations (*to Company*
7 *S*) and other expenses.

8 7. The leases and subleases relied upon by investors to claim the promised favorable tax
9 treatment and other investor benefits did not exist as described by the Company. Instead of subleasing
10 the equipment as represented to investors, Company D subleased the units of equipment to Company S,
11 which did not lease the units to end-users. Rather, Company S raised money from new tax equity
12 investors and transferred it to Company D so that Company D could avoid breaching its lease with the
13 existing tax equity funds. This arrangement, often referred to as the Master Lease Agreement by
14 company insiders, made the Company appear successful, and the leases appear legitimate, when, in
15 reality, leasing the equipment generated little income and early investors were paid from funds
16 contributed by later investors. As one former accounting employee at the Company told law
17 enforcement, Company D claimed \$55 million in revenue in 2016, but \$50 million of Company D's
18 revenue were wire transfers from Company S. The accounting employee stated that Company D did not
19 make very much money from lease revenue. Other employees, including executive-level employees at
20 the Company, have confirmed to law enforcement agents that Company D's lease revenue was minimal
21 and therefore new investor money from Company S was used to pay old investors who had leases with
22 Company D.

23 8. The Company did not disclose this Ponzi-arrangement to tax equity investors. Nor did
24 the Company disclose to investors the consequences of their misrepresentations and material omissions,
25 including disqualifying the investors from the favorable tax treatment promised to them in exchange for
26 their investment.

27 **IN REM DEFENDANTS**

28 9. The first category of *in rem* defendants are bank and investment accounts associated with,

1 and connected to Company S, Company D, Individual 1, Individual 2, and California Limited Liability
2 Companies (“California LLC’s”) controlled by Individuals 1 and 2.² As explained herein and in the
3 attached Declaration, law enforcement has reviewed bank records showing that hundreds of millions of
4 dollars resulting from the fraud can be traced to the bank accounts. Bank records identify Individual 1,
5 Individual 2 and their adult children as authorized signors for most of these bank accounts.

6 10. The second category of *in rem* defendants are bank accounts associated with, and
7 connected to, the tax equity funds that invested with the Company S and leased their MSGs to Company
8 D. As explained herein and in the attached Declaration, these bank accounts received tens of millions of
9 dollars from Company D that were falsely characterized as “lease payments” from end-users. In reality,
10 Company D’s payments to the tax equity funds constituted investment money paid to Company S as part
11 of a later tax equity deal orchestrated by Company S. Bank records identify Individual 1, Individual 2,
12 Company Employee 1, and/or SMS, Inc. Employee 1 as authorized signors for the bank accounts.

13 11. The third category of *in rem* defendants represent cash seized during the execution of
14 federal search warrants on December 18, 2018. As explained herein and in the attached Declaration,
15 Individual 1 and Individual 2 are known to store cash at their residence and the Company’s headquarters
16 in Benicia, often in wall safes and/or other locked devices. In one example, a former employee told law
17 enforcement that Individual 1 decided to compensate him/her and removed \$20,000 in cash from a safe
18 in his/her office at the Company’s headquarters in Benicia.

19 12. The fourth category of *in rem* defendants represent personal property purchased with
20 proceeds of fraud and money laundering crimes. As explained herein and in the attached Declaration,
21 law enforcement has reviewed bank and personal property records that demonstrate Individual 1 and
22 Individual 2 have used funds generated from their investment and tax fraud scheme to purchase airplane
23 shares, a luxury box at an under-construction professional football stadium in Las Vegas, and jewelry.

24 **DECLARATION OF FBI AGENT CHRISTOPHER PHILLIPS**

25 13. For a more detailed recitation of facts supporting forfeiture of the defendant assets and
26 describing, in part, the criminal investigation relating to the fraud and money laundering activities of
27

28 ² The California LLC’s are Dora Dog Properties, LLC, Dog Blue Properties, LLC, Brandy Boy Properties, LLC, 475 Channel Road, LLC, Park Road, LLC and 140 Mason Circle, LLC.

1 Individuals 1 and 2, and others from 2011 to late 2018, see the Declaration of Special Agent Christopher
2 Phillips In Support of *In Rem* Forfeiture Complaint, dated March 18, 2019, attached hereto and
3 incorporated herein as Attachment 1.

