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6 **UNITED STATES DISTRICT COURT**  
 7 **DISTRICT OF NEVADA**

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9  
 10 UNITED STATES OF AMERICA,  
 11 Plaintiff,

12 vs.

13 1. JEFFREY TURINO,  
 14 2. JOHN EDWARDS,  
 15 3. URBAN CASAVANT,  
 16 4. NICKOLAJ VISSOKOVSKY,  
 17 5. MELISSA SPOONER,  
 18 6. HELEN BAGLEY,  
 7. JEFFREY MITCHELL,  
 8. BRIAN DVORAK,  
 9. GINGER GUTIERREZ, and  
 10. JAMES KINNEY,

19 Defendants.

SECOND SUPERSEDING  
 INDICTMENT

2:09-CR-132-RLH-RJJ

**Violations:**

- 18 U.S.C. § 371 - *Conspiracy to Sell Unregistered Securities, and to Commit Securities Fraud in violation of Title 15;*
- 15 U.S.C. § 77q - *Fraudulent Interstate Securities Transactions;*
- 15 U.S.C. § 78j - *Securities Fraud and Insider Trading;*
- 18 U.S.C. § 1348 - *Securities Fraud;*
- 18 U.S.C. § 1349 - *Conspiracy to Commit Securities Fraud in violation of 18 U.S.C. § 1348;*
- 18 U.S.C. § 1956(b) - *Conspiracy to Commit Money Laundering under 18 U.S.C. §§ 1956 & 1957;*
- 18 U.S.C. § 1962(d) - *Conspiracy to Conduct or Participate in an Enterprise Engaged in a Pattern of Racketeering Activity;*
- 26 U.S.C. § 7201 - *Tax Evasion*

24  
 25 **THE GRAND JURY CHARGES THAT:**  
 26

1 **I. GENERAL ALLEGATIONS**

2 1. The defendants in this case conspired and combined with one another, and others known and  
3 unknown, to fraudulently issue, offer and sell unregistered securities. More particularly, as part of a  
4 continuing enterprise and scheme, the conspirators fraudulently issued, publicly offered and sold  
5 hundreds of billions of unregistered shares of stock of multiple shells through the Pink Sheets (a  
6 centralized quotation service that collects and publishes market maker quotes for Over-The-Counter  
7 or "OTC" securities), and other instruments and channels of interstate commerce. The corporate shells  
8 used at least nine separate shells as vehicles for this enterprise including: Pinnacle Business  
9 Management, Inc. ("PCBM"); CMKMDiamonds, Inc. ("CMKM"); St. George Metals, Inc. ("SGGM");  
10 U.S. Canadian Minerals ("UCAD"); BioTech Medics, Inc. ("BMCS"); Global Diamond Exchange, Inc.  
11 ("GBDX"); Equitable Mining Corporation ("EQBM"); OMDA Oil and Gas, Inc. ("OOAG"); and Grand  
12 Entertainment and Music, Inc ("GMSC"). The conspirators and their confederates caused these and  
13 other corporate shells to issue hundreds of billions of unregistered shares of stock to the defendants and  
14 their nominees, associates, alter-egos and straw-purchasers.

15 2. Registration is a prerequisite to the public sale or transfer of stock and other securities under  
16 the Securities Act of 1933 ("Securities Act") and the Securities Exchange Act of 1934 ("Exchange  
17 Act") unless the securities fall within a specified exemption. Congress enacted the Securities Act  
18 (codified in Title 15, United States Code, Section 77a *et seq.*) and the Exchange Act (codified in Title  
19 15, United States Code, Section 78a *et seq.*) in the wake of the stock market crash of 1929. The  
20 Securities Act was designed to provide investors with full disclosure of material information concerning  
21 public offerings of securities in interstate commerce, and Section 5 of that Act generally prohibits the  
22 sale or delivery of unregistered securities through the mails or other instrumentalities of interstate  
23 commerce. Section 12 of the Exchange Act mandates a similar registration regimen with regard to  
24 securities traded on national securities exchanges, and generally prohibits trade in unregistered  
25 securities. In the Exchange Act, Congress additionally authorized the creation of the Securities and  
26 Exchange Commission, provided the statutory framework for regulation of transactions in securities

1 exchanges and over-the-counter markets, and periodic reporting requirements for issuers of registered  
2 securities. Read together, the 1933 and 1934 Acts evince a comprehensive plan to protect the investing  
3 public from the trading of stock that has been privately issued to corporate underwriters, insiders and  
4 affiliates without public disclosure of material information required in registration statements<sup>1</sup> and  
5 periodic reports.

6 3. While corporations are not prohibited from issuing unregistered stock, stock certificates for  
7 unregistered shares are generally required to bear restrictive legends. A restrictive legend is a statement  
8 placed upon a stock certificate disclosing, among other things, that those shares have not been registered  
9 with the Securities and Exchange Commission and cannot be publicly sold or transferred absent  
10 registration or the existence of a valid exemption from registration. The absence of a restrictive legend  
11 on a stock certificate implicitly represents that those shares have been registered with the Securities and  
12 Exchange Commission or falls within a specific exemption, and that the shares are free-trading or  
13 unrestricted.

14 4. Section 4 of the Securities Act delineates several exemptions to the broad proscription in  
15 Section 5 barring the sale of unregistered securities in or through instruments of interstate commerce.  
16 Section 4 provides, in pertinent part, that the provisions of Section 5 are not applicable to "(1)  
17 transactions by any person other than an issuer, underwriter, or dealer," nor to "(2) transactions by an  
18 issuer not involving any public offering." Title 15, United States Code, Section 77d. Additionally,  
19 Section 3(a) of the Securities Act delineates several "exempted securities"—that is, securities to which  
20 the Securities Act does not apply; exempted securities are limited to securities guaranteed by the United  
21 States or any State, bank notes, insurance policies and annuity contracts, and similar instruments.

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22  
23 <sup>1</sup> Registration statements must set forth material facts bearing on the security including: the names of  
24 directors, underwriters, and any persons owning (of record or beneficially) more than ten percent of  
25 any class of stock of the issuer; the general character of the business; the amount of stock issued; the  
26 purposes for which the security to be offered is to supply funds and approximate amounts to be  
devoted to such purposes; payments to promoters; the nature and extent of interest of every  
stockholder holding more than ten percent of any class of stock of the issuer; the names of counsel  
who have passed on the legality of the issue and a copy of any such opinions; and audited financial  
statements showing the assets, liabilities, income and expenses of the issuer.

1 Section 3(b) authorizes the Securities and Exchange Commission to prescribe additional exemption if  
2 it finds that the enforcement of this the Securities Act with respect to such securities is not necessary  
3 in the public interest or for the protection of investors by reason of the small amount involved or the  
4 limited character of the public offering. The Securities and Exchange Commission has promulgated  
5 rules and regulations to implement these statutory exemptions. In the course of the conspiracy, the  
6 defendants and their associates fraudulently invoked Rule 144 and Regulation D as part of their scheme  
7 to issue, offer and sell unregistered securities.

8 (a) Rule 144(k):

9 (i) The exemption in Section 4(1) is expressly (albeit, inversely) not available to “an  
10 issuer, underwriter, or dealer.” An “issuer” is defined in Section 2(a)(11) to include “any  
11 person directly or indirectly controlling or controlled by the issuer, or any person under direct  
12 or indirect common control with the issuer.” An “underwriter” is defined in the same statute  
13 to include, in pertinent part, “any person who has purchased from an issuer with a view to  
14 ... the distribution of any security.” The Securities Act does not, however, provide specific  
15 criteria for determining when a person purchases securities “with a view to ... the  
16 distribution” of those securities.

17 (ii) In 1972, the Securities and Exchange Commission promulgated Rule 144 to provide  
18 clear lines of demarcation; captioned “Persons Deemed Not to Be Engaged in a Distribution  
19 and Therefor Not Underwriters,” Rule 144 provides guidelines for determining whether the  
20 Section 4(1) exemption is available for the resale of securities. The Preliminary Note to Rule  
21 144 describes the rule’s underpinnings and purposes:

22 Certain basic principles are essential to an understanding of the  
23 registration requirements in the Securities Act of 1933 (the Act or the  
24 Securities Act) and the purposes underlying Rule 144:

24 1. If any person sells a non-exempt security to any other person, the  
25 sale must be registered unless an exemption can be found for the  
26 transaction.

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2. Section 4(1) of the Securities Act provides one such exemption for a transaction “by a person other than an issuer, underwriter, or dealer.” Therefore, an understanding of the term “underwriter” is important in determining whether or not the Section 4(1) exemption from registration is available for the sale of the securities.

The term “underwriter” is broadly defined in Section 2(a)(11) of the Securities Act to mean any person who has purchased from an issuer with a view to, or offers or sells for an issuer in connection with, the distribution of any security, or participates, or has a direct or indirect participation in any such undertaking, or participates or has a participation in the direct or indirect underwriting of any such undertaking. The interpretation of this definition traditionally has focused on the words “with a view to” in the phrase “purchased from an issuer with a view to . . . distribution.” An investment banking firm which arranges with an issuer for the public sale of its securities is clearly an “underwriter” under that section. However, individual investors who are not professionals in the securities business also may be “underwriters” if they act as links in a chain of transactions through which securities move from an issuer to the public.

Since it is difficult to ascertain the mental state of the purchaser at the time of an acquisition of securities, prior to and since the adoption of Rule 144, subsequent acts and circumstances have been considered to determine whether the purchaser took the securities “with a view to distribution” at the time of the acquisition. Emphasis has been placed on factors such as the length of time the person held the securities and whether there has been an unforeseeable change in circumstances of the holder. Experience has shown, however, that reliance upon such factors alone has led to uncertainty in the application of the registration provisions of the Act.

The Commission adopted Rule 144 to establish specific criteria for determining whether a person is not engaged in a distribution. Rule 144 creates a safe harbor from the Section 2(a)(11) definition of “underwriter.” A person satisfying the applicable conditions of the Rule 144 safe harbor is deemed not to be engaged in a distribution of the securities and therefore not an underwriter of the securities for purposes of Section 2(a)(11). Therefore, such a person is deemed not to be an underwriter when determining whether a sale is eligible for the Section 4(1) exemption for “transactions by any person other than an issuer, underwriter, or dealer.” . . .

17 C.F.R. § 230.144, Preliminary Note (Feb. 15, 2008).

(iii) Under Rule 144, a holder of a security who is not affiliated with the issuer may be deemed not to be an “underwriter” if the non-affiliate seller has held the securities for a specified period and satisfies other criteria. While the Securities and Exchange Commission

1 has revised Rule 144 several times since its inception,<sup>2</sup> the two-year holding period  
2 prescribed by the version spanning the period from 1997 to 2008 was fraudulently invoked  
3 by the conspirators to issue billions of unregistered shares of stock during that period. Rule  
4 144(k) at that time provided that non-affiliates who held unregistered securities for at least  
5 two years were deemed not to be underwriters and were therefore eligible to sell such  
6 securities under the exemption of Section 4(1). More particularly, the conspirators  
7 fraudulently invoked the provisions of Rule 144(k) to issue billions of unregistered shares  
8 of stock of several corporate shells (e.g., CMKM Diamond, St. George Metals, etc.) to  
9 themselves and their associates, nominees, alter-egos and straw-purchasers under the  
10 pretense and fiction that these individuals and entities had purchased, earned or otherwise  
11 acquired an ownership interest in those shares at least two (2) years earlier.

12 **(b) Regulation D:**

13 **(i)** In 1982, the Securities and Exchange Commission promulgated Regulation D, 17  
14 C.F.R. § 230.501 *et seq.*, pursuant to the authority delegated to it in Section 3(b), and to  
15 delineate the boundaries of the private-offering exemption of Section 4(2). Entitled “Rules  
16 Governing the Limited Offer and Sale of Securities Without Registration Under the  
17 Securities Act of 1933,” Rules 504 and 505 set forth small-issue exemptions pursuant to  
18 section 3(b) for public offerings of limited monetary value. Under Rule 504, issuers may  
19 offer newly issued securities of an aggregate price not to exceed one million dollars  
20 (\$1,000,000). However, this exemption is expressly not available to “a development stage  
21 company that either has no specific business plan or purpose or has indicated that its business  
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23 <sup>2</sup> Prior to 1997, persons who were not affiliates of the issuer could resell restricted securities without  
24 limitation after holding the securities for three years. The Commission revised Rule 144 in 1997  
25 shortening the three-year holding period to two years. Rule 144 was revised again effective February  
26 15, 2008, reducing the prescribe holding period to six months for restricted securities of issuers subject  
to the reporting requirements of the Securities Exchange Act of 1934, and one year for securities of  
issuers that are not subject to those reporting requirements, 17 C.F.R. §§ 230.144(b)(1) and  
230.144(d)(1). By its express terms, the current version of Rule 144 is not available to corporate  
shells with no or nominal operations and no or nominal non-cash assets. 17 C.F.R. § 230.144(i).

1 plan is to engage in a merger or acquisition.” 17 C.F.R. § 230.504(a)(3). Under Rule 505,  
2 issuers may offer and sell securities of an aggregate value of up to five million (\$5,000,000)  
3 to accredited investors<sup>3</sup> and no more than thirty-five (35) other purchasers (provided that the  
4 issuer furnish information regarding the issuer, its business and the securities being offered  
5 to non-accredited purchasers prior to the sale). Rule 506 permits limited offers and sales  
6 without regard to the monetary value of the securities to accredited investors and no more  
7 than thirty-five (35) other knowledgeable and experienced investors pursuant to the  
8 exemption for private-offerings set forth in Section 4(2)

9 (ii) The exemptions contained in Regulation D do not exempt securities from registration,  
10 but rather exempt or allow limited transactions. The Preliminary Notes to Regulation D  
11 emphasize: “These rules are available only to the issuer of the securities and not to any  
12 affiliate of that issuer nor to any other person for the resale of the issuer’s securities. The  
13 rules provide an exemption only for the transactions in which the securities are offered or  
14 sold by the issuer, not for the securities themselves. . . .” Regulation D accordingly imposes  
15 stringent limitations on the resale of shares previously issued under this exemption:

16 Except as provided in § 230.504(b)(1) [excluding offers and sales of  
17 securities not exceeding \$1,000,000 in aggregate which are in  
18 compliance with equivalent state registration requirements], securities  
19 acquired in a transaction under Regulation D shall have the status of  
20 securities acquired in a transaction under section 4(2) of the Act and  
21 cannot be resold without registration under the Act or an exemption

20 <sup>3</sup> An “accredited investor” is defined in Section 2(a)(15) of the Securities Act to mean (i) banks,  
21 insurance companies, institutional investors, or “(ii) any person who, on the basis of such factors as  
22 financial sophistication, net worth, knowledge, and experience in financial matters, or amounts of  
23 assets under management qualifies under rules and regulations which the Commission shall  
24 prescribe.” Rule 501 of Regulation D defines an “accredited investor” to include banks, insurance  
25 companies, registered investment companies, business development companies, small business  
26 investment companies, employee benefit plans (if a bank, insurance company, or registered investment  
adviser makes the investment decisions, or if the plan has total assets in excess of \$5 million), trusts  
with total assets in excess of \$5,000,000 (if the trust is not formed for the purpose of acquiring the  
securities, and the trust is directed by a sophisticated person), and any natural person “whose  
individual net worth, or joint net worth with that person’s spouse, at the time of the purchase, exceeds  
\$1,000,000 . . . [or] who had an individual income in excess of \$200,000 in each of the two most  
recent years or joint income with that person’s spouse in excess of \$300,000 in each of those years and  
has a reasonable expectation of reaching the same income level in the current year.”



1           therefrom. The issuer shall exercise reasonable care to assure that the  
2           purchasers of the securities are not underwriters within the meaning  
          of section 2(11) of the Act . . . .

3           17 C.F.R. § 230.502(d). This rule continues that requisite care to assure securities are not  
4           issued to underwriters may be demonstrated, *inter alia*, by “[p]lacement of a legend on the  
5           certificate or other document that evidences the securities stating that the securities have not  
6           been registered under the Act and setting forth or referring to the restrictions on  
7           transferability and sale of the securities.” *Id.* The conspirators and their accomplices did not  
8           take care to assure that stock which they issued under color of Regulation D were not  
9           distributed to underwriters. On the contrary, the conspirators knowingly issued shares and  
10          stock certificates without restrictive legends to themselves and their nominees, associates,  
11          alter-egos and straw-purchasers who, as part of the conspiracy and scheme, offered, sold and  
12          distributed those unregistered securities in interstate commerce.