4 **JUDICIAL FINDINGS OF PROBABLE CAUSE**

5 14. On or about December 13, 2018, and in the days that followed, the Honorable Allison
6 Claire, United States Magistrate Judge for the Eastern District of California, signed four search warrants
7 and over 150 seizure warrants upon a finding of probable cause that Individuals 1 and 2 and others at or
8 associated with the Company have perpetrated and were continuing to perpetrate an investment tax fraud
9 scheme and conspiracy, in violation of Title 18, United States Code, Section 1343 (wire fraud) and
10 Section 371 (conspiracy), and that they have purchased numerous assets, among other transactions, with
11 the proceeds that were derived from the aforementioned wire fraud scheme, in violation of Title 18,
12 United States Code, Section 1957 (money laundering).

13 15. On or about December 14, 2018, the Honorable Kandis A. Westmore, United States
14 Magistrate Judge for the Northern District of California, signed one search warrant upon a finding of
15 probable cause that Individuals 1 and 2 and others at or associated with the Company have perpetrated
16 and were continuing to perpetrate an investment tax fraud scheme and conspiracy, in violation of Title
17 18, United States Code, Section 1343 (wire fraud) and Section 371 (conspiracy), and that they have
18 purchased numerous assets, among other transactions, with the proceeds that were derived from the
19 aforementioned wire fraud scheme, in violation of Title 18, United States Code, Section 1957 (money
20 laundering).

21 **DECEMBER 18, 2018 SEARCH WARRANTS**

22 16. On December 18, 2018, law enforcement agents executed a federal search warrant at
23 Individual 1's and Individual 2's residence in Martinez, California. During the search of the residence,
24 law enforcement seized four separate bundles of large amounts of cash throughout the home:
25 approximately \$22,000.00 in a safe in the master bedroom closet, approximately \$18,846.00 in
26 Individual 2's purse, approximately \$18,900.00 in the master bedroom, and approximately \$9,221.00
27 Individual 2's work bag. Law enforcement also found \$801.00 in cash and \$8,647.00 in cash inside
28 vehicles belonging to Individual 1 and 2 that were parked at the residence.

1 17. On December 18, 2018, law enforcement agents executed a federal search warrant at
2 4901 Park Road in Benicia, California, the business headquarters for the Company. During the
3 execution of the search warrant, law enforcement found approximately \$1,697,154.00 in cash in
4 Individual 1's office safe, \$150,902.00 in cash in another safe, and \$3,567.00 in cash, \$5,000.00 in cash,
5 and \$9,063.07 in cash hidden under desks and in other locations at the Company's office. Law
6 enforcement also found a bank statement in Individual 2's office for an account held by him/her at U.S.
7 Bank, account no. 157514299575. The bank statement was for July 2018 and showed two recent bank
8 transfers from Company D.

9 18. During the search of Individual 2's office at the business headquarters, agents found
10 investment records referencing accounts for two entities, Champion Select Investment Holdings LLC
11 (account # 2371) and Bayshore Select Investment Holdings LLC (account # 2370). The documents
12 identified a single investment account for each LLC at Meeder Investment Management ("Meeder")
13 with a combined balance exceeding \$6.5 million. The records show the Champion Select Investment
14 Holdings account was opened in July 2017 and, as of September 30, 2018, had a balance of
15 \$3,136,037.76. Investment records show the Bayshore Select Investment Holdings account was opened
16 in July 2017 and, as of September 30, 2018, had a balance of \$3,742,858.85.

17 19. On December 21, 2018, law enforcement spoke to the Chief Compliance Officer for the
18 investment fund, who explained that he/she was familiar with Individual 1 and Individual 2 and that
19 Meeder had two accounts associated with the fund. He/She confirmed that "Bayshore" and "Champion"
20 were entities owned by, and associated with, Individual 1 and Individual 2. Furthermore, bank records
21 show approximately \$3,265,378.00 in transfers from bank accounts associated with Company S,
22 Company D, Individual 1, and Individual 2 to accounts for Champion Select and Bayshore Select.

23 20. Inside the chief financial executive's office at the Company's headquarters, law
24 enforcement found investor presentation and marketing documents, as well as internal financials for
25 Company D's performance in November 2018 and December 2018. Furthermore, law enforcement
26 interviewed several employees who provided valuable information concerning the Company's structure
27 and ongoing investment fraud, as discussed below.

THE JUNE 2015 INVESTOR MATERIALS

1
2 21. The investor presentation found at the Company’s headquarters on December 18, 2018,
3 included a pitch deck, marketing materials, and meeting agenda tailored for a large technology company
4 and manufacturer of semiconductor chips. According to the agenda, a meeting was scheduled for June
5 2015 and Individuals 1 and 2 were scheduled to attend. The initial slide announced an Investment
6 Opportunity, followed by detailed slides explaining the Company’s corporate structure and background,
7 its financials, the proposed transaction and parties, a deal timeline, examples of successful investor-
8 partners, and three case studies.

9 22. The company background portion of the pitch deck focused on the Company’s
10 proficiency in manufacturing solar equipment and closing tax equity deals. The Company represented
11 that it “successfully closed 15 investment funds with headline tax equity investors, including a recent
12 transaction of 619 units” with a value of \$93 million, or \$150,242.33/unit of equipment. The Company
13 claimed that in 2015 it had “over 2,300 units deployed” and the capacity to manufacture “900 units per
14 month.”

15 23. The Company created marketing materials for a potential presentation relating to a
16 \$158,239,037 tax equity deal to a tech company, which required \$50,083,110 from the tech company.
17 The \$158,239,037 would be used to purchase solar equipment from Company S. Company S would
18 finance approximately \$107,650,037 of the proposed deal. The pitch deck included a diagram of the
19 proposed transaction, with the newly created tax equity fund in the middle and arrows showing the
20 required capital, debt, and flow of money between entities. Company S and Company D are featured on
21 different sides of the deal with no association, money flow, or sublease arrangement between the
22 entities. Beneath Company D are the words “Master Lease” with arrows identifying Company D’s
23 relationship with end-users; there are no arrows identifying any association between Company D’s
24 Master Lease with end-users and Company S, the manufacturer and financier. Attachment 2 is a diagram
25 of the transaction from the Company’s pitch deck.

26 24. The proposed deal timeline identifies a 24-week time span for the Company to execute
27 the term sheet, receive the capital, manufacture the units, and deploy them. Three agreements were
28 required for the deal, the financing agreement, the leases with end-users, and the master lease with

1 Company D. The deal timeline did not identify a “Master Lease” that would be executed between
2 Company S and Company D. According to the deal timeline, the Company has capacity to “rollout 900
3 units per month.”

4 25. One of the case studies highlights the Company’s relationship with Telecom Company A.
5 The Company represents a leasing relationship with Telecom Company A for “100-400 units,” charging
6 \$1,000 per unit per instance of event, and that Telecom Company A has requested “another 400-600
7 units.”

8 26. A second case study highlights the Company’s relationship with Company K, a Midwest
9 company specializing in heavy equipment rentals. The Company represents a five-year equipment lease
10 with Company K, with one five-year option. As explained below, Company K leased approximately
11 300 units from one of the Company’s investors, paying \$900/month/unit, for a total of \$270,000/month,
12 but only because Company K entered a backstop sublease agreement with the Company that mirrored
13 the \$270,000/month owed from Company K to the investor. This arrangement made it appear to
14 outsiders that the Company was successful and the leases legitimate. In reality, as discussed below,
15 Company K rarely leased a unit of the Company’s equipment and the Company paid Company K’s lease
16 payments to the investor.

17 **DECEMBER 18, 2018 INTERVIEW OF COMPANY EMPLOYEE 1**

18 27. During the search of the Company’s business headquarters at 4901 Park Road in Benicia,
19 California, law enforcement agents encountered one of the Company’s executive officers, Company
20 Employee 1, who agreed to be interviewed. The interview was audio-recorded by law enforcement.
21 During the interview, Company Employee 1 described the Company’s business model and that historic
22 lease revenue has been insufficient to cover expenses. Specifically, Company D cannot generate lease
23 revenue sufficient to pay the tax equity funds what it owes them pursuant to the lease agreement. In
24 order for the investment funds to make their note payments to Company S, payments were made from
25 Company S to Company under the “Master Lease Agreement.” Company Employee 1 explained that
26 end-user lease revenue, i.e., legitimate leases with third parties, had just recently totaled \$1 million per
27 month. Prior to 2016, end-user leases totaled just a couple hundred thousand a month from third parties.