13          5. As part of the conspiracy and scheme, the conspirators fraudulently invoked Rule 144(k) and  
14          Regulation D to issue hundreds of billions of unregistered shares of stock without restrictive legends  
15          to themselves and their nominees, associates, alter-egos and straw-purchasers. While the conspirators  
16          claims to these exemptions were works of fiction, even if a factual basis for the exemptions could be  
17          found, neither Rule 144 nor Regulation D extend to transactions which are part of a scheme to  
18          circumvent the registration requirements. The Securities and Exchange Commission has made explicit  
19          that “[t]he Rule 144 safe harbor is not available to any person with respect to any transaction or series  
20          of transactions that, although in technical compliance with Rule 144, is part of a plan or scheme to  
21          evade the registration requirements of the Act.” 17 C.F.R. § 230.144, Preliminary Note (Feb. 15, 2008);  
22          *see also* S.E.C. Release No. 33-5223 (Jan. 11, 1972) (“In view of the objectives and policies underlying  
23          the Act, the rule shall not be available to any individual or entity with respect to any transaction which,  
24          although in technical compliance with the provisions of the rule, is part of a plan by such individual or  
25          entity to distribute or redistribute securities to the public”). The Commission has likewise decreed that,  
26          “[i]n view of the objectives of these rules and the policies underlying the Act, Regulation D is not

1 available to any issuer for any transaction or chain of transactions that, although in technical compliance  
2 with these rules, is part of a plan or scheme to evade the registration provisions of the Act. In such  
3 cases, registration under the Act is required.” Regulation D, 17 C.F.R. §§ 230.501-230.508,  
4 Preliminary Note 6.

5 6. As a further part of the conspiracy and scheme, the conspirators and nominees designated to  
6 receive the purportedly free-trading shares of stock acted as underwriters. While the conspirators often  
7 shuffled or transferred shares among their multiple nominees, hundreds of billions of shares were  
8 routed—directly and indirectly—to the conspirators associates and alter-egos that offered those shares  
9 to the investing public through the Pink Sheets, stock brokers, and other instrumentalities of interstate  
10 commerce.

11 7. As a part of and in furtherance of the enterprise, the defendants and other members and  
12 associates of the enterprise endeavored to create a market and demand for the stock of their corporate  
13 shells. The conspirators avoided filing both registration statements and periodic reports with the  
14 Securities and Exchange Commission. In the absence of meaningful public disclosures, the astounding  
15 number of shares of stock offered by the enterprise precipitated a volume of trading activity that drew  
16 the interest of investors. In this void, the conspirators issued false and misleading press releases  
17 regarding the activities, assets and value of the corporate shells. The conspirators also compensated  
18 individuals (typically with shares of stock) to promote the stock of their corporate shells in internet  
19 blogs and chat-rooms. The conspirators additionally orchestrated purported acquisitions, mergers and  
20 other deceptive transactions and manipulative practices to fuel investor interest in the corporate shells.

21 8. As corporate insiders, one or more of the conspirators possessed material information not  
22 available to the general public regarding the corporate shells, including the status of their purported  
23 businesses and the number of issued and outstanding shares. Exploiting this disparity for their personal  
24 benefit, and violating the duty owed to the corporations’ shareholders, the conspirators issued, offered  
25 and sold hundreds of billions of shares of unregistered stock to the investing public through the Pink  
26 Sheets, brokerage accounts, and other instrumentalities of interstate commerce.

1 9. Each reiteration of this scheme had a limited life span. The corporations used as vehicles for  
2 this scheme were (with the exception of BioTech Medics) hollow shells. These shells did not conduct  
3 substantial business activities and produced no appreciable goods, services, or profits. Indeed, the  
4 principal business activity of these shells was the issuance of unregistered shares of stock. Despite the  
5 elaborate facade constructed by the enterprise, investors in time recognized that shares of the particular  
6 corporate shell in which they had invested were of little, if any, value. Further, despite the corporate  
7 shells' efforts to evade filing registration statements, periodic reports or other disclosures, the volume  
8 of the conspirators' trading activity and their deceptive practices drew the scrutiny of the Securities and  
9 Exchange Commission. After exploiting and exhausting a corporate shell, the enterprise cast it aside  
10 and moved on to another. Although the enterprise occasionally used and promoted corporate shells  
11 in tandem, the enterprise also used corporate shells in series moving in succession from one shell to  
12 another.

13 10. In this manner, the conspirators combined to fraudulently issue, offer and sell hundreds of  
14 billions of unregistered and purportedly free-trading shares of stock to the investing public. While the  
15 stock of the corporate shells typically sold for less than a penny per share, the conspirators fraudulently  
16 induced thousands of investors to purchase hundreds of billions of unregistered shares of stock that had  
17 been illicitly issued without restrictions by their corporate shells. In aggregate, the conspirators  
18 defrauded investors of more than seventy million dollars through this scheme.

19 **COUNT ONE**

20 *Conspiracy to Conduct or Participate in an Enterprise Engaged  
in a Pattern of Racketeering Activity in violation of 18 U.S.C. 1962(d)*

21 **The RICO Enterprise**

22 1. At times material to this indictment,

- 23 1. JEFFREY TURINO,  
24 2. JOHN EDWARDS,  
25 3. URBAN CASAVANT,  
4. NICKOLAJ VISSOKOVSKY, and  
5. MELISSA SPOONER,

26 defendants herein, and others known and unknown, were members and associates of an organization

1 founded on a date unknown, but not later than 1997. The members and associates of this organization  
2 engaged in criminal acts including: fraud in the sale of securities; wire fraud; engaging in monetary  
3 transactions in property derived from those crimes; and laundering of the criminal proceeds.

4 2. The organization including its leadership, its members, and associates, constitutes an  
5 "enterprise," as defined in Title 18, United States Code, Section 1961(4), to wit: a group or union of  
6 individuals associated in fact which was engaged in, and the activities of which affected, interstate  
7 commerce. The enterprise constituted an ongoing organization whose members and leaders functioned  
8 as a coordinated and continuing unit for the common purpose of achieving the objectives of the  
9 enterprise.

10 **Purposes of the Enterprise**

11 3. The purposes of the enterprise included:

- 12 (a) Enriching the leaders, members, and associates of the enterprise through, among other things,  
13 wire fraud and fraud in the sale of securities;
- 14 (b) Promoting and perpetuating the criminal enterprise;
- 15 (c) Shielding their criminal activities from regulatory and law enforcement authorities by  
16 threatening potential witnesses, and by making false and misleading statements and material  
17 omissions to the Securities and Exchange Commission;
- 18 (d) Shielding the proceeds of their criminal activities from regulatory and law enforcement  
19 authorities by concealing and disguising the nature, location, source ownership and control  
20 of monies and funds wrongfully obtained from the fraudulent sale of unregistered securities.

21 **The Racketeering Conspiracy**

22 4. Beginning on a date unknown, but not later than May 1997, through on or about March 2010,  
23 in the State and federal District of Nevada and elsewhere within the jurisdiction of this Court,

- 24 1. JEFFREY TURINO,  
25 2. JOHN EDWARDS,  
26 3. URBAN CASAVANT,  
4. NICKOLAJ VISSOKOVSKY, and  
5. MELISSA SPOONER,

1 defendants herein, being persons employed by and associated with the enterprise, which engaged in,  
2 and the activities of which affected, interstate commerce, knowingly and intentionally combined,  
3 conspired, and agreed with one another and others known and unknown, to violate the provisions of  
4 Title 18, United States Code, Section 1962(c), that is, to conduct and participate, directly and indirectly,  
5 in the conduct of affairs of the enterprise through a pattern of racketeering activity, as that term is  
6 defined in Title 18, United States Code, Sections 1961(1) and 1961(5), consisting of multiple acts  
7 involving fraud in the sale of securities under the following provisions of federal law, that is:

8 (a) Title 15, United States Code, Sections 77q(a) and 77x, relating the use of the mails or other  
9 means and instruments of interstate commerce in connection with the offer or sale of  
10 securities (1) to employ any device, scheme, or artifice to defraud, (2) to obtain money or  
11 property by means of any untrue statements or misleading omission of a material fact, and (3)  
12 to engage in any transaction, practice, or course of business which operates or would operate  
13 as a fraud or deceit upon the purchaser;

14 (b) Title 15, United States Code, Sections 78j(b) and 78ff, relating to the use and employ of any  
15 manipulative and deceptive devices or contrivances in connection with the purchase or sale  
16 of securities involving the instruments of interstate commerce in contravention of Rule 10b-5  
17 and Rule 10b5-1 of the Rules and Regulations promulgated by the United States Securities  
18 and Exchange Commission (codified in Title 17, Code of Federal Regulations, Sections  
19 240.10b-5 and 240.10b5-1);

20 (c) Title 18, United States Code, Section 1348, relating to schemes to defraud others in  
21 connection with securities, and to obtain money or property by means of false or fraudulent  
22 pretenses, representations or promises in connection with the sale of securities, of an issuer  
23 registered or required to file reports under the Securities and Exchange Act of 1934;

24 and multiple acts indictable under the following provisions of federal law:

25 (d) Title 18, United States Code, Section 1343, relating to fraud by wire;  
26

1 (e) Title 18, United States Code, Section 1956, relating to the laundering of monies and funds  
2 derived from the fraudulent sale of unregistered securities and wire fraud; and

3 (f) Title 18, United States Code, Section 1957, relating to engaging in monetary transactions in  
4 sums greater than ten thousand dollars derived from the fraudulent sale of unregistered  
5 securities and wire fraud.

6 It was a further part of the conspiracy, each defendant agreed that a conspirator would commit at least  
7 two acts of racketeering activity in the conduct of the affairs of the enterprise.

8 **Manner, Means and Methods of the Conspiracy**

9 5. The foregoing General Allegations are re-alleged and incorporated by reference as though  
10 fully set forth herein.

11 6. The cornerstone of the criminal enterprise was laid by JEFFREY TURINO and JOHN  
12 EDWARDS. Beginning on a date unknown, but not later than about 1997, these founding members  
13 of the enterprise combined and conspired with one another and others, known and unknown, to  
14 fraudulently issue, offer and sell stock issued by corporate shells which they and their associates  
15 controlled. Over the ensuing years, URBAN CASAVANT, NICKOLAJ VISSOKOVSKY, MELISSA  
16 SPOONER, and others known and unknown, joined the conspiracy and participated in the criminal  
17 enterprise.

18 7. As part of the conspiracy, the members and associates of the enterprise combined and  
19 conspired to issue, or cause the issuance of, hundreds of billions of unregistered shares of stock of  
20 several shell corporations which they controlled, specifically including, but not limited to: Pinnacle  
21 Business Management, Inc. ("PCBM"); CMKM Diamonds, Inc. ("CMKM"); St. George Metals, Inc  
22 ("SGGM"); U.S. Canadian Minerals ("UCAD"); BioTech Medics, Inc. ("BMCS"); Global Diamond  
23 Exchange, Inc. ("GBDX"); Equitable Mining Corporation ("EQBM"); OMDA Oil and Gas, Inc.  
24 ("OOAG"); and Grand Entertainment and Music, Inc ("GMSC").

25 8. As part of the conspiracy, the defendants and other members and associates of the enterprise  
26 endeavored to conceal their activities and practices from the Securities and Exchange Commission and

1 the investing public. Towards this end, the conspirators fraudulently circumvented registration  
2 requirements and did not file registration statements with the Securities and Exchange Commission for  
3 the vast majority of the hundreds of billions of shares of stock which they caused to be issued by their  
4 corporate shells. Moreover, the conspirators and their corporate shells also often evaded or disregarded  
5 their obligations to file quarterly and annual reports with the Securities and Exchange Commission.  
6 In this fashion, the conspirators concealed their issuance and distribution of hundreds of billions of  
7 unregistered shares of stock, their insider trading, and the corporations' purported business activities  
8 (or lack thereof).

9 9. As part of the conspiracy, the majority of the hundreds of billions of unregistered shares were  
10 distributed in hundreds of stock certificates without restrictive legends to the conspirators and  
11 nominees, associates, alter-egos and straw-purchasers. By routing the unregistered shares through one  
12 or more nominees, the conspirators disguised the nature of the transactions, the affiliations of the  
13 purported purchasers, and invoked Rule 144 and Regulation D to fraudulently claim exemptions from  
14 registration. In this manner, the conspirators combined with one another and others to offer hundreds  
15 of billions of unregistered and purportedly free-trading shares of their corporate shells to the investing  
16 public through the Pink Sheets, brokerage firms, and other instruments and channels of interstate  
17 commerce.

18 10. As a part of the conspiracy, having issued billions of shares of purportedly free-trading shares  
19 to themselves and their nominees, the conspirators endeavored to promote and sell those shares. While  
20 the conspirators' extraordinary volume of trading activity elicited investor interest, the conspirators  
21 engaged in promotional activities. The conspirators additionally orchestrated purported acquisitions  
22 and other deceptive transactions and practices which fueled investor interest in the corporate shells.

23 Further, in the void created by the conspirators' deliberate failure to file registration statements,  
24 periodic reports or other meaningful disclosures, the enterprise issued false and misleading press  
25 releases regarding the activities, assets and value of the corporate shells controlled by the conspirators.

26 . . .

1     **11.**    As part of the conspiracy, the defendants and other members and associates of the enterprise  
2 transmitted and caused to be transmitted certain signs, signals and sounds by means of wire, radio or  
3 television communication in interstate commerce in the course of executing the scheme to defraud and  
4 to obtain money by false and fraudulent pretenses, representations and promises. Among other things,  
5 the conspirators and their associates caused the transmission of communications to be transmitted in  
6 the world-wide-web; the conspirators compensated individuals (typically with shares of stock) to  
7 promote the stock of their corporate shells in internet blogs and chat-rooms. The conspirators also used  
8 the wire to communicate by email, telephone, and telecopier, with one another and others regarding the  
9 execution the scheme. One or more of the conspirators additionally electronically transferred, or  
10 caused the transfer, of funds, routing codes, account information, and related data through the wire.

11     **12.**    As part of the conspiracy, the defendants and other members and associates of the enterprise  
12 fraudulently induced investors to purchase hundreds of billions of unregistered shares of purported free-  
13 trading stock which the conspirators had deceptively issue without requisite restrictions and disclosures.  
14 Although these "penny stocks" typically traded for less than one cent per share, in the aggregate the  
15 hundreds of billions of shares of stock that the conspirators offered and sold in the public market  
16 yielded proceeds of more than seventy million dollars (\$70,000,000).

17     **13.**    As part of the conspiracy, the defendants and other members and associates of the enterprise  
18 transmitted and caused to be transmitted certain signs, signals and sounds by means of wire, radio or  
19 television communication in interstate commerce in the course of executing the scheme to defraud and  
20 to obtain money by false and fraudulent pretenses, representations and promises. Among other things,  
21 the conspirators and their associates caused the transmission of communications. The conspirators also  
22 used the wire to communicate by email, telephone, and telecopier, with one another and others  
23 regarding the execution the scheme. One or more of the conspirators additionally electronically  
24 transferred, or caused the transfer, of funds, routing codes, account information, and related data  
25 through the wire.

26 . . .



1 14. As part of the conspiracy, members and associates of the enterprise threatened and attempted  
2 to intimidate victims and witnesses to deter them from informing the Securities and Exchange  
3 Commission and law enforcement agencies of the enterprise's criminal activities or otherwise  
4 disrupting the scheme.

5 15. Despite the conspirators efforts to perpetuate, conceal and protect their scheme, the several  
6 iterations of the scheme could not be sustained indefinitely. With the exception of BioTech Medics,  
7 the corporations which the enterprise employed in this scheme were hollow shells which—apart from  
8 the issuance of billions of shares of stock—engaged in no substantial business activities and produced  
9 no appreciable goods, services, or profits. In time, jaded investors recognized that the particular  
10 corporate shell in which they had invested was unprofitable. Further, despite the conspirators' efforts  
11 to cloak their fraudulent scheme, the volume of their trading activity and their deceptive practices drew  
12 the scrutiny of the Securities and Exchange Commission. After exhausting a corporate shell, the  
13 enterprise cast it aside and moved on to another moving from Pinnacle Business Management to  
14 CMKM Diamonds to St. George Metals to BioTech Medics, Inc. To Global Diamond Exchange and  
15 other shells.

16 16. As part of the conspiracy, the defendants and other members and associates of the enterprise  
17 fraudulently induced investors to purchase hundreds of billions of unregistered shares of purported free-  
18 trading stock which the conspirators had deceptively issue without requisite restrictions and disclosures.  
19 Although these "penny stocks" typically traded for less than one cent per share, in the aggregate the  
20 hundreds of billions of shares of stock that the conspirators offered and sold in the public market  
21 yielded proceeds of more than seventy million dollars (\$70,000,000).

22 17. As part of the conspiracy, the defendants and other conspirators and participants conducted  
23 multiple financial transactions, in and through federally insured financial institutions and other  
24 interstate instruments and channels of commerce, involving the proceeds of the criminal enterprise and,  
25 more particularly, the fraudulent sale of securities. The conspirators knew that the money involved in  
26 these transactions represented the proceeds of the criminal enterprise. Indeed, the conspirators engaged

1 in certain of these financial transactions with the intent to promote the criminal enterprise and scheme,  
2 while other transactions were designed, in whole or in part, to conceal and disguise the nature, source,  
3 ownership, and control of the proceeds of the criminal enterprise. The conspirators also, and  
4 simultaneously, engaged in multiple monetary transactions in the criminally derived proceeds in  
5 amounts greater than ten thousand dollars.

6 All in violation of Title 18, United States Code, Section 1962(d).

7 **COUNT TWO**

8 *Conspiracy to Sell Unregistered Securities, to Make False Statements to SEC,*  
9 *to Evade Filing Periodic Reports, and to Commit Securities Fraud & Insider Trading*  
10 *in violation of 15 U.S.C. §§ 77e, 77q, 77x, 78m, 78j & 78ff*

11 1. Beginning on a date unknown, but not later than 1997, and continuing to on or about October  
12 2008, in the State and Federal District of Nevada and elsewhere within the jurisdiction of this Court,

13 1. JEFFREY TURINO,  
14 2. JOHN EDWARDS,  
15 3. URBAN CASAVANT,  
16 4. NICKOLAJ VISSOKOVSKY,  
17 5. MELISSA SPOONER,  
18 6. HELEN BAGLEY,  
19 7. JEFFREY MITCHELL,  
20 8. BRIAN DVORAK,  
21 9. GINGER GUTIERREZ, and  
22 10. JAMES KINNEY,

23 the defendants herein, knowingly and willfully combined, conspired, and agreed with one another, and  
24 others known and unknown to commit offenses against the United States, that is:

- 25 (a) To sell unregistered securities, to wit: shares of stock and share certificates, by use of the  
26 mails, the wires, over-the-counter mediums of exchange (e.g., the Pink Sheets), and other  
means and instruments of transportation and communication in interstate commerce, in  
violation of Title 15, United States Code, Sections 77e(a)(1) and 77x;
- (b) To cause unregistered securities, to wit: shares of stock and share certificates, to be carried  
through the mails and by other means and instruments of transportation in interstate  
commerce for the purpose of the sale and delivery after the sale of said securities, in violation  
of Title 15, United States Code, Sections 77e(a)(2) and 77x;

- 1 (c) To use the mails, the wires, over-the-counter mediums of exchange (e.g., the Pink Sheets),  
2 and other means and instruments of transportation and communication in interstate commerce  
3 to offer to sell unregistered securities in violation of Title 15, United States Code, Sections  
4 77e(c) and 77x;
- 5 (d) To make false and misleading statements in filings to the United States Securities and  
6 Exchange Commission in violation of Title 15, United States Code, Section 78ff(a);
- 7 (e) To evade and fail to file annual reports (on Form 10-KSB) and quarterly reports (on Form 10-  
8 QSB); with the Securities and Exchange Commission, in violation of Title 15, United States  
9 Code, Sections 78m(a), 78o(d), and 78ff and Rules 13a-1 and 13a-13 of the Rules and  
10 Regulations promulgated by the United States Securities and Exchange Commission (codified  
11 in Title 17, Code of Federal Regulations, Section 240.13a-1 and 240.13a-13);
- 12 (f) To directly and indirectly use the wires and means and instruments of transportation and  
13 communication in interstate commerce in the offer and sale of securities, as part and in  
14 furtherance of a device, scheme and artifice to defraud investors, to obtain money or property  
15 by means of an untrue statement and misleading omissions of a material fact, and to engage  
16 in transactions, practices, and a course of business which operated as a fraud or deceit upon  
17 the purchaser, in violation of Title 15, United States Code, Sections 77q(a) and 77x;
- 18 (g) To directly and indirectly use and employ manipulative and deceptive devices and  
19 contrivances in connection with the sale of securities, by means and instrumentalities of  
20 interstate commerce and the mails, in contravention of Rule 10b-5 and Rule 10b5-1 of the  
21 Rules and Regulations promulgated by the United States Securities and Exchange  
22 Commission (codified in Title 17, Code of Federal Regulations, Sections 240.10b-5 and  
23 240b5-1), for purposes and with the intention of (i) employing such devices, schemes or  
24 artifice to defraud, (ii) making untrue statements of a material fact, and (iii) engaging in any  
25 act, practice, or course of business which operates or would operate as a fraud or deceit upon  
26

1 other persons in connection with the sale of securities, in violation of Title 15, United States Code,  
2 Sections 78j and 78ff.

3 **Scheme, Artifice, Manner & Means**

4 2. The foregoing General Allegations and allegations set forth in paragraphs 6 through 17 of  
5 Count One are re-alleged and incorporated by reference as though fully set forth herein.

6 **Conduct and Devices in Furtherance of the Conspiracy**

7 **Chapter One: Pinnacle Business Management, Inc.**

8 3. Pinnacle Business Management, Inc., was incorporated in Nevada on May 9, 1997. According  
9 to that company's subsequent filings with the Securities and Exchange Commission, Pinnacle Business  
10 Management was a wholly-owned subsidiary of 300365 BC, Ltd. (d/b/a Peakers Resources Company,  
11 a Canadian corporation that had been organized in British Columbia in 1986, ostensibly to conduct  
12 mining operations, but which never actively engaged in business. Although EDWARDS was actively  
13 involved with this corporate shell, TURINO was designated as the Chief Executive Officer of Pinnacle  
14 Business Management. Under TURINO's direction, Pinnacle Business Management in May 1997  
15 acquired all of the stock of 300365 BC, Ltd., by exchanging shares of Pinnacle Business Management  
16 for shares of 300365 BC, Ltd., on a share-for-share basis. The defunct 300365 BC, Ltd., fell by the  
17 wayside while Pinnacle Business Management acquired or created a litany of other corporate shells.  
18 Most notably:

- 19 (a) In the year 2000, Pinnacle Business Management exchanged on million five hundred thousand  
20 (1,500,000) shares of its common stock for all of the shares of MAS Acquisition XIX Corp.,  
21 a corporate shell which had previously registered securities with the Securities and Exchange  
22 Commission. Pinnacle Business Management's stock was listed on the Over-The-Counter  
23 ("OTC") Bulletin Board for a period in 2000 after it acquired this public shell company and  
24 began filing with the Securities and Exchange Commission. Pinnacle Business Management  
25 was removed from the OTC Bulletin Board in December 2000 and thereafter was listed on  
26 the Pink Sheets under the symbol "PCBM."

1 (b) In 2001, Pinnacle Business Management acquired the assets of Lo Castro and Associates,  
2 Inc. (a Pennsylvania "S" corporation) and Arnoni, Lo Castro and Associates (a Pennsylvania  
3 general partnership)—related entities under common ownership—in exchange of eighty-  
4 three million three hundred thousand (83,300,000) shares of the Company's common stock  
5 plus a promissory note in the amount of six million six hundred ninety-three thousand four  
6 hundred sixty five dollars (\$6,693,465) payable in quarterly installments.

7 (c) In 2000, Pinnacle Business Management spun-off an inactive wholly-owned subsidiary,  
8 Summit Property Group, Inc. Summit Property Group had been incorporated in Nevada in  
9 December 1997. In 2001, Pinnacle Business Management's shareholders received a non-cash  
10 dividend of 1 share of Summit Property Group for each 100 shares of Pinnacle Business  
11 Management. (This corporate shell was to feature in subsequent chapters of the enterprise's  
12 story under the names Corbel Holdings, Inc., and BioTech Medics, Inc.")

13 4. Through a series of amendments to its Articles of Incorporation, Pinnacle Business  
14 Management's authorized shares increased from twenty five million (25,000,000—15,000,000 common  
15 shares and 10,000,000 preferred shares) to three hundred fifty million (350,000,000) shares by June 13,  
16 2000. On July 27, 2000, Pinnacle Business Management filed a Form 10-SB with the Securities and  
17 Exchange Commission to register two hundred million (200,000,000) shares of common stock and one  
18 hundred million (100,000,000) shares of preferred stock under Section 12(b) of the Exchange Act.  
19 Subsequent amendments to Pinnacle Business Management's Articles of Incorporation during the span  
20 from February 2001 through February 2003 exponentially increased its authorized shares to twenty-four  
21 billion nine hundred million (24,900,000,000) common shares and one hundred million (100,000,000)  
22 preferred shares.

23 5. The increase in Pinnacle Business Management's authorized shares was a precursor to the  
24 issuance of billions of shares of that corporate shell's stock. HELEN BAGLEY, as the owner of 1<sup>st</sup>  
25 Global Stock Transfer and in her prior employment with a similar firm, was one of the collusive stock  
26 transfer agents that issued billions of shares of Pinnacle Business Management's stock to the

1 conspirators and their nominees. Although Pinnacle Business Management failed to regularly file  
2 quarterly and annual reports with the Securities and Exchange Commission, its final quarterly report  
3 (Form 10-Q) filed on August 20, 2001, disclosed that it had six hundred thirty five million seven  
4 hundred seven million sixty-four (635,707,064) shares of common stock outstanding. In a subsequent  
5 annual report (Form 8-K) dated August 11, 2003, TURINO, on behalf of the corporation, revealed: "The  
6 Lo Castros are in the process of returning 2,169,990,000 shares of common stock which leaves  
7 22,309,515,014 issued and 25 billion authorized." This belated report broke a two-year silence (and  
8 was precipitated by an investigation brought by the Securities and Exchange Commission of Pinnacle  
9 Business Management). Pinnacle Business Management had failed to file an annual report since April  
10 17, 2001, when it filed an annual report for the year ended December 31, 2000, or quarterly reports  
11 since August 2001. During this two-year span, the conspirators had caused the corporation to issue  
12 almost twenty four billion (24,000,000,000) shares of common stock—a substantial dilution of the  
13 value, if any, of Pinnacle Business Management stock. During this span the conspirators offered and  
14 sold billions of unregistered shares of this corporate shell's stock.

15 6. TURINO, BAGLEY, EDWARDS and others, known and unknown, combined to issue  
16 billions of shares of Pinnacle Business Management's stock to nominees, alter-egos and straw-  
17 purchasers controlled by the conspirators. For example, the conspirators directed and caused billions  
18 of unregistered shares of Pinnacle Business Management's stock to be issued to trusts and entities by  
19 the name of Faza Gee Industrial, Berama Giorgio, Inc., Moncom Enterprises LTD, Jules T. Englehard,  
20 Inc., PTI, and other of the multitude of such nominees and alter-egos controlled by EDWARDS.  
21 EDWARDS, in turn, signed multiple "Irrevocable Stock or Bond Power Forms" before a Medallion  
22 Signature Guarantor and thereafter used these documents to transfer the shares among his nominees and  
23 ultimately to brokerage accounts which he controlled. In this manner, EDWARDS offered more than  
24 four billion (4,000,000,000) unregistered shares of Pinnacle Business Management stock to the  
25 investing public.

26 . . . .

1       7.     As a further part of the conspiracy, the conspirators endeavored to create a demand for the  
2 billions of shares of Pinnacle Business Management stock which they had issued to themselves and  
3 their nominees. TURINO and other participants in the scheme released, or caused the publication of,  
4 misleading press releases containing material misrepresentations regarding Pinnacle Business  
5 Management's activities, assets, prospects and value. For example, on February 6, 2002, Pinnacle  
6 Business Management issued a press release disclosing "preliminary and unaudited" 2001 financial  
7 results for a single aspect of its purported business operations and claiming sales of eight million nine  
8 hundred fifty-eight thousand seven hundred seventy dollars (\$8,958,770) and pre-tax profits of two  
9 hundred fifty-three thousand four hundred fifty-six (\$253,456). This press release and unaudited  
10 financial statements were misleading; rather than turning a profit, Pinnacle Business Management was  
11 unprofitable and ultimately unsustainable.

12       8.     The fraudulent issuance of billions of shares of stock together with misleading and deceptive  
13 press releases spurred demand for Pinnacle Business Management stock among the investing public.  
14 TURINO, EDWARDS and BAGLEY conspired to exploit the disparity between the publicly  
15 disseminated reports and insider-information regarding the nature and status of the corporation's  
16 business and value of its stock. Disregarding the fiduciary duty owed to the corporation's shareholders,  
17 TURINO, EDWARDS and BAGLEY combined to issue, offer and sell approximately four billion three  
18 hundred million shares (4,300,000,000) of Pinnacle Business Management stock. In and around 2002,  
19 Pinnacle Business Management's stock was among the most actively traded Pink Sheet stock with tens  
20 of millions of shares typically trading in a day at an average price of approximately \$0.02 per share.  
21 Sales of Pinnacle Business Management stock through EDWARDS and his nominees exceeded three  
22 hundred ninety thousand dollars (\$390,000).

23       9.     Although the conspirators enriched themselves through the sale of billions of unregistered  
24 shares of Pinnacle Business Management stock, the corporation itself foundered. On August 11, 2003,  
25 TURINO filed a report with the Securities and Exchange Commission on behalf of Pinnacle Business  
26 Management disclosing that the corporation had defaulted on its obligations and had no assets, business

1 or revenues. In that report, TURINO also announced his resignation from his posts as an officer and  
2 director of Pinnacle Business Management.

3 10. Pinnacle Business Management's failure to file period reports and the volume of trade in its  
4 stock came to the attention of the Securities and Exchange Commission. On May 8, 2002, the  
5 Securities and Exchange Commission filed a civil complaint for injunctive and other relieve against  
6 Pinnacle Business Management, TURINO, and another participant in the enterprise in the United States  
7 District Court for the Middle District of Florida. Without admitting or denying the allegations of the  
8 complaint, TURINO consented to entry of a judgment against him. On December 5, 2003, the  
9 presiding judge in that case entered a judgment against TURINO which, among other things, barred  
10 TURINO from participating in any offering of penny stocks for a period of five (5) years from the date  
11 the judgment was entered. That order elaborated that "[a] penny stock is any equity security that has  
12 a price of less than five dollars, except as provided in Rule 3a51-1 under the Exchange Act."<sup>4</sup>

13 11. On July 6, 2004, the Securities and Exchange Commission revoked the registration of  
14 Pinnacle Business Management's stock or, more precisely, the portion of stock that this issuer had  
15 registered. By that time, TURINO, EDWARDS, BAGLEY and other conspirators had already moved  
16 on to another shell and the next chapter of this scheme.

17 **Chapter Two: CMKM Diamonds, Inc.**

18 12. Notwithstanding the penny stock ban that had been imposed on TURINO, and even as  
19 Pinnacle Business Management foundered, TURINO, EDWARDS and BAGLEY redirected their  
20

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21 <sup>4</sup> Penny stocks have been characterized as "low-priced, highly speculative stocks generally sold in the  
22 over-the-counter ... market and generally not listed on an exchange." *Koch v. S.E.C.*, 177 F.3d 784,  
23 785 n. 1 (9th Cir.1999) (citation omitted); see generally Stephen Choi, *Regulating Investors Not*  
24 *Issuers: A Market Based Proposal*, 88 Cal. L.Rev. 279, 307 (2000) ("[p]enny stocks generally include  
25 stocks that trade on the Over the Counter (OTC) market as opposed to NASDAQ or one of the  
26 securities exchanges, and whose trading price is relatively low, below \$5 per share"). The House  
Report on the Penny Stock Reform Act of 1990 found that "[b]ecause it is wrapped in secrecy and  
operates in relative obscurity, the penny stock market lends itself to manipulation far more easily than  
a market where information is readily available and circulated to investors." H.R.Rep. No. 101-617  
(1990), reprinted in 1990 U.S.C.C.A.N. 1408, 1422. A stock may be deemed a penny stock under  
Rule 3a51-1 (codified at 17 C.F.R. § 240.3a51-1) if, *inter alia*, it has a value less than \$5 per share,  
it is not a national market stock with a market value of listed securities greater than fifty million dollars  
for at least ninety consecutive days, and its issuer has tangible net assets of less than \$2,000,000.