28 28. Company Employee 1 told law enforcement that Company S pays between \$3 million to

1 \$4 million each month to Company D. Company Employee 1 described these payments as subsidies to
2 alleviate Company D's revenue shortfalls. As explained to him/her by others in the company, the
3 "Master Lease Agreement" between Company S and Company D "allowed" Company S to subsidize
4 Company D using new investor funds. Company Employee 1 said he/she was instructed to do the job
5 "this way" and that Individual 1 had personally endorsed the "Master Lease Agreement" arrangement.
6 The use of funds from Company S to Company D to allow the investment funds to make the note
7 payments to Company S was a question Employee 1 has had since he started working for the Company.
8 Company Employee 1 has worked for the Company since 2014.

9 **DECEMBER 18, 2018 INTERVIEW OF COMPANY EMPLOYEE 2**

10 29. At the business location, law enforcement agents also encountered Company Employee
11 2, a manager in the operations division of the Company, who agreed to be interviewed. The interview
12 was audio-recorded by law enforcement. Company Employee 2 told law enforcement he/she had been
13 an employee for approximately six years. Company Employee 2 was familiar with Telecom Company
14 A, a national telecommunications company and a large customer of the Company. Company Employee
15 2 told law enforcement that the contract with Telecom Company A had expired, but that the actual
16 amount of lease revenue paid by Telecom Company A was a few hundred thousand dollars a year.
17 Specifically, in 2018, Telecom Company A generated about \$500,000 in total revenue for the Company.
18 In 2017, Telecom Company A generated about \$350,000 to \$400,000 in total revenue for the Company.

19 **DECEMBER 21, 2018 INTERVIEW OF INVESTOR 1**

20 30. On December 21, 2018, law enforcement agents interviewed a representative of Investor
21 1, a large insurance company that had invested approximately \$300 million in the Company's tax equity
22 deals. This individual was involved in deals between Investor 1 and the Company and spoke directly
23 with Individual 1 concerning one of the deals. He/She told law enforcement the Company represented
24 to Investor 1 that the major companies subleased the equipment from Company D and those funds
25 would be used to repay the promissory note. Leasing to major companies absolutely mattered to
26 Investor 1, who would not have invested if the sub-lessees were small companies.

27 31. He/She further explained that if there was no lease revenue, Investor 1 would not have
28 invested in Company A's tax equity deals. The base investment decision required a real transaction in

1 which units were built and placed in service. The units had to be leased to customers, not sitting in a lot
2 somewhere. The Company provided Investor 1 with financial projections and other documents
3 representing their existing leases with large businesses.

4 **THE COMPANY'S DEAL WITH COMPANY K**

5 32. As explained above, the Company appears to have promoted its purported relationship
6 with Company K in marketing materials concerning a \$158,239,037 tax equity deal. In January 2019,
7 law enforcement agents interviewed Company K's executives concerning their relationship with the
8 Company.

9 33. Law enforcement first interviewed an executive with Company K ("Company K
10 Executive 1") who explained that Company K entered into a lease agreement with SE Fund IX to lease
11 300 MSGs. Company K Executive 1 told law enforcement that they—Company K—entered the lease
12 agreement with SE Fund IX only after the Company and Individual 1 promised to sublease the same
13 equipment and pay the full lease amount that Company K owed to SE Fund IX. Under the terms of the
14 lease between Company K and SE Fund IX, Company K would pay \$270,000/monthly or \$900/unit for
15 300 units each month for ten years. Company K Executive 1 explained that Company K's agreement
16 with the Company was supposed to mirror the terms of the lease between Company K and SE Fund IX.
17 Company K Executive 1 provided the above lease agreements to law enforcement. Bank records
18 confirm \$270,000 wire transfers from the Company to Company K, and transfers of \$270,000 from
19 Company K to SE Fund IX.

20 34. Law enforcement interviewed a second executive with Company K ("Company K
21 Executive 2") who personally negotiated the lease deals with SE Fund IX and the Company. Company
22 K Executive 2 said that Individual 1 represented to him/her that the Company would fund the entire
23 project by sending full payment from the Company to Company K, which would then send payments to
24 SE Fund IX. Company K could split any additional leasing profits with the Company. Company K
25 Executive 2 described the agreement as a consignment and that the Company paid SE Fund IX through
26 Company K. This executive explained that leasing activity was minimal for the approximately 300 units
27 of equipment delivered to Company K pursuant to the lease. Company K Executive 2 stated that
28 approximately 10-15% of the 300 MSGs that Company K took possession of had ever been rented.

1 Individual 1 told Company K Executive 2 that the solar tax credits worked as a pass-through and this
2 arrangement met IRS rules.

3 **THE OHIO LAWSUIT INVOLVING SE FUND IX AND COMPANY K**

4 35. In August 2018, SE Fund IX, through its attorneys, filed a lawsuit against Company K for
5 breach of contract and demanded the full amount owed on the lease agreement, totaling over \$4.4
6 million. SE Fund IX claimed that Company K owed them \$270,000 monthly, had not paid the rent for
7 several months, and therefore breached the agreement and owed them the full amount owed on the lease.
8 SE Fund IX further claimed a breach of the personal guaranty extended by Company K's owner to
9 guarantee the lease agreement between SE Fund IX and Company K.

10 36. Company K and its owner responded to the lawsuit in November 2018, denying the
11 allegations and stating that its lease with the fund was only based on the parallel lease between
12 Company K and the Company. Company K further alleged in a counterclaim that the fund had
13 conspired with the Company to misrepresent "certain relationships and Federal programs, including the
14 use of creat[ing] fictitious documents, proposals and leases, to trap" Company K "into a scheme
15 designed to hold them responsible for monies and false statements" that the funds and the Company
16 "created, promoted and used in order to acquire substantial tax credit sales totaling more than Thirty-
17 Five Million Dollars from the United States Federal Government." Company K alleged that the fund
18 knew of the Company's efforts to defraud the United States Government.

19 **INDIVIDUAL 2'S \$5 MILLION TRANSFER THE DAY**
20 **AFTER THE DECEMBER 18, 2018 SEARCH WARRANTS**

21 37. As discussed above, law enforcement executed search warrants on December 18, 2018 at
22 the Company's business and the residence of the Company's principals. Over fifty federal seizure
23 warrants were executed on the Company's bank accounts, the bank accounts of the California LLC's,
24 and other bank accounts connected to the Company and their fraud scheme.

25 38. On December 19, 2018, one day after the execution of federal search and seizure
26 warrants, Individual 2 transferred approximately \$5 million directly from a tax investment fund account
27 to an unrelated bank account in South Carolina. This account related to a newly-formed tax investment
28 fund, SE Fund LLC XXXV, and was therefore unknown to the investigation. A new tax equity investor

1 had deposited approximately \$13 million into the account the day before the execution of warrants, on
2 December 17, 2018. Thereafter, law enforcement obtained a seizure warrant for SE Fund LLC XXXV's
3 bank account at CTBC (CTBC 3929), but the \$5 million wire sent from Individual 2 escaped the seizure
4 warrant. Law enforcement has since traced those funds.

5 39. The remaining funds in SE Fund LLC XXXV's bank account have been seized pursuant
6 to a warrant obtained in the Eastern District of California. In an interview on December 18, 2018,
7 Company Employee 1 admitted to law enforcement that the Company had just recently created a new
8 fund that was currently receiving investor money. As explained above, bank records confirm the
9 investor deposits and subsequent dissipation of investor funds by Individual 2 connected to SE Fund
10 LLC XXXV.

11 **BANK ACCOUNTS**

12 40. Law enforcement has seized approximately 64 accounts connected to the fraud scheme,
13 based on a probable cause finding by the Honorable Allison Claire, United States Magistrate Judge for
14 the Eastern District of California. For a more detailed recitation of facts supporting forfeiture of the
15 bank accounts, see Attachment 3, hereby incorporated by reference, which is a table of accounts to
16 which criminally derived funds have been traced by law enforcement.

17 41. Law enforcement has identified over fifty bank accounts at China Bank & Trust
18 ("CTBC") that contained tens of millions of dollars in fraud proceeds generated from the scheme. As
19 explained in the original affidavit, Individual 1, Individual 2 and those working for the Company created
20 the "SE Funds," followed by a roman numeral, as distinct investment entities with a corresponding bank
21 account. Individual 1 and Individual 2 were the listed signors for these bank accounts despite
22 representations that the funds were managed by a third party company. Bank records show that these
23 bank accounts received large transfers of fraud proceeds that facilitated the fraud for many years,
24 including a series of fraudulent transfers on August 31, 2018, as described in the attached Declaration.

25 42. Law enforcement obtained additional seizure warrants for bank accounts associated with
26 tax equity funds, Individual 1, and Individual 2. For instance, law enforcement learned of several
27 additional bank accounts for the tax equity funds at China Bank & Trust ("CTBC") for SE Fund LLC,
28 SE Fund LLC III and SE Fund LLC XXX. Bank records show that Individual 1 and Individual 2 are the

1 account signatories and received large transfers from Company S's and Company D's bank accounts.