1 focus to issuing, offering and selling the penny stocks of another corporate shell now known as CMKM  
2 Diamonds, Inc.

3 13. CMKM Diamonds, Inc., had previously been known as Cyber Mark International Corp.  
4 Cyber Mark had been incorporated in Delaware in 1998 and reportedly had once been in the business  
5 of designing and developing virtual reality systems and games. Cyber Mark had registered securities  
6 with the Securities and Exchange Commission pursuant to Section 12 of the Exchange Act. However,  
7 the company had failed and the corporation was a defunct shell by 2001. As a publicly traded  
8 corporation registered under the Exchange Act, Cyber Mark was required to file quarterly reports with  
9 the Securities and Exchange Commission. The quarterly report (Form 10-QSB) filed with the  
10 Securities and Exchange Commission on or about November 18, 2002, revealed that Cyber Mark had  
11 no income or revenue during the preceding two years, and that the company's assets consisted of three  
12 hundred forty-four dollars (\$344) in cash.

13 14. Notwithstanding that its business operations had failed and the corporate shell was dormant,  
14 Cyber Mark remained registered under the Securities and Exchange Act. Indeed, its principal value  
15 lay in the fact that its registered shares could be publicly traded. Such publicly traded corporate shells  
16 retain value insofar as private companies and corporations seeking to attain public status may conduct  
17 a "reverse merger" assuming the defunct corporation's status without the rigors of an initial public  
18 offering.

19 15. EDWARDS, in the name of an associate or alias "Ian McIntyre," acquired control over the  
20 Cyber Mark corporate shell in or around September 2001. On April 18, 2002, EDWARDS  
21 incorporated, or caused the incorporation, of a Nevada corporation of the same name. On that same  
22 date, Articles of Conversion were filed with the Secretary of State of Nevada absorbing the original  
23 Delaware corporation into its Nevada namesake.

24 16. Although "Ian McIntyre" was nominally at the helm of this corporation, EDWARDS actually  
25 controlled Cyber Mark. Among other things: EDWARDS conducted and closed the negotiations to  
26 acquire Cyber Mark; Cyber Mark's address was identified as 7500 West Lake Mead Boulevard, Suite

1 9627, Las Vegas, Nevada 89128, a postal drop box used by EDWARDS for many of his corporate  
2 shells, trusts, nominees and alter-egos; and EDWARDS was the sole signatory on the company's bank  
3 account.

4 17. Upon its incorporation in Nevada, Cyber Mark was authorized to issue up to five hundred  
5 million (500,000,000) shares of common stock, of which over three hundred fifty-two million  
6 (352,000,000) had been issued and were outstanding. The corporation was also authorized to issue up  
7 to three million (3,000,000) shares of preferred stock. There was, however, no established market for  
8 its stock and its shares held little value.

9 18. Notwithstanding that Cyber Mark had no appreciable assets or value, on November 25, 2002,  
10 Cyber Mark agreed to acquire mining claims or interests purportedly held by five (5) companies owned  
11 or controlled by URBAN CASAVANT and his family, ostensibly in exchange for two million dollars  
12 (\$2,000,000) and approximately three billion (3,000,000,000) shares of Cyber Mark restricted common  
13 stock with registration rights. On November 26, 2002, on the heels of the agreement to purchase  
14 mineral rights or interests from CASAVANT, Cyber Mark filed an Amendment to its Articles of  
15 Incorporation increasing its authorized common shares to ten billion four hundred ninety-seven million  
16 (10,497,000,000).

17 19. Cyber Mark did not actually merge with CASAVANT's companies. CASAVANT instead  
18 received a controlling share of Cyber Mark's stock in exchange for his companies' purported mining  
19 interests. In this manner, CASAVANT gained control of Cyber Mark. CASAVANT was thereafter  
20 appointed Cyber Mark's director, president and chief executive officer.

21 20. On December 3, 2002, Cyber Mark changed its corporate name to Casavant Mining  
22 Kimberlite International. In February 2004, the company took the name CMKM Diamonds, Inc., and  
23 is referred to hereinafter as "CMKM Diamonds."

24 21. Throughout its various iterations, this corporate shell remained registered with the Securities  
25 and Exchange Commission under Section 12 of the Exchange Act (codified in Title 15, United States  
26 Code, Section 78f) from 2001 until the Securities and Exchange Commission ordered its deregistration

1 on October 28, 2005. Until its deregistration, CMKM Diamonds was legally required to file quarterly  
2 and annual reports with the Securities and Exchange Commission. The reporting requirements  
3 mandated by the Securities and Exchange Act and implementing regulations are designed, in part, to  
4 provide the investing public with current and accurate information about an issuer to enable investors  
5 to make informed decisions. As part of the conspiracy, one or more of the conspirators filed a Form  
6 15 with the Securities and Exchange Commission on or about July 22, 2003, invoking an exemption  
7 from the statutory and regulatory reporting requirements. In that form, CMKM Diamonds asserted that  
8 it was exempt from the reporting requirements on the grounds that it had fewer than three hundred (300)  
9 shareholders. In truth, the company then had more than six hundred (600) shareholders of record.  
10 Further, as part of the continuing conspiracy, the ranks of shareholders swelled as the conspirators  
11 vigorously marketed hundreds billions of shares of unregistered CMKM Diamonds stock.  
12 CASAVANT and the conspirators nonetheless adhered to the false statement and claimed an exemption  
13 from the statutory and regulatory filing requirements until on or about February 16, 2005.

14 22. Despite CMKM Diamonds' status as a registered and publicly traded corporation, the  
15 conspirators who controlled CMKM Diamonds did not file annual reports with the Securities and  
16 Exchange Commission for the years ending December 31, 2002, December 31, 2003, or December 31,  
17 2004. The conspirators did not file quarterly reports with the Securities and Exchange Commission  
18 after November 18, 2002, and did not file reports for any quarter during the span from October 2002  
19 through June 2005. In the absence of periodic reports and financial statements, the conspirators  
20 concealed information regarding CMKM Diamonds' assets, liabilities, operations, revenues, and even  
21 the number of outstanding shares. In this manner, the conspirators shielded the corporation and their  
22 conduct from the Securities and Exchange Commission and the investing public.

23 23. Beneath this cloak of secrecy, the conspirators combined to cause CMKM Diamonds to issue  
24 hundreds of billions of shares of unregistered stock. Prior to November 25, 2002, CMKM Diamonds  
25 (then known as Cyber Mark) was authorized to issue five hundred million (500,000,000) shares of  
26 common stock and three million (3,000,000) shares of preferred stock. More than three hundred fifty

1 million (350,000,000) of the company's authorized shares had been issued and were outstanding,  
2 leaving a margin of approximately one hundred fifty million shares (150,000,000) in its treasury.  
3 These shares were, however, of little value. Again, at the outset of the scheme, the corporation was a  
4 hollow shell with no business, no revenues, and a grand total of \$344 in assets. Further, during the span  
5 of the conspiracy, CMKM Diamonds stock usually traded at less than a penny per share; during the  
6 period from January 1, 2003, through April 19, 2005, the price of CMKM Diamonds' stock ranged from  
7 a low of \$0.00013 per share to a high of \$0.0135 per share, and its average price was approximately  
8 \$0.00071. At this price, the one hundred fifty million (150,000,000) shares in the company's treasury  
9 might have fetched one hundred six thousand dollars (\$106,000).

10 24. As part of their scheme to enrich themselves through the sale of CMKM Diamonds stock, the  
11 conspirators compensated for the low price of CMKM Diamonds' stock by authorizing the issuance  
12 of hundreds of billions of shares of CMKM Diamonds stock. Through a series of maneuvers and  
13 amendments spanning from November 2002 to August 2004, the conspirators increased CMKM  
14 Diamonds' authorized shares from five hundred million (500,000,000) to eight hundred billion  
15 (800,000,000,000). The extraordinary number of authorized CMKM Diamonds shares rendered the  
16 price per share almost meaningless: the conspirators controlled the printing presses and issued  
17 themselves a seemingly inexhaustible supply of shares and stock certificates; having evaded registration  
18 and reporting requirements, the conspirators were able to surreptitiously issue themselves hundreds of  
19 billions of shares without disclosure. HELEN BAGLEY, the owner and operator of 1<sup>st</sup> Global Stock  
20 Transfer, was the stock transfer agent for CMKM Diamonds (as well as Pinnacle Business  
21 Management, St. George Metals, and Global Diamond Exchange). JEFFREY MITCHELL  
22 (BAGLEY's son) worked with or for BAGLEY at 1<sup>st</sup> Global Stock Transfer. At the direction of  
23 CASAVANT and EDWARDS, BAGLEY and MITCHELL issued more than seven hundred billion  
24 (700,000,000,000) shares of CMKM Diamonds stock to the conspirators and their designated nominees,  
25 alter-egos, associates and straw-purchasers.

26 . . .

1       **25.** The conspirators combined to issue hundreds of billions of shares of unregistered CMKM  
2 Diamonds stock and thousands of stock certificates without restrictive legends under the pretense that  
3 these issuances fell within the exemption carved out in Rule 144. As discussed in greater detail in the  
4 General Allegations, during the periods in which these shares were issued Rule 144(k) provided a safe  
5 harbor for the sale of unregistered and otherwise restricted securities "sold for the account of a person  
6 who is *not an affiliate* of the issuer . . . provided a period of *at least two years* has elapsed since the later  
7 of the date the securities were acquired from the issuer or from an affiliate of the issuer." Although  
8 BAGLEY at some point received or acquired documentation (including board authorizations and  
9 attorney opinion letters) authorizing the issuance of stock certificates without the requisite restrictive  
10 legends, many of these documents had been forged or altered and were on their face incomplete and  
11 insufficient.

12       **26.** The majority of the attorney opinion letters authorizing the issuance of billions of shares of  
13 unregistered CMKM Diamonds stock without restrictive legends were prepared by BRIAN DVORAK  
14 as part of and in furtherance of the conspiracy. DVORAK wrote opinion letters for EDWARDS in late  
15 2002 and later for CASAVANT. DVORAK initially charged three hundred fifty dollars (\$350) per  
16 opinion letter and later was paid a retainer in monthly installments of \$10,000. DVORAK and  
17 members of his immediate family received additional money from the conspirators. DVORAK  
18 received at least four hundred ninety-five thousand dollars (\$495,000) from CASAVANT, EDWARDS  
19 and their associates and alter-egos within a one year span ending in approximately November 2004.  
20 DVORAK received additional money from CASAVANT in 2005. DVORAK wrote at least four  
21 hundred sixty (460) opinion letters authorizing the issuance of billions of shares of CMKM Diamonds  
22 stock as free-trading stock without restrictions to scores of nominees and straw-purchasers. In these  
23 letters, DVORAK routinely and repetitively invoked the exemption set forth in Rule 144(k) and recited  
24 without any discernible grounds or limits that each of the multitude of nominees had purchased or  
25 earned the shares of CMKM Diamonds stock at least two (2) years earlier, but that in each instance, the  
26 shares had not been issued. DVORAK then concluded that these shares should now be issued, but

1 multiplied by the stock splits and dividends that the nominees would have received had the shares been  
2 issued years ago as they ostensibly should have been. In this manner, DVORAK facilitated the issuance  
3 of hundreds of billions of shares of CMKM Diamonds stock without restrictive legends as part of the  
4 conspiracy.

5 27. The premises used by the conspirators to purportedly permit the issuance of billions of  
6 unregistered shares of CMKM Diamonds stock without restrictive legends were laden with multiple  
7 factual misstatements and logical impossibilities. Indeed, although the conspirators issued hundreds  
8 of billions of shares of unregistered and unlegended CMKM Diamonds stock under the pretense that  
9 these shares should have had been issued in 2001 and 2002, CMKM Diamonds—then known as Cyber  
10 Mark—had no dealings or business with the nominees, and, until November 25, 2002, was not  
11 authorized to issue no more than five hundred million (500,000,000) shares of common stock. The  
12 majority of the authorized shares had already been issued leaving a balance of less than one hundred  
13 fifty million (150,000,000) in the corporate treasury that could have been issued. As a matter of simple  
14 arithmetic, the company could not have sold the billions of shares of stock purportedly purchased by  
15 the conspirators and their nominees prior to November 25, 2002. Further, the conspirators fraudulently  
16 invoked Rule 144(k) to issue shares of CMKM Diamonds stock to known affiliates of the corporation.  
17 DVORAK, BAGLEY and MITCHELL disregarded known and readily discernible facts and information  
18 showing that the purported purchases were not supported by any consideration or evidence, and that  
19 the issuance of certificates for hundreds of billions of shares of unregistered CMKM Diamonds stock  
20 without restrictive legends was unwarranted and unlawful.

21 28. Although the vast majority of the share certificates issued by the conspirators did not bear  
22 restrictive legends, the conspirators on a few occasions issued restricted shares of CMKM Diamonds  
23 to their nominees, associates, alter-egos and straw-purchasers. While such restrictions should have  
24 prevented the public sale of the shares of CMKM Diamonds stock so designated, the conspirators  
25 worked around this impediment by cancelling and reissuing many of these stock certificates without  
26 restrictive legends. For example, EDWARDS delivered multiple “Statements of Non-Affiliation” to

1 BAGLEY, purporting that various of EDWARDS' nominees and straw-purchasers had held the  
2 restricted shares for more than two (2) years, were not affiliated with CMKM Diamonds, and did not  
3 own more than ten percent (10%) of its securities. BAGLEY and MITCHELL disregarded these facts  
4 and reissued stock certificates for these shares without restrictive legends.

5 29. EDWARDS shuffled hundreds of billions of shares of CMKM Diamonds stock among his  
6 many nominees, alter-egos and straw-purchasers. EDWARDS periodically met with TURINO and  
7 BAGLEY at 1<sup>st</sup> Global Stock Transfer's office to discuss issuance, transfers and reissuance of CMKM  
8 Diamonds shares to other of the multitude of nominees and alter-egos that he controlled. To effect the  
9 transfer of shares among his entities and nominees, EDWARDS typically executed "Irrevocable Stock  
10 or Bond Power" and "Corporate Resolution" forms. EDWARDS signed scores of such forms in bulk  
11 before employees of Wells Fargo who stamped the documents with that financial institution's Medallion  
12 Signature Guarantee attesting to his signature (but not the contents of the often incomplete or blank  
13 forms). EDWARDS commonly completed the blank forms by hand to identify the nominee or straw-  
14 purchaser that was surrendering its shares, the number of shares surrendered, and the certificate  
15 number. EDWARDS' represented in many of these forms that the nominees and straw-purchasers  
16 were duly organized corporations and that he was empowered to authorize the distribution of the shares  
17 as the "Secretary" of the nominee corporation. In fact, few of EDWARDS' nominees were lawfully  
18 organized corporations or had any recognizable existence. Further, on many occasions EDWARDS  
19 neglected to complete the forms and omitted such information entirely. Moreover, EDWARDS on  
20 occasion forged signatures on the "Irrevocable Stock or Bond Power" and "Corporate Resolution" forms  
21 and similar documents: after signing the documents in bulk before a Wells Fargo employee for purposes  
22 of obtaining a Medallion Signature Guarantee. EDWARDS thereafter altered and superimposed  
23 characters or script upon his illegible signature to forge signatures attributed to his nominees and straw-  
24 purchasers. BAGLEY and MITCHELL disregarded these facts and effected the transfers requested by  
25 EDWARDS and reissued stock certificates representing hundreds of billions of shares of CMKM  
26 Diamonds to EDWARDS designated nominees and associates.

1     **30.**     As part of and in furtherance of the conspiracy, BAGLEY and MITCHELL issued, transferred  
2 and reissued hundreds of billions of unregistered shares of CMKM Diamonds stock without restrictive  
3 legends to nominees designated by CASAVANT and EDWARDS and approved by DVORAK.  
4 EDWARDS received more than four hundred billion (400,000,000,000) unregistered shares of CMKM  
5 Diamonds which he distributed among his many purported trusts and alter-egos, including: Agap Serene  
6 Services, Inc.; AGAPE Serene Services Trust; Barrington Foods Trust; De La Norte Trading Trust;  
7 Eton Properties Corp.; Elata Brunnelle Commercial, Inc.; Faza Gee Industrial, Inc. Trust; GM Steel  
8 Trust; Hiaget Gears, Inc.; Juina Mining Trust; Jules T Engelhard, Inc. Trust; Moncom Enterprises, Ltd.  
9 Trust; PTI Trust; and Vidmar Trading Limited Trust. EDWARDS personally received sheaves of  
10 certificates representing hundreds of billions of unregistered shares of CMKM Diamonds stock issued  
11 or reissued to his nominees. Additionally, notwithstanding that GINGER GUTIERREZ and JAMES  
12 KINNEY were also affiliates of CMKM Diamonds, CASAVANT, DVORAK, BAGLEY and  
13 MITCHELL combined to issue billions of shares of unregistered CMKM Diamonds stock to GINGER  
14 GUTIERREZ and JAMES KINNEY without requisite restrictive legends.

15     **31.**     As part of the scheme and in furtherance of the conspiracy, EDWARDS, TURINO,  
16 CASAVANT, GUTIERREZ, KINNEY and their nominees, associates and alter-egos opened multiple  
17 accounts at brokerage houses. GUTIERREZ and KINNEY offered and sold billions of unregistered  
18 shares of CMKM Diamonds under their own names. Billions of unregistered and purportedly free-  
19 trading shares of CMKM stock were also routed through TURINO's associates and nominees in  
20 Florida. EDWARDS, again, handled the greatest number of CMKM Diamonds shares. Beginning in  
21 September 2002, EDWARDS opened at least thirty-two (32) brokerage accounts at a broker-dealer in  
22 Las Vegas, Nevada. Of this number, EDWARDS opened twenty-six (26) of the accounts under the  
23 names of trusts for which he was the sole trustee, and he opened five (5) of the accounts under the  
24 names of his corporate alter-egos. The address listed for thirty (30) of the thirty-two (32) accounts was  
25 a mail receptacle used by EDWARDS at "7500 West Lake Mead Boulevard, Suite 9627, Las Vegas,  
26 Nevada." EDWARDS also used his personal social security number as the tax identification number



1 for twenty-nine of the accounts. The absence of restrictive legends made it falsely appear that the shares  
2 were unrestricted or free-trading stock and enabled EDWARDS, TURINO, CASAVANT,  
3 GUTIERREZ and KINNEY to offer and sell hundreds of billions of unregistered shares of CMKM  
4 Diamonds stock on the Over-The-Counter market.

5 32. Notwithstanding authorizing and issuing eight hundred billion (800,000,000,000) shares of  
6 stock, CMKM Diamonds remained a hollow corporate shell. Although purportedly a multinational  
7 diamond exploration and mining company, CMKM Diamonds had few assets, did not conduct  
8 substantial or sustained mining operations, and never commercially produce or sold diamonds. For that  
9 matter, CMKM Diamonds did not conduct any regular or meaningful business operations, did not  
10 maintain comprehensible books or records, and did not even have an office, but instead shared  
11 CASAVANT's home in Las Vegas, Nevada. Rather, CMKM Diamonds' sole product was the billions  
12 of shares of stock issued as part of the conspiracy and scheme.

13 33. Despite the fact that CMKM Diamonds did not engage in any productive mining activities or  
14 business, EDWARDS, CASAVANT, GUTIERREZ, KINNEY, and their associates set about creating  
15 a market and demand for these securities as part of the conspiracy.

16 34. The volume of the trading activity generated by the conspirators' distribution of hundreds of  
17 billions of shares of CMKM Diamonds stock sparked interest in that shell and its stock. Further, the  
18 conspirators concealed and withheld the number of outstanding shares of CMKM Diamonds which they  
19 had issued. To conceal the fact that the conspirators had flooded the market with hundreds of billions  
20 of unregistered shares of CMKM stock (diluting any value or ownership interest the shares might have  
21 represented), CASAVANT and his associates cultivated rumors of "naked short-selling." The  
22 conspirators further disguised the fact that they were the primary sellers of CMKM Diamonds stock by  
23 introducing CMKM Diamonds stock to the Over-The-Counter market through multiple nominees and  
24 associates.

25 35. The conspirators also caused misleading information regarding CMKM Diamonds and its  
26 stock to be disseminated through the internet. The conspirators and schemers compensated individuals

1 (typically with CMKM Diamonds stock) to promote CMKM Diamonds in internet blogs, chatrooms  
2 and message boards. Further, the conspirators directly disseminated misleading and false information  
3 through the world-wide web. For example, in a webcast in October 2004, CASAVANT represented  
4 that CMKM Diamonds was "ahead of schedule" in preparing periodic reports, and that the company  
5 was also "ahead of schedule" and "drilling 24/7" in Canada. In truth, CMKM was delinquent in  
6 meeting its reporting obligations and had conducted only limited exploratory drilling in Canada.

7 **36.** Further, even while declining to file any quarterly or annual reports, the conspirators issued  
8 numerous false and misleading press releases. For example:

9 **(a)** In or about December 2002, the conspirators and schemers issued a press release claiming that  
10 CMKM Diamonds "was sponsoring a representative office in Antwerp, Belgium" to promote  
11 "the Casavant diamond brand." This claim is entirely unsubstantiated. Moreover, the  
12 conspirators failed to disclose that the company had not yet found or produced any diamonds  
13 and "the Casavant diamond brand" had no actual product.

14 **(b)** In February 2003, the conspirators and schemers announced that CMKM Diamonds owned  
15 an "ancient Chinese jade collection" which had been appraised by a noted expert in the field  
16 and was valued at more than fifty million dollars (\$50,000,000). In truth, there is no evidence  
17 to support the claim that CMKM Diamonds owned such a collection, and the expert that  
18 purportedly appraised the mythical collection did not, in fact, conduct such an appraisal, nor  
19 had any dealings with CMKM Diamonds.

20 **(c)** In early 2004, the conspirators and schemers issued a series of press releases on behalf of  
21 CMKM Diamonds culminating in the announcement of a "kimberlite ore discovery" in a  
22 March 2004 release. Kimberlite is a type of igneous rock in which diamonds are occasionally  
23 found. The releases were embellished with the representation that "[t]he new kimberlite  
24 discovery" had been named after CASAVANT's wife. However, in truth, while CMKM  
25 Diamonds had an attenuated interest in mining claims that may contain kimberlite deposits,  
26

1 CMKM Diamonds did not make any new kimberlite discoveries nor engage in meaningful  
2 exploration.

3 **37.** The conspirators also combined misleading press releases with orchestrated stock maneuvers  
4 to stoke investor interest. The conspirators' combined tactics were vividly illustrated by the charade  
5 which they orchestrated regarding CMKM Diamonds and U.S. Canadian Minerals ("UCAD"). In a  
6 series of press releases beginning in or about July 2004, the conspirators and schemers represented to  
7 the investing public that U.S. Canadian Minerals, purportedly a mineral exploration company, had  
8 acquired a substantial stake in CMKM Diamonds.

9 (a) On July 18, 2004, U.S. Canadian Minerals announced that it had agreed to purchase five  
10 percent (5%) of CMKM Diamonds' mineral claims<sup>5</sup> in exchange for seven million five  
11 hundred thousand dollars (\$7,500,000) and had acquired an option to purchase an additional  
12 ten percent (10%) for an additional fifteen million dollars (\$15,000,000). (These  
13 representations and simple mathematics tended to lead the investing public to conclude that  
14 CMKM Diamonds' mineral claims had a value of approximately one hundred fifty million  
15 dollars (\$150,000,000).)

16 (b) On July 27, 2004, a press release was issued proclaiming that CMKM Diamonds "Receives  
17 First \$3,000,000 from UCAD Option." This release continued that U.S. Canadian Minerals  
18 had purchased an additional two percent (2%) of CMKM Diamonds' mining interests. It  
19 elaborated that CASAVANT was "thrilled that UCAD has begun exercising its option as this  
20 frees additional cash for our expanding operations and explorations."  
21  
22

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23 <sup>5</sup> CMKM Diamonds did not actually own the referenced mining claims. Rather, the mining claims were  
24 held by a Canadian entity known as "101047025 Saskatchewan, Ltd." which had purportedly assigned  
25 them to CMKM Diamonds in a complex agreement dated August 3, 2003, in which CMKM  
26 Diamonds ostensibly promised to pay 101047025 Saskatchewan ten million dollars (\$10,000,000)  
for assignment of an "interest in the claims" and fifteen million dollars (\$15,000,000) for "all  
exploration, drilling and related work required to pursue and develop the said claims." CMKM  
Diamonds did not fulfill its obligations under this agreement and did not develop the mining claims.  
Moreover, the agreement further provided that CMKM "shall not at any time assign all or any part of  
its rights hereunder . . . without the consent of 101047025 Saskatchewan Ltd."

1 (c) On September 28, 2004, U.S. Canadian Minerals announced that it had purchased an  
2 additional one and sixty-six one hundredths (1.66%) interest in CMKM Diamonds for two  
3 million five hundred thousand dollars (\$2,500,000).

4 U.S. Canadian Minerals was actually merely another corporate shell controlled by the conspirators and  
5 their associates. Previously known as "E-Bait Incorporated" and "Barrington Food International, Inc.,"  
6 this corporate shell did not take the name "U.S. Canadian Minerals" until January 2004. Although this  
7 company was purported to have acquired a substantial stake in CMKM Diamonds in exchange for  
8 millions of dollars in July 2004, it had reported no income during the six (6) months ending on June  
9 30, 2004, a total of one thousand three hundred twenty one dollars (\$1,321) cash on its books, and  
10 losses of over two million five hundred thousand dollars (\$2,500,000). In short, without outside  
11 investment, it was in no position to make a multi-million dollar investment in CMKM Diamonds. In  
12 fact, this transaction was a sham staged by the conspirators and their associates. U.S. Canadian  
13 Minerals quarterly report (Form 10-KSB) for the quarter ending September 30, 2004, represented that  
14 the company had received funding by issuing three million two hundred thousand (3,200,000) shares  
15 of its common stock in exchange for approximately fifteen million five hundred thousand dollars  
16 (\$15,500,000). It was not until January 8, 2007 that U.S. Canadian Minerals provided further  
17 information regarding the source of those funds when it belatedly filed a report for the period ending  
18 December 31, 2004. In that report, U.S. Canadian Minerals revealed that it had received its funding  
19 from CASAVANT and his family and associates. In fact, U.S. Canadian Minerals actually received  
20 all of its funds from bank accounts held by CASAVANT, CASAVANT's wife, and P.A. Holdings,  
21 Inc.—a private company nominally controlled by DVORAK but in substance controlled by  
22 CASAVANT. CASAVANT had received those funds from EDWARDS, and the funds represented  
23 a portion of the proceeds from the sale of CMKM Diamonds stock issued to EDWARDS and his  
24 nominees. The funds paid to CMKM Diamonds in this facade were merely recycled proceeds from the  
25 conspirators' and schemers' fraudulent sale of unregistered CMKM Diamonds stock lacking restrictive  
26 legends that would have precluded such sales. What is more, the funds which U.S. Canadian Minerals

1 ostensibly paid to CMKM Diamonds were promptly returned to CASAVANT and his alter ego P.A.  
2 Holdings.

3 38. In this same vein and in furtherance of the conspiracy, EDWARDS, CASAVANT and other  
4 conspirators orchestrated similar machinations regarding St. George Metals, Inc.—another of  
5 EDWARDS corporate shells. On or about September 2, 2004, the conspirators and schemers issued  
6 a press release that tended to lead the investing public to believe that CMKM Diamonds had received  
7 a substantial investment from a separate company. More particularly, that press release announced that  
8 CMKM Diamonds had “finalized a joint venture agreement where St. George Metals, Inc., will  
9 purchase a 5% unencumbered and absolute interest in any and all mineral claims held by CMKM  
10 Diamonds, Inc. in consideration for \$10,000,000 US Dollars.” The press release further stated that  
11 CMKM Diamonds had received two million five hundred thousand dollars (\$2,500,000) with “three  
12 additional payments of \$2,500,000 anticipated within the next 30 days.” In actuality, St. George  
13 Metals, Inc., was a corporate shell controlled by EDWARDS. The millions of dollars that St. George  
14 Metals purportedly invested in CMKM Diamonds was routed through the bank account that  
15 EDWARDS had opened for St. George Metals, and these funds were derived from proceeds that  
16 EDWARDS and his nominees had previously received from the sale of purportedly free-trading CMKM  
17 Diamonds stock. At the end of this charade, CASAVANT received millions of dollars of these recycled  
18 proceeds which he converted to his personal purposes. The St. George Metals press release and  
19 machinations were without substance and merely another example of the facade constructed by the  
20 conspirators to create and sustain a market for the billions of shares of unregistered and purportedly  
21 free-trading CMKM Diamonds stock that they had obtained from the collusive stock transfer agent.

22 39. The conspirators and schemers generated further interest in CMKM Diamonds’ stock by  
23 sponsoring racing teams and other promotional activities. Coordinated by CASAVANT,  
24 GUTIERREZ, KINNEY and their associates, CMKM Diamonds sponsored “CMKXtreme”—a team  
25 of motorcycle, truck and “funny car” drag racers. Traveling across the country to participate in a series  
26 of races, the CMKXtreme vehicles bore the company’s stock symbol, “CMKX,” and banners,

1 billboards and shirts were emblazoned with promotional messages (e.g., "Got CMKX?"). CASAVANT  
2 frequently attended these events where he personally promoted CMKM Diamonds.

3 40. Having deprived shareholders and investors of material information that should have been  
4 included in registration statements and periodic reports and filings with the Securities and Exchange  
5 Commission, CASAVANT, GUTIERREZ and KINNEY conspired with TURINO, EDWARDS and  
6 BAGLEY to exploit the disparity between the publicly disseminated reports and insider-information  
7 regarding the nature and status of CMKM Diamonds' purported business and the value and dilution of  
8 its stock. Disregarding the fiduciary duty that they directly or derivatively owed to the corporation's  
9 shareholders, these defendants conspired with one another and others, known and unknown, to issue,  
10 offer and sell hundreds of billions of unregistered shares of CMKM Diamonds stock. Approximately  
11 forty thousand (40,000) investors purchased CMKM Diamonds stock during the course of the  
12 fraudulent scheme. While CMKM Diamonds shares usually traded at less than a penny per share  
13 (during the period from January 2003 to April 2005, CMKM Diamonds stock traded in a range from  
14 a low of \$0.00013 per share to a high of \$0.0135 per share with an average price of \$0.00071 per share),  
15 the low price per share was offset by the extraordinary volume of shares traded.

16 41. EDWARDS, TURINO, CASAVANT, and their coconspirators, associates and nominees were  
17 the predominant sellers of CMKM Diamonds' stock.

18 (a) EDWARDS sold more than two hundred sixty billion (260,000,000,000) shares of  
19 purportedly free-trading CMKM Diamonds stock in hundreds of transactions through the  
20 accounts held in the names of his nominees at a Nevada brokerage firm. EDWARDS sold  
21 this stock at an average price of approximately \$0.00021 per share. These voluminous sales  
22 generated proceeds of more than forty-eight million six hundred thousand dollars  
23 (\$48,600,000). EDWARDS directed the brokerage firm to transfer the proceeds to multiple  
24 bank accounts which EDWARDS controlled. EDWARDS shared a portion of these proceeds  
25 with CASAVANT.  
26

1 (b) BAGLEY also issued over seventy-seven billion (77,000,000,000) unregistered shares of  
2 CMKM Diamonds stock to nominees and associates of EDWARDS and TURINO lived in  
3 Florida. The sale of a portion of this stock generated proceeds of more than five million  
4 dollars (\$5,000,000). Although TURINO remained in the shadows of the conspiracy due, in  
5 part, to the penny stock bar that had been imposed against him as a result of the Securities  
6 and Exchange Commission's enforcement action regarding Pinnacle Business Management,  
7 he shared in the proceeds of the fraudulent sale of CMKM Diamonds stock. EDWARDS and  
8 BAGLEY also received a portion of these proceeds.

9 (c) GINGER GUTIERREZ received and sold almost sixteen billion (16,000,000,000) shares of  
10 purportedly free-trading CMKM Diamonds stock. In this instance, DVORAK prepared  
11 opinion letters and BAGLEY issued stock certificates without restrictive legends on the  
12 patently false premises that GUTIERREZ was not affiliated with CMKM Diamonds and that  
13 she had earned the shares in 2001. GUTIERREZ received over two million eight hundred  
14 thousand dollars (\$2,800,000) from the sale of CMKM Diamonds stock. She remitted  
15 approximately one million one hundred thousand dollars (\$1,100,100) of the proceeds to  
16 CASAVANT.

17 (d) JAMES KINNEY received and sold almost sixty billion (60,000,000,000) shares of CMKM  
18 Diamonds stock. Once again, DVORAK prepared opinion letters and BAGLEY issued stock  
19 certificates without restrictive legends based on the pretenses that KINNEY was not an  
20 affiliate of CMKM Diamonds and that he had earned the shares in 2001. KINNEY realized  
21 more than six million five hundred thousand dollars (\$6,500,000) from the sale of CMKM  
22 Diamonds stock. KINNEY transferred approximately three million four hundred thousand  
23 dollars (\$3,400,000) of these proceeds to CASAVANT.

24 (e) In addition to marketing CMKM Diamonds shares issued to them individually, GUTIERREZ  
25 and KINNEY also sold CMKM Diamonds stock through Part-Time Management, Inc., a  
26 corporate shell that had been created by DVORAK for CASAVANT. This entity sold more

1 than ten billion (10,000,000,000) shares of CMKM Diamonds stock that BAGLEY had issued  
2 to it without restrictive legends. Part-Time Management realized more than two million three  
3 hundred thousand dollars (\$2,300,000) from the sale of these ostensibly free-trading shares  
4 of CMKM Diamonds stock. CASAVANT received approximately one million two hundred  
5 thousand dollars (\$1,200,000) of these proceeds.

6 Altogether, as part of the conspiracy and scheme, the conspirators fraudulently sold hundreds of  
7 billions of CMKM Diamonds stock to investors for more than sixty million dollars (\$60,000,000).

8 42. Despite the conspirator's efforts to conceal their fraudulent scheme and practices from the  
9 Securities and Exchange Commission and the investing public, the unprecedented volume of trading  
10 activity in CMKM Diamonds stock and the conspirator's deceptive devices came to the attention of the  
11 Securities and Exchange Commission. The Securities and Exchange Commission suspended over-the-  
12 counter trading of the securities of CMKM Diamonds in March 2005. Undeterred, when the ten-day  
13 suspension (the maximum span authorized by statute) expired, the conspirators and their nominees and  
14 associates continued to sell CMKM Diamonds stock after the temporary suspension expired. CMKM  
15 Diamonds' trading privileges were permanently revoked in October 2005.

16 43. Like Pinnacle Business Management before it, CMKM Diamonds was a hollow shell that had  
17 been used by the conspirators as a vehicle to perpetrate their fraudulent scheme and devices.  
18 Accordingly, CMKM Diamonds' demise did not mark the end of the conspiracy. Rather, in a recurring  
19 theme, having exhausted this shell, the conspirators cast it aside and moved on to another.

20 *Chapter Three: St. George Metals*

21 44. As discussed above, St. George Metals featured in the promotion and manipulation of CMKM  
22 Diamonds' stock. St George Metals additionally was cast in its own brief episode of the conspiracy.

23 45. St. George Metals was incorporated in Nevada in 1994. Prior to 1995, St. George Metals  
24 purportedly engaged in the acquisition, exploration, and development of natural resources. St. George  
25 Metals had registered shares of its stock with the Securities and Exchange Commission under Section  
26



1 12(g) of the Securities and Exchange Act and was required to file periodic reports with the  
2 Commission.

3 46. In an annual report (Form 10-KSB) filed with the Securities and Exchange Commission for  
4 its fiscal year ending January 31, 2002, St. George Metals disclosed that its "financial resources have  
5 been substantially exhausted and management does not know of any significant additional financing  
6 available." That report further revealed that St. George Metals had no ongoing or active business  
7 operations and was in the process of winding down its business. In that filing, St. George Metals listed  
8 no assets but instead acknowledged liabilities of approximately six million dollars (\$6,900,000). In  
9 a quarterly report (Form 10-QSB) filed November 14, 2002, St. George Metals declared that its  
10 financial condition would make it difficult for it to comply with future reporting requirements of the  
11 Exchange Act. St. George Metals then became dormant.

12 47. A third-party acquired this idle corporate shell in 2003. The following year, EDWARDS  
13 negotiated to acquire St. George Metals and other public shells from that third-party. EDWARDS  
14 purported that he represented a client seeking a "public vehicle" for a reverse merger; EDWARDS  
15 represented that St. George Metals was to be turned over to others who were seeking to merge privately  
16 held companies into a public shell. The third-party agreed to accept sixty-five thousand dollars  
17 (\$65,000) and one million five hundred thousand (1,500,000) shares of St. George Metals stock as  
18 payment for the shell.

19 48. In or around July 2004, control of St. George Metals passed to EDWARDS and the conspiracy  
20 in the name of an alias or associate "Donald Haines." Later that month, "Donald Haines" stepped  
21 down and appointed "Mark Giebelhause"—another of EDWARDS' associates or aliases—as the sole  
22 officer of St. George Metals.

23 49. On July 23, 2004, an amendment to St. George Metals' Articles of Incorporation was filed  
24 with the Secretary of State of Nevada. This amendment increased St. George Metals' authorized shares  
25 from forty million (40,000,000) to nine hundred fifty billion (950,000,000,000).  
26

1     **50.** At the time that the conspiracy acquired St. George Metals, Pac West Transfer, LLC, was  
2 serving as its stock transfer agent. On or about September 2, 2004, an Agency Agreement and other  
3 documents bearing the purported signature of "Mark Giebelhouse" were transmitted to Pac West.  
4 Although the signature of "Mark Giebelhouse" was notarized by MITCHELL, both the signature and  
5 the hand-written print on the documents bore similarities to the known signature and hand-writing of  
6 JOHN EDWARDS. Further, while "Mark Giebelhouse" was nominally the sole officer and director  
7 of St. George Metals, the documents submitted to Pac West included a form entitled "Company Profile"  
8 listing "John Edwards" as the sole person "Authorized to Receive Company Reports or Give  
9 Instructions on Behalf of the Company." (DVORAK was identified in that document as legal counsel  
10 for the corporation.)

11     **51.** The purported signature of "Mark Giebelhouse" reappeared on minutes of a one-man board-of-  
12 directors meeting on September 7, 2004, authorizing the issuance of one billion (1,000,000,000) shares  
13 of St. George Metals stock. Although none of these shares were registered with the Securities and  
14 Exchange Commission, the minutes referenced an opinion letter authored by DVORAK approving of  
15 the issuance of these shares without any restriction. Pursuant to these instructions, Pac West printed the  
16 share certificates without restrictive legends. However, Pac West delayed delivering the share  
17 certificates while awaiting receipt of DVORAK's opinion letter. At that juncture, BAGLEY, doing  
18 business as First Global Stock Transfer, was appointed as the corporation's transfer agent. Pac West  
19 forwarded the share certificates to BAGLEY with the express understanding that BAGLEY was to  
20 "sticker over" Pac West's name and address and deliver the share certificates upon receipt of the legal  
21 opinion from DVORAK.

22     **52.** DVORAK eventually produced an opinion letter dated September 1, 2004. In that letter,  
23 DVORAK averred that he had "examined relevant corporate records and documents" in rendering the  
24 opinion that the unregistered shares could be issued pursuant to Rule 144(k) without restrictive legends  
25 to the "Holders of 1,000,000,000 shares" because they were purportedly "not a Company affiliate" and  
26 had "beneficially owned the shares for a period of at least two years." In support of these opinions,

1 DVORAK expressly represented that “[s]uch shares were authorized to be issued pursuant to a line of  
2 credit guarantee issued on September 1, 2001.” DVORAK’s opinion letter was baseless. In truth, the  
3 corporate records reveal that St. George Metals was effectively defunct in September 2001. Once  
4 again, the annual report filed with the Securities and Exchange Commission for that period disclosed  
5 that the that company had no ongoing or active operations and was in the process of winding down its  
6 business. was effectively defunct in September 2001. Moreover, the “Holders of 1,000,000,000  
7 shares” were actually several of the many known trusts and alter-egos of EDWARDS including: PTI  
8 Trust; GM Steel Trust; Eton Properties; Agap Serene Services Corp.; Moncom Enterprises LTD Trust;  
9 Eleta Brunelle Commercial Inc. Trust; Faza Gee Industrial inc. Trust; Berama Giorgio Inc. Trust; Juina  
10 Mining Trust; Barrington Foods Trust; Vidmar Trading Limited Trust; Jules T. Engelhard Inc. Trust,  
11 and others.

12 53. BAGLEY, who was by then personally acquainted with EDWARDS and familiar with  
13 EDWARDS’ numerous nominees, delivered share certificates representing unregistered shares of St.  
14 George Metals stock to EDWARDS and his nominees without restrictive legends.

15 54. As discussed in relation to CMKM Diamonds, St. George Metals issued a press release in  
16 September 2004 announcing that it had reached an agreement to purchase five percent (5%) of CMKM  
17 Diamonds’ mineral claims for ten million dollars (\$10,000,000) and two hundred billion  
18 (200,000,000,000) restricted shares of St. George Metals stock. In a series of ensuing press releases  
19 that same month, St. George Metals represented that it had made payments on this obligation  
20 cumulatively totaling ten million dollars (\$10,000,000). In truth, these transactions, devices and press  
21 releases were a facade: financial records reveal that these payments were actually recycled proceeds  
22 from EDWARDS’ fraudulent sale of CMKM Diamonds stock. Nonetheless, these press releases  
23 sparked investor interest in both not only in CMKM Diamonds, but also in the ostensibly resurgent St.  
24 George Metals.

25 55. In May 2005, St. George Metals issued four press releases that announced its plan to acquire  
26 the assets of Nevada Vermiculite, LLC and Mineral Energy Technology Corporation. Although

1 TURINO, EDWARDS and other members and associates of the conspiracy staged preliminary  
2 negotiations regarding these purported transaction, none of the transactions were actually conducted  
3 or completed. Indeed, before this story-line played out, the Securities and Exchange Commission  
4 initiated an enforcement action to-suspend and deregister St. George Metals. In the interim, the press  
5 releases fueled investor interest and speculation in St. George Metals and its stock.

6 **56.** Other than the sporadic press releases and internet rumors, little information was available to  
7 the investing public regarding St. George Metals. Despite the corporation's purported resurrection and  
8 business activities, St. George Metals failed to filed any periodic reports with the Securities and  
9 Exchange Commission since 2002. St. George Metals last annual report for fiscal year 2001 was filed  
10 on April 26, 2002, and its last quarterly report was filed on November 14, 2002. Having deprived  
11 shareholders and investors of material information that should have been included in registration  
12 statements and periodic reports and filings with the Securities and Exchange Commission, TURINO,  
13 EDWARDS and BAGLEY combined to exploit the disparity between the publicly disseminated reports  
14 and insider-information regarding the nature St. George Metals' purported business and the value of  
15 its stock. Disregarding the fiduciary duty that they owed, directly or derivatively, to the corporation's  
16 shareholders, these defendants conspired with one another and others, known and unknown, to issue,  
17 offer and sell hundreds millions of unregistered shares of St. George Metals stock. Between October  
18 2004 and April 2005, EDWARDS deposited approximately twenty one million eight hundred thousand  
19 (21,800,000) shares of St. George Metals stock into brokerage accounts which he controlled and  
20 thereafter sold more than four million two hundred thousand (4,200,000) of these shares for more than  
21 one hundred seventeen thousand dollars (\$117,000). EDWARDS additionally transferred hundreds of  
22 millions of unregistered shares of St. George Metals stock to other members and associates of the  
23 conspiracy (including EDWARDS' wife) who also offered and sold such unregistered securities to the  
24 investing public.

25 **57.** This chapter of the scheme was cut short by an enforcement action brought by the Securities  
26 and Exchange Commission in July 2005. The Securities and Exchange Commission suspended trade

1 in St. George Metals stock and initiated deregistration proceedings on July 1, 2005. A final order of  
2 deregistration was entered against St. George Metals in October 2005.

3 **Chapter Four: BioTech Medics, Inc.**

4 **58.** As noted above, in December 1997, the principals of Pinnacle Business Management  
5 incorporated another shell in Nevada originally known as Summit Property, Inc. This shell sat idle  
6 until around March 2001 when Pinnacle Business Management spun-off the subsidiary by issuing  
7 shares as dividends. That corporation's name was contemporaneously changed to "Corbel Holdings,  
8 Inc." In a rare report to the Securities and Exchange Commission filed on August 10, 2001, the  
9 officers of Pinnacle Business Management noted:

10 In the first quarter 2001 the Company spun off an inactive wholly  
11 owned subsidiary, Summit Property Group, Inc. and Pinnacle  
12 Business Management Inc's shareholders received a non cash dividend  
13 of 1 share of Summit Property Group, Inc. for each 100 shares of  
14 Pinnacle Business Management, Inc. Summit Property Group, Inc.  
15 subsequently changed its name to Corbel Holdings, Inc.

16 In this manner, the conspirators readied another shell for future employment in their scheme.

17 **59.** Although issuing Corbel Holdings stock as a dividend to Pinnacle Business Management's  
18 shareholders gave the private subsidiary a shareholder base and the aura of a public shell, Corbel  
19 Holdings remained a private corporation. The conspirators ostensibly remedied this and readied this  
20 vehicle for further exploitation by purportedly merging Corbel Holdings with a public shell. Despite  
21 the fact that Corbel Holdings had no assets, business or revenues to contribute to a public shell, the  
22 conspirators purportedly conducted a reverse-merger with 3E International Corporation, a Delaware  
23 Corporation, in or around January 2002. 3E International likewise had no assets, business or revenues.  
24 Despite assorted representations that it had sizeable television projects in Ghana, England, South  
25 Africa, and Guinea, 3E International disclosed in its sole report (Form 10-SB) filed with the Securities  
26 and Exchange Commission in March 2000 that the company had no employees, had no revenues, had  
accrued significant losses, and had just four hundred seventeen (\$417) in cash. 3E International was,  
nonetheless, a public shell that had previously registered shares with the Securities and Exchange

1 Commission, and its stock was then listed and traded publicly through the Pink Sheets. However,  
2 although the companies issued multiple press releases announcing the reverse-merger and 3E  
3 International's acquisition of Corbel Holdings, and although Corbel Holdings filed Articles of  
4 Exchange with the Nevada Secretary of State regarding its purported acquisition by 3E International,  
5 it is unclear whether the purported reverse-merger was actually accomplished as Corbel Holdings was  
6 not folded into or merged with the public shell.<sup>6</sup>

7 **60.** Regardless of whether Corbel Holdings attained public status through the purported reverse-  
8 merger with 3E International or through some other means—or did not attain public status at all—the  
9 conspirators soon employed this shell to perpetuate their scheme. As the Pinnacle Business  
10 Management chapter of the scheme drew to a close and CMKM Diamonds was well underway, the  
11 conspirators and their associates readied Corbel Holdings on another spur of this rail and offered it to  
12 private companies as a public shell suitable for a reverse-merger. In October 2004, Corbel Holdings  
13 announced the impending reverse-merger of the privately held entities HaloLaser Biotherapy LLC and  
14 Charles R. Crane MD & Associates into Corbel Holdings. Following the reverse-merger, Corbel  
15 Holdings was renamed "BioTech Medics, Inc."

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16  
17 <sup>6</sup> As witnessed in regard to CMKM Diamonds, the conspirators were known to expansively use the term  
18 "reverse-merger" to refer to acquisitions, exchanges and other transactions that were not actual  
19 mergers. In this episode, despite the representations that the corporations were to merge and their  
20 exchange of stock, Corbel Holdings was not assimilated into the public shell but instead continued to  
21 exist as a distinct Nevada corporation and later became BioTech Medics. In the meantime, 3E  
22 International—the public component of the purported merger—existed as a separate Delaware  
23 corporation until on or about March 1, 2003, when the Delaware Division of Corporation voided its  
24 charter for non-payment of taxes effectively nullifying its outstanding shares. In 2008, the Securities  
25 and Exchange Commission deregistered the corporation noting:

26  
3 E International Corp., CIK No. 1082932, is a void Delaware corporation  
located in Kitchener, Ontario, Canada, with a class of equity securities  
registered with the Commission pursuant to Exchange Act Section 12(g).  
The company is delinquent in its periodic filings with the Commission,  
having not filed any periodic reports since it filed a Form 10-SB  
registration statement on March 20, 2000, which reported a net loss of  
\$72,188 since inception in 1997.

In light of these facts and circumstances, it appears that Corbel Holdings' did not actually conduct a  
reverse-merger with 3E International and did not inherit that shell's public status.

1     **61.** Unlike many of the other shells exploited by the conspirators, BioTech Medics had assets,  
2 revenues and substantial business activities separate and apart from the conspirators scheme and  
3 devices. HaloLaser Biotherapy LLC and Charles R. Crane MD & Associates engaged in the practice  
4 of medicine and conducted business operations which continued following the reverse-merger with  
5 Corbel Holdings. However, unbeknownst to the principals of HaloLaser Biotherapy LLC and Charles  
6 R. Crane MD & Associates, the coconspirators and accomplices had little interest in their business but  
7 were instead intent on exploiting the corporate shell and reverse merger to perpetuate their fraudulent  
8 scheme.

9     **62.** Although TURINO orchestrated the reverse-mergers that culminated in BioTech Medics,  
10 TURINO sought to conceal his role because, among other things, he was still subject to the penny-stock  
11 bar that had been imposed on him in connection with Pinnacle Business Management. TURINO's  
12 coconspirators and associates were instrumental in attempting to conceal TURINO's involvement.

13     **63.** In the months preceding the reverse-merger with HaloLaser Biotherapy LLC and Charles R.  
14 Crane MD & Associates, Corbel Holdings had issued press releases announcing the proposed merger.  
15 These press releases, and the eventual merger with the private medical companies, spurred investor  
16 interest in Corbel Holdings and, later, BioTech Medics. The conspirators exploited the merger by  
17 fraudulently issuing, reissuing, transferring, offering and selling millions of shares of Corbel Holdings  
18 and BioTech Medics. While several members, associates and nominees of the conspiracy received and  
19 sold Corbel Holdings and BioTech Medics stock in the course of this scheme, EDWARDS again played  
20 a leading role. As with Pinnacle Business Management and CMKM Diamonds, BAGLEY and  
21 MITCHELL fraudulently issued (or reissued) millions of unregistered shares of Corbel Holdings and  
22 BioTech Medics stock to EDWARDS' known nominees. BAGLEY and MITCHELL issued the share  
23 certificates representing this stock without restrictive legends. EDWARDS, in turn, signed multiple  
24 "Corporate Resolutions" "Irrevocable Stock or Bond Power Forms" before a Medallion Signature  
25 Guarantor. BAGLEY and MITCHELL accepted these forms—which were often incomplete—to  
26 transfer stock and cancel and reissue share certificates to EDWARDS' nominees. The conspirators

1 employed this procedure to transfer and issue stock that had been issued to other individuals, entities  
2 and straw purchasers to EDWARDS and his nominees.

3 64. TURINO, EDWARDS and BAGLEY conspired with one another, and others known and  
4 unknown, to exploit insider-information regarding the Corbel Holdings and the reverse-merger that  
5 yielded BioTech Medics. Disregarding the fiduciary duty that they directly or derivatively owed to the  
6 corporation and its shareholders, these defendants conspired with one another and others, known and  
7 unknown, to enrich themselves by issuing (and reissuing), offering and selling millions of shares of  
8 Corbel Holdings and BioTech Medics stock. EDWARDS and TURINO—through their nominees and  
9 associates—publicly offered and sold tens of millions of unregistered shares of Corbel Holdings and  
10 BioTech Medics stock through the Pink Sheets, brokerage firms, and other instruments of interstate  
11 commerce.

12 ***Chapter Five: Global Diamond Exchange and other shells***  
13 ***that fraudulently issued, offered and sold unregistered stock***  
***through nominees Austin Funding and Mountain Passages***

14 65. In or about 2001, EDWARDS purchased a Nevada corporate shell then known as Mirador,  
15 Inc. In or about July 2004, this corporate shell was renamed “Vway International.”

16 66. In or about November 2005, Vway International entered into a stock exchange agreement with  
17 Sea Food Factory S.A. Under the terms of the agreement, Vway International exchanged nine million  
18 five hundred forty-five thousand nine hundred fifty (9,545,950, or approximately 74% of its outstanding  
19 shares) for Sea Food Factory S.A.’s stock. Following this reverse-merger, Vway International changed  
20 its name to Worldwide Cannery & Distribution, Inc. The corporate shell issued a press release on or  
21 about March 22, 2006, announcing that Vway International had changed its name and corporate  
22 objective to “move away from being a real estate company and will now seek to be a major participant  
23 in the lucrative food manufacturing and distribution sector.”

24 67. TURINO and VISSOKOVSKY indirectly controlled Worldwide Cannery through agents,  
25 associates and nominees. BAGLEY, assisted by MITCHELL, were the corporation’s stock transfer  
26



1 agent and facilitated the conspiracy and scheme. TURINO directed coconspirators and associates to  
2 create Minnesota corporate shells known as Mountain Passages, Inc., and Austin Funding, LLC.

3 68. SPOONER was appointed as the nominal president of Mountain Passages. In March 2006,  
4 SPOONER, acting on behalf of Mountain Passages, executed a contract with another of TURINO's and  
5 VISSOKOVSKY's associates representing Worldwide Passages, to purchase four hundred ninety  
6 thousand (490,000) shares of Worldwide Cannery stock. Under the terms of that agreement, Mountain  
7 Passages also received a warrant or right to buy an additional seventy million (70,000,000) shares of  
8 Worldwide Cannery stock. SPOONER thereafter opened several brokerage account on behalf of  
9 Mountain Passages.

10 69. Another of TURINO's associates was appointed as the president of Austin Funding. In March  
11 2006, TURINO directed that associate to execute similar contracts on behalf of Austin Funding to buy  
12 one hundred ninety thousand (190,000) and two hundred ninety thousand (290,000) shares of  
13 Worldwide Cannery stock. One of these agreements additionally afforded Austin Funding a warrant  
14 or right to purchase an additional seventy million (70,000,000) shares of Worldwide Cannery stock.  
15 This warrant was amended in August 2006 to afford Austin Funding the option of purchasing up to  
16 seven hundred million (700,000,000) shares of Worldwide Cannery Stock.

17 TURINO also directed his associates to open brokerage accounts on behalf of Austin Funding.

18 70. In 2006, BAGLEY and MITCHELL knowingly issued and transferred millions of shares of  
19 Worldwide Cannery to TURINO's nominees and associates as part of and in furtherance of the  
20 conspiracy. More particularly, as part of this scheme, the conspirators issued and distributed millions  
21 of shares issued to Mountain Passages and Austin Funding to brokerage accounts where those  
22 unregistered securities were offered to the investing public. Mountain Passages and Austin Funding  
23 took the place of EDWARDS multiple trusts and alter-egos.<sup>7</sup>

24  
25 <sup>7</sup> By 2006, EDWARDS multiple trusts and alter-egos had already been identified by the Securities and  
26 Exchange Commission. Further, this substitution of nominees coincides with activity in a separate  
action against EDWARDS' wife. Following his wife's conviction and confinement in April 2006,  
EDWARDS made statements in a consensually recorded telephone conversation to the effect: "I  
might have to see my old friend because--I'm weathering everything right now but if I have to, you

1 71. TURINO and VISSOKOVSKY created interest in Worldwide Cannery by issuing, and causing  
2 their agents and associates to issue, misleading and deceptive press releases regarding Worldwide  
3 Cannery's operations, status, assets and value. For example, on or about April 10, 2006, Worldwide  
4 Cannery issued a press release announcing its acquisition of the Seafood Factory. Captioned "World  
5 Wide Cannery and Distribution Inc. Announces Major Acquisition," this press release represented that  
6 the Seafood Factory "produced close to 14.5 million Euros in revenue last year (\$17 million)"  
7 packaging and selling high-end seafood while operating at only twenty percent (20%) capacity. This  
8 press release continued that the factory had obtained European Union Certification and "[w]ith all  
9 certifications in place, the Factory will be running at 100% efficiency." On or about April 18, 2006,  
10 the corporation issued another press release reiterating the claim that in the previous year "the Factory  
11 sold \$17 million dollars in luxury seafood that includes King Crab, canned crab meat, caviar and other  
12 high end seafood products." This press release additionally proclaimed that the factory "is set to expand  
13 its sales force in order to keep up with an increase in demand and productivity," and that it had "already  
14 reached close to 3.5 million Euros (US \$4,200,000) in sales for the first three months of 2006." In  
15 truth, the seafood cannery was not producing products or profits but was instead defunct and bankrupt  
16 at that time. Already under scrutiny of the Securities and Exchange Commission in regard to CMKM  
17 Diamonds, the principals caused Worldwide Cannery to issue a remarkable retraction on or about May  
18 2, 2006, announcing that the 3.5 million Euros figure were mistakenly attributed to the Czech Seafood  
19 Factory, when, in fact, they related to "shipments of seafood containers from South Korea and St.  
20 Petersburg, Russia, not from the Seafood Factory in the Czech Republic, which has yet to start  
21 processing this season, and that the purported revenues from the previous year related to "container  
22 shipping sales." The retraction additionally noted that Worldwide Cannery was "negotiating with  
23 creditors, executors, and banks for settlements on the Factory's debt." Despite this retraction, the  
24 conspirators did not abandon the corporate shell but instead issued a press release on or about May 8,  
25

26  

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know, it will be the smart thing to do--- otherwise I'm going to be there at the other end of the building, you know, visiting my other clients, and I don't really want to go to that school."

1 2006, declaring that Worldwide Cannery had received certification from the Food and Drug  
2 Administration (FDA) and could “now receive shipping containers with imported goods from Europe  
3 and Southeast Asia for distribution in the United States.” In this same vein, on or about June 13, 2006,  
4 the corporation issued another press release declaring that it had sold the Seafood Factory, eliminating  
5 that debt and enabling the company “to concentrate its efforts on the lucrative container shipping  
6 business, where it derived 80% of its revenue in 2005.”

7 72. In the span of approximately three months, the corporate shell once known as Vway  
8 International had purportedly transformed from a real estate company to a seafood packing company  
9 to a container shipping business. Yet, its remarkable metamorphosis was not complete: in or about  
10 September 2006, the conspirators retooled and refined their scheme and Worldwide Cannery was  
11 transformed into Global Diamond Exchange, Inc. Notwithstanding their earlier claims and  
12 representations regarding the corporation’s fish processing and container shipping ventures, the new  
13 name marked a shift into a new field; this corporation was now purported to be an international  
14 diamond importing and marketing concern.

15 73. This name change did not materially affect the inner-workings of the conspiracy; BAGLEY  
16 and MITCHELL continued to issue, reissue and transfer millions of shares of Global Diamond  
17 Exchange stock to TURINO’s nominees Mountain Passages and Austin Funding, and others of the  
18 conspiracy’s associates, nominees and straw-purchasers without restrictive legend as part of the scheme  
19 to evade the Securities Act’s registration requirements. In addition to the original purchase agreements,  
20 subsequent agreements, warrants and authorizations resulted in the issuance of more than two billion  
21 two hundred million (2,200,000,000) unregistered shares of Worldwide Cannery and Global Diamond  
22 Exchange stock during the period from March 2006 through April 2008. During this span  
23 approximately two hundred thirty eight million (238,000,000) shares of unregistered stock were issued  
24 to Mountain Passages, and one billion nine hundred million (1,900,000,000) unregistered shares were  
25 issued to Austin Funding. Further, in or around April 2007, TURINO instructed an associate to  
26 incorporate another nominee christened “CRL Holdings, Inc.,” which also received tens of millions of

1 unregistered shares of the corporation's stock. Additionally, in the course of the conspiracy and  
2 scheme, more than ninety-three million (93,000,000) unregistered shares of Global Diamond Exchange  
3 and Worldwide Cannery stock were transferred to Hopper Holdings, a limited liability company owned  
4 and managed by MITCHELL.

5 74. As part of the conspiracy and scheme, TURINO and other conspirators and associates engage  
6 in deceptive practices and issued misleading press releases to promote Global Diamond Exchange and  
7 its stock. Many of these fraudulent practices and misrepresentations pertained to the company's  
8 purported offices in New York City. For example:

9 (a) In a press release dated September 22, 2006, the company announced that Worldwide Cannery  
10 had "joined forces with Global Diamond Exchange and has taken on the company name," and  
11 that this company had opened two new sales offices in New York City. That press release  
12 continued that "Global Diamond Exchange has reopened its wholesale operation in New York.  
13 The office is in the same exact building that they occupied over twelve years ago. The  
14 company, which has been in operation for over 17 years, exports rough and cut diamonds from  
15 the Russian Federation and other diamond producing regions."

16 (b) As with earlier ventures, the conspirators also promoted Global Diamond Exchange via the  
17 worldwide web. A press release on October 10, 2006, announced "Global Diamond Exchange  
18 Unveils Corporate Website" and discussed the corporation's purported operations.

19 (c) Four days later, on September 26, 2006, Global Diamond Exchange issued another press  
20 release declaring that "Global Diamond Exchange Expects Sales Office to be Operational by  
21 the 1st of November" noting that the first diamond shipment was to arrive by November 3,  
22 2006. This release elaborated that "[t]he company has contracts with Russian cutters to cut  
23 and export these exquisite brilliants from Russia."

24 (d) Pursuing this theme, a press release issued on or about November 1, 2006 reiterated that  
25 "Global Diamond Exchange Wholesale Office Opens Next Week in Time for Arrival of First  
26 Diamond Shipment," while another press release one week later declared that the first

1 diamond shipment had arrived and the company's buyers were soon to purchase additional  
2 diamonds. For good measure, the latter press release added that the company was in the  
3 process of hiring an auditor with international accreditation to "provide the base to be current  
4 and compliant under the new Pink Sheet standards and/or application to another exchange."  
5

6 (e) On November 28, 2006, Global Diamond Exchange issues press release captioned "Global  
7 Diamond Exchange Confirms Purchase of Second Order" and announcing that a second  
8 allotment of diamonds had been purchased and was currently being processed with delivery  
9 expected in December. This press release was embellished with the claim that another  
10 diamond dealer had permitted Global Diamond Exchange to purchase their diamond allotment  
11 and "management is extremely excited about the commitment from its partner since it will  
12 allow Global to grow substantially and insure the company of uninterrupted flow of  
13 diamonds."

14 (f) The next day, November 29, 2006, Global Diamond Exchange issued a press release boldly  
15 entitled "Global Diamond's Second Order Estimated at \$1.5 Million in Wholesale Revenue."  
16 This release elaborated that the company, having sold its first shipment of diamonds, had  
17 requested that at least seventy percent (70%) of second shipment be composed of round-cut  
18 diamonds of between one and three carats and that this shipment would be worth  
19 approximately one million five hundred thousand dollars (\$1,500,000), and that "[t]he  
20 company has also set a goal to have orders cut, processed and delivered for sale on a more  
21 frequent basis than the first two orders, in which demand was greater than initially anticipated."

22 (g) In a press release on or about January 11, 2007, Global Diamond Exchange declared that the  
23 second order of diamonds (with a value of approximately \$1,400,000) had arrived and would  
24 soon be graded and ready for sale.

25 (h) On or about January 24, 2007, Global Diamond Exchange issued a press release stating that  
26 it had completely sold the second shipment of diamonds received earlier that month and a third

1 shipment had been ordered and was expected in February or March, adding that “[t]he  
2 company is working hard at not only increasing the size of the orders but also the frequency  
3 of them as well.”

4 (i) On April 2, 2007, Global Diamond Exchange issued a press release entitled: “Global  
5 Diamond's Next Order Estimated at \$2.1 Million in Wholesale Value.” In reference to  
6 “several angry calls to the sales offices at 2 West 46th Street,” this press release also noted that  
7 the company did not engage in retail sales. Finally, this press release planted the seed for  
8 speculation regarding a “potential takeover/merger” adding that “corporate attorneys are  
9 conducting their due diligence” and “[o]nce the company has the approval of its legal  
10 department, it will give a full public update. We expect this to happen very shortly.” These  
11 themes were addressed again in another release two days later.

12 (j) In a press release on or about April 25, 2007, Global Diamond Exchange announced that while  
13 negotiations regarding a potential buy-out or merger were continuing, the company was “still  
14 conducting its normal course of business” and “[t]he company has just completed the sale of  
15 its third shipment with a total value that is in excess of \$3 million in wholesale revenue.” This  
16 press release additionally boasted that the corporation had “posted an inventory of available  
17 stones on its website” and that it held over five million dollars (\$5,000,000) in inventory.

18 75. Through such press releases and practices, TURINO, VISSOKOVSKY and other members and  
19 associates of the conspiracy constructed a facade of a business actively importing and selling millions  
20 of dollars of diamonds. In reality, Global Diamond Exchange was merely the latest hollow corporate  
21 shell in a string of such vehicles exploited by TURINO and his coconspirators. While VISSOKOVSKY  
22 and another of TURINO's associates had each leased office space in New York City, those facilities  
23 were a sham. Global Diamond Exchange did not engage in regular or substantial business activities,  
24 did not produce any goods, services or profits, and did not commercially import diamonds as described  
25 in the press releases.

26

1 76. TURINO, VISSOKOVSKY, BAGLEY, MITCHELL and other conspirators combined to  
2 exploit the disparity between the publicly disseminated reports and insider-information regarding the  
3 actual nature and status of Global Diamond Exchange's purported business and the value of its stock.  
4 Disregarding the fiduciary duty that they derivatively owed to the corporation's shareholders, these  
5 defendants conspired with one another and others to issue, offer and sell unregistered shares of Global  
6 Diamond Exchange stock.

7 77. While Global Diamond Exchange stock typically (but not always) traded for less than a penny  
8 per share, trading activity was voluminous. In the course of the conspiracy, TURINO's nominees  
9 Mountain Passages, Austin Funding, and CRL Holdings publicly sold hundreds of millions of  
10 unregistered shares of this corporate shell's stock through brokerage accounts. More specifically:  
11 Mountain Passages sold more than one hundred forty-eight million (148,000,000) unregistered shares  
12 of stock for more than one million four hundred thousand dollars (\$1,400,000); Austin Funding sold  
13 more than nine hundred forty million (940,000,000) unregistered shares of stock for more than three  
14 million three hundred thousand dollars (\$3,300,000); and CRL Holdings sold approximately four  
15 hundred thousand (400,000,000) unregistered shares for more than four hundred fifty thousand dollars  
16 (\$450,000). Further, hundreds of millions of these unregistered shares of stock which had been  
17 transferred to members and associates of the conspiracy and their nominees were also publicly offered  
18 and sold. For example, as part of and in furtherance of the conspiracy, the conspirators combined to  
19 transfer ninety-three million (93,000,000) unregistered shares to MITCHELL's shell, Hopper Holdings.  
20 MITCHELL deposited these shares into a brokerage account where they were offered and sold to the  
21 investing public generating more than six hundred twenty-five thousand dollars (\$625,000) in sales.

22 78. In this manner and as a further part of the conspiracy and scheme, the conspirators combined  
23 to also issue billions of unregistered shares of other shells, including: Equitable Mining Corporation;  
24 OMDA Oil and Gas, Inc.; and Grand Entertainment & Music, Inc. As with Global Diamond  
25 Exchange, BAGLEY and MITCHELL issued unregistered shares and stock certificates without  
26

1 restrictive legends to Austin Funding and Mountain Passages—the nominees and straw-purchasers  
2 controlled by TURINO, SPOONER and their associates.

3 79. In each of these iterations of the scheme, the conspirators purported to invoke Rule 504 of  
4 Regulation D (which authorizes limited offerings of securities of an aggregate value not exceeding  
5 \$1,000,000) under the pretenses: that the corporations were not development stage companies that  
6 either had no business plan or had a business plan to engage in a merger; that the purchasers were  
7 accredited investors; and that the issuance of stock to the purchasers was not part of a plan to evade the  
8 Securities Act's registration provisions. Each of these pretenses was materially false. Global Diamond  
9 Exchange, Equitable Mining, OMDA Oil and Gas, and Grand Entertainment & Music did not engage  
10 in regular or substantial business but were merely empty shells controlled by TURINO and his  
11 associates. Further, Austin Funding and Mountain Passages, the purported purchasers, were not  
12 accredited investors. Austin Funding and Mountain Passages were hollow shells designated as  
13 nominees or straw-purchasers as part of a scheme and plan to evade the Securities Act's registration  
14 requirements. Indeed, Austin Funding and Mountain Passages were in effect underwriters; Austin  
15 Funding and Mountain Passages received billions of shares of stock issued by the conspirators' shells  
16 for the purpose of offering, selling and distributing them to the investing public. As part of this scheme,  
17 BAGLEY, MITCHELL and other transfer agents issued share certificates representing these  
18 unregistered shares without restrictive legends to Austin Funding and Mountain Passages and thereafter  
19 transferred shares and reissued share certificates at TURINO's direction as they were offered and sold.

20 80. Equitable Mining had previously been a Canadian corporation known at the "Equitable Life  
21 Investment Company, Inc." However, the conspirators and their associates had gained control of this  
22 Wyoming corporate shell and caused it to issue millions of unregistered shares of stock to their  
23 nominees. The conspirators fraudulently promoted, offered and sold millions of unregistered shares  
24 of Equitable Mining's stock to the investing public through the Pink Sheets and other means and  
25 instruments of interstate commerce. During June and July 2006, the conspirators used Mountain  
26 Passages as a conduit to sell more than seventy two million five hundred thousand (72,500,000)



1 unregistered shares of Equitable Mining stock through its brokerage accounts for more than nine  
2 hundred fifty thousand dollars (\$950,000). Austin Funding was likewise used as a nominee to sell more  
3 than seventy five million (75,000,000) of such unregistered securities through its brokerage accounts  
4 for more than eight hundred thirty-five thousand dollars (\$835,000) during this period. In the aggregate,  
5 the conspirators sales or unregistered Equitable Mining stock exceeded one million seven hundred  
6 thousand dollars (\$1,700,000) during this two-month span.

7 **81.** Before falling into the orbit of the conspiracy, OMDA Oil and Gas had been known as  
8 "Original Media, Inc." However, upon gaining control of this Delaware corporate shell, the  
9 conspirators and their associates purported that it was conducting business in the oil and gas industry  
10 and promoted the company under this pretense. As part of the familiar scheme, the conspirators caused  
11 this corporate shell to issue millions of unregistered shares of stock to their nominees. During the span  
12 from October 2005 to January 2007, Mountain Passages sold at least five hundred ninety million  
13 (590,000,000) unregistered shares of OMDA Oil and Gas stock through its brokerage accounts for more  
14 than on million nine hundred thousand dollars (\$1,900,000).

15 **82.** Grand Entertainment & Music was a Florida public shell previously known as "Future Projects  
16 II, Corp." The conspirators and their associates gained control of this shell and caused it to issue  
17 millions of unregistered shares of stock to their nominees. In the course of the conspiracy, Mountain  
18 Passages sold more than two hundred twenty five million (225,000,000) unregistered shares of Grand  
19 Entertainment & Music stock through its brokerage accounts for more than two hundred forty-two  
20 thousand dollars (\$242,000). Austin Funding sold more than three hundred forty-five  
21 million(345,000,000) shares of such stock for more than eight hundred ninety seven thousand dollars  
22 (\$897,000). These nominees combined sales totaled more than one million one hundred thirty nine  
23 thousand dollars (\$1,139,000).

24 **83.** In the aggregate, Mountain Passages, Austin Funding and CRL Holdings—the conspiracy's  
25 primary nominees—publicly offered and sold more than two billion (2,000,000,000) unregistered shares  
26 of penny stocks issued by Global Diamond Exchange, Equitable Mining, OMDA Oil and Gas and

1 Grand Entertainment & Music, Inc. The share certificates representing these unregistered shares were  
2 fraudulently issued without restrictive legends. The fraudulent issuance, promotion, and offer of the  
3 shares of these corporate shells culminated in sales of these unregistered securities totaling more than  
4 ten million dollars (\$10,000,000).

5 84. The bulk of the proceeds from the fraudulent sale of unregistered stock of Global Diamond  
6 Exchange, Equitable Mining, OMDA Oil and Gas and Grand Entertainment & Music, Inc. was  
7 deposited or transferred to bank accounts of Mountain Passages and Austin Funding. From these bank  
8 accounts, the proceeds were divided and distributed, directly and indirectly, to TURINO,  
9 VISSOKOVSKY and SPOONER. BAGLEY and MITCHELL were also enriched by their  
10 participation in the scheme through fees for their services, monetary payments and transfers, and the  
11 sale of stock issued to Hopper Holdings.

12 Summary

13 85. As part of and in furtherance of the conspiracy and scheme, the defendants and other  
14 conspirators and associates, known and unknown, issued hundreds of billions of shares of stock of  
15 multiple corporate shells which they controlled. Although the vast majority of these shares of stock  
16 were not registered with the Securities and Exchange Commission, through a variety of false pretenses  
17 and fraudulent practices, the conspirators purported that these shares were free-trading and  
18 surreptitiously issued share certificates representing hundreds of billions of shares of unregistered stock  
19 without restrictive legends.

20 86. By their false statements and misrepresentations, evasion of disclosures required in registration  
21 statements and periodic reports, and deceptive devices and practices, the conspirators concealed the  
22 issuance of hundreds of billions of shares and dilution of stock value from the Securities and Exchange  
23 Commission and the investing public. Members and associates of the conspiracy were corporate  
24 insiders with knowledge regarding the shells' businesses, operations, activities, assets and value  
25 unavailable to the public. Further, these corporate insiders also possessed information regarding the  
26 number of issued and outstanding shares, the restricted nature of the shares, and the dilution of share

1 value—information which the conspirators deliberately withheld and concealed from the public.  
2 Exploiting this disparity for their personal benefit, and violating the duty owed to the various  
3 corporations' shareholders, the conspirators offered, sold and distributed hundreds of billions of shares  
4 of unregistered stock to the investing public through the Pink Sheets, brokerage accounts, and other  
5 instrumentalities of interstate commerce.

6 **87.** As a further part of the conspiracy, the conspirators fraudulently created and cultivated a market  
7 for this stock through misrepresentations, market manipulations, and misleading promotional activities  
8 and press releases. Through an array of misrepresentations, false pretenses, deceptive practices and  
9 transactions, the defendants and their associates and agents induced investors to purchase hundreds of  
10 billions of unregistered shares of stock which the conspirators had deceptively issue to themselves and  
11 their nominees without requisite restrictions and disclosures.

12 **88.** Although these penny-stocks typically traded for less than one cent per share, in the aggregate,  
13 the hundreds of billions of shares of stock that the conspirators offered and sold in the public market  
14 yielded proceeds of more than seventy million dollars (\$70,000,000).

15 **89.** As part of and in furtherance of the conspiracy, the conspirators and schemers used a portion  
16 of the proceeds from the sale of stock to perpetuate the scheme. The proceeds not only were applied  
17 towards operational and advertising expenses, the funds were (as discussed above) used in the well-  
18 orchestrated charade involving purported multi-million-dollar investments in CMKM Diamonds by  
19 U.S. Canadian Minerals and St. George Metals.

20 **90.** As further part of the conspiracy, the conspirators conducted numerous transactions designed  
21 to conceal and disguise the nature, source and ownership of the criminal proceeds. For example, the  
22 occasionally transferred or exchanged money in the form of cash, that is United States currency, to  
23 conceal the origins of those funds. Most of the criminal proceeds were, however, deposited into  
24 brokerage accounts and subsequently transferred through an array of bank accounts. The conspirators  
25 shuffled funds through multiple accounts at banks in the United States and, often, to foreign nations for  
26

1 purposes of concealing the nature and source of those funds and shielding them from criminal forfeiture  
2 and civil judgments.

3 **91.** As a further part of the conspiracy, BAGLEY and MITCHELL falsified, concealed and covered  
4 up material facts regarding the nature, manner and scope of the fraudulent scheme by feigning  
5 ignorance in statements and testimony to the Securities and Exchange Commission.

6 **92.** In this manner, TURINO, EDWARDS, CASAVANT, VISSOKOVSKY, SPOONER,  
7 BAGLEY, MITCHELL, DVORAK, GUTIERREZ, KINNEY, and other members and associates of the  
8 conspiracy, perpetuated and shielded an elaborate scheme to fraudulently enriched themselves through  
9 the fraudulent issue, offer, distribution and sale of hundreds of billions of unregistered securities to the  
10 investing public.

11 All in violation of Title 18, United States Code, Section 371.

12 **COUNT THREE**

13 *Conspiracy to Commit Securities Fraud in violation of 18 U.S.C. § 1349*

14 **1.** The General Allegations, the allegations set forth in paragraphs 6 through 17 of Count One, and  
15 the allegations in Count Two are re-alleged and incorporated by reference as though fully set forth  
16 herein.

17 **2.** During the period from July 30, 2002, through on or about October 2005, in the State and  
18 Federal District of Nevada and elsewhere within the jurisdiction of this Court,

19 **1. JEFFREY TURINO,**  
20 **2. JOHN EDWARDS,**  
21 **3. URBAN CASAVANT,**  
22 **6. HELEN BAGLEY,**  
23 **7. JEFFREY MITCHELL,**  
**8. BRIAN DVORAK,**  
**9. GINGER GUTIERREZ, and**  
**10. JAMES KINNEY,**

24 defendants herein, knowingly and willfully combined, conspired, and agreed with one another, and  
25 others known and unknown, to commit an offense under Chapter 63 of Title 18 of the United States  
26 Code, that is, to execute a scheme and artifice (1) to defraud investors, prospective investors and the

1 investing public in connection with the securities of Pinnacle Business Management, Inc., CMKM  
2 Diamonds, Inc., St. George Metals, Inc., and U.S. Canadian Minerals, and (2) to obtain money and  
3 property by means of false or fraudulent pretenses, representations and promises in connection with the  
4 sale of securities of Pinnacle Business Management, Inc., CMKM Diamonds, Inc., St. George Metals,  
5 Inc., and U.S. Canadian Minerals, in violation of Title 18, United States Code, Section 1348.

6 3. At the times material to this indictment, Pinnacle Business Management, Inc., CMKM  
7 Diamonds, Inc., St. George Metals, Inc., and U.S. Canadian Minerals, were issuers of a class of  
8 securities registered under Section 12 of the Securities Exchange Act of 1934 (15 U.S.C. 78I).

9 All in violation of Title 18, United States Code, Section 1349.

10 **COUNT FOUR**

11 *Fraudulent Interstate Securities Transactions in violation of 15 U.S.C. §§ 77q and 77x*

12 1. The foregoing General Allegations, the allegations contained in paragraphs 6 through 17 of  
13 Count One, and the allegations contained in paragraphs 12 through 43 of Count Two are re-alleged and  
14 incorporated by reference as though fully set forth herein.

15 2. Beginning on a date unknown, but not later than September 2001, and continuing through on  
16 or about October 2005, in the State and Federal District of Nevada and elsewhere within the jurisdiction  
17 of this Court,

- 18 1. JEFFREY TURINO,  
19 2. JOHN EDWARDS,  
20 3. URBAN CASAVANT,  
21 6. HELEN BAGLEY,  
22 7. JEFFREY MITCHELL,  
23 8. BRIAN DVORAK,  
24 9. GINGER GUTIERREZ, and  
25 10. JAMES KINNEY,

26 defendants herein, aiding and abetting one another and others known and unknown, unlawfully and  
willfully, in the offer and sale of securities, to wit: stock of CMKM Diamonds, Inc., directly and  
indirectly used the wires and means and instruments of transportation and communication in interstate  
commerce to: (a) employ a device, scheme and artifice to defraud; (b) obtain money or property by

1 means of an untrue statement of a material fact or any omission to state a material fact necessary in order  
2 to make the statements made, in