2 For example:

- 3 a. On June 7, 2018, SE Fund XXX (CTBC 2682) had a balance of \$641,233. Bank records
4 show that between June 8, 2018 and August 31, 2018, 100% of the funds are traceable to
5 Company S and/or Company D. Specifically, 47% of the funds deposited into SE Fund
6 LLC XXX (CTBC 2682) are traceable to Company S (CTBC 1916). 53% of the funds
7 deposited are traceable to Company D (CTBC 1932) of which 84% is traceable to
8 Company S (CTBC 1916).
- 9 b. Bank records show that 100% of the funds deposited in SE Fund LLC (CTBC 1973) are
10 traceable to the Company. On or about August 2, 2017, approximately \$649,000.00 was
11 transferred from the Company's bank account (HB 2416) to SE Fund LLC (HB 2481).
12 On September 29, 2017, the balance of \$825,586.08 in HB 2481 was transferred to SE
13 Fund (CTBC 1973).
- 14 c. Bank records show that 96% of the funds deposited in SE Fund LLC III (CTBC 1981) are
15 traceable to Company S. On May 25, 2018, the balance in (CTBC 1981) was \$2,862.60.
16 On or about June 16, 2018, \$68,186 was deposited into (CTBC 1981) bringing the
17 balance to \$71,049. This deposit appears to be a refund from an insurance company.
18 The insurance expense of \$97,099.00 is associated with this refund and came from a
19 deposit from Company S (HB 2416).

20
21 **PERSONAL PROPERTY**

22 43. Analysis of the Company's bank records and invoices show millions of dollars flowing
23 from the Company's bank accounts to a private jet company, a professional sports team, and retail
24 jewelry store known as Spitz Jewelers. First, bank records show that \$19 million from the Company's
25 bank accounts was transferred to NetJets, a company specializing in selling airplane shares. Second, in
26 approximately July 2018, bank records show a \$782,949 wire transfer from Company S to an entity
27 associated with the Las Vegas Raiders for a luxury box in their new stadium. Third, bank records show
28 \$806,400.00 was transferred from Dog Blue Properties, LLC to Crestmark Bank on or about December

1 22, 2017 to purchase a certificate of deposit in the names of Individual 1 and 2.³ On or about December
2 21, 2017, Company S transferred \$806,400.00 to Dog Blue's bank account. Fourth, between December
3 30, 2011 and August 13, 2018, the Company's bank records show that over \$500,000 was used to buy
4 several pieces of jewelry from Spitz Jewelers and others.

5 44. Further, during the search of Individual 1's and Individual 2's residence, several
6 expensive pieces of jewelry were found in the master bedroom and spare bedroom. Those jewelry
7 pieces, many of which were located with a corresponding receipt, matched the descriptions of items
8 from the bank records and/or sales records from Spitz Jewelers and Cartier.

9 45. The fraudulently-obtained jewelry pieces are described in more detail below:

- 10 a. 18 karat fashion ring with one 1.66 Ct oval yellow diamond ring
11 and 70=.070Tw round brilliant diamonds;
- 12 b. White 14 karat stud earrings with one 1.31carat round brilliant J Si2
13 diamond and one 1.29Ct round brilliant J Si1 diamond;
- 14 c. White platinum bright polished three prong diamond necklace with
15 112=17.1 TW round brilliant H Vs2 diamonds and yellow and
16 white 14 karat bright polished bead and bright estate jewelry with
17 40=Tw princess Vs2 yellow diamonds;
- 18 d. Rose and white 18k and platinum three stone marquise halo mixed
19 micro pave detailing ring by Joshua J with one 1.43 Ct marquise
20 Vs1 pink diamond, 2=0.53Tw half moon diamonds and 1.50 Twt
21 other stones;
- 22 e. Hite platinum sapphire and diamond pendant with 14=2.40Tw
23 round brilliant G Si1 diamonds and one five 5.84Ct oval sapphire;
- 24 f. Yellow and white 18 karat halo pendant on diamond by the yard
25 chain by Joshua J with one 4.52 CT pear yellow diamond, one
26 0.79CT pear diamond and 1.66 Twt other stones and white platinum
27 shared prong estate bracelet;
- 28 g. Rose and white 18 karat 3 row split shank double cushion halo
fashion ring;
- h. Cartier WG Rotonde Moon Phase watch ID # 10108WX; and

³ Dog Blue Properties, LLC ("Dog Blue"), co-managed by Individuals 1 and 2, was created in 2012 and lists a business address in Benicia, California, in the Eastern District of California. Using funds traced back to the fraud, Dog Blue has acquired at least eight properties, five in Martinez and one each in Walnut Creek, South Lake Tahoe, and Las Vegas.

- 1 i. Ballon Bleu De Cartier Watch, 33MM Pink Gold Paved Ring
2 PG&Steel Bracelet 11 Diamonds Dial, Auto Mvt Calibre 076.

3 **FIRST CLAIM FOR RELIEF**
4 **(18 U.S.C. § 981(a)(1)(C))**

5 46. Paragraphs One through Forty-Five above are incorporated by reference as though fully
6 set forth herein.

7 47. The United States alleges that the defendant assets were derived from proceeds traceable
8 to an offense constituting a “specified unlawful activity” as defined in 18 U.S.C. § 1956(c)(7), which
9 incorporates the definition of “specified unlawful activity” found in 18 U.S.C. § 1961(1), and is
10 therefore subject to forfeiture to the United States pursuant to 18 U.S.C. § 981(a)(1)(C). Wire fraud, a
11 violation of 18 U.S.C. § 1343 constitutes “specified unlawful activity” as defined in § 1961(1).

12 48. The United States further alleges in support of its First Claim that there existed a scheme
13 or plan to defraud, or a scheme or plan for obtaining money or property by means of false or fraudulent
14 pretenses, representations, or promises, or the concealment of material facts; and the statements made or
15 facts omitted as part of the scheme were material; there was an intent to defraud; and wire
16 communications were used to carry out or attempt to carry out an essential part of the scheme.

17 49. By reason of the above, the defendant assets are subject to forfeiture pursuant to Title 18,
18 United States Code, Section 981(a)(1)(C).

19 **SECOND CLAIM FOR RELIEF**
20 **18 U.S.C. § 981(a)(1)(A)**

21 50. Paragraphs One through Forty-Five above are incorporated by reference as though fully
22 set forth herein.

23 51. The United States alleges that the defendant assets are subject to forfeiture to the United
24 States pursuant to 18 U.S.C. § 981(a)(1)(A) because they were involved in a transaction or attempted
25 transaction in violation of 18 U.S.C. § 1957. Specifically, certain individuals knowingly engaged or
26 attempted to engage in a monetary transaction in criminally derived property of a value greater than
27 \$10,000 and is derived from a specified unlawful activity. Wire fraud, a violation of 18 U.S.C. § 1343,
28 and money laundering, a violation of 18 U.S.C. § 1957, constitute “specified unlawful activity” as

1 defined in § 1961(1).

2 52. By reason of the above, the defendant assets are subject to forfeiture pursuant to Title 18,
3 United States Code, Section 981(a)(1)(A).

4 **PRAYER FOR RELIEF**

5 WHEREFORE, the United States prays that:

- 6 1. Process issue according to the procedures of this Court in causes of action *in rem*;
- 7 2. Any person having an interest in said defendant assets be given notice to file a claim and to
8 answer the complaint;
- 9 3. The Court enter a judgment of forfeiture of said defendant assets to the United States; and
- 10 4. The Court grant such other relief as may be proper.

11 Dated: 3/18/2019

McGREGOR W. SCOTT
United States Attorney

13 By: /s/ Kevin C. Khasigian
14 ANDRE M. ESPINOSA
15 KEVIN C. KHASIGIAN
16 Assistant U.S. Attorneys
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VERIFICATION

1
2 I, Christopher Phillips, hereby verify and declare under penalty of perjury that I am a Special
3 Agent with the Federal Bureau of Investigation, that I have read the foregoing Verified Complaint for
4 Forfeiture *In Rem* and know the contents thereof, and that the matters contained in the Verified
5 Complaint are true to the best of my knowledge and belief.

6 The sources of my knowledge and information and the grounds of my belief are the official files
7 and records of the United States, including information supplied to me by other law enforcement
8 officers, an FBI contract forfeiture investigator, and an FBI forensic accountant, as a Special Agent with
9 the Federal Bureau of Investigation.

10 I hereby verify and declare under penalty of perjury that the foregoing is true and correct.

11 Dated: 3/18/19

12
13 /s/ Christopher Phillips
14 CHRISTOPHER PHILLIPS
15 Special Agent
16 Federal Bureau of Investigation
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(Signature retained by attorney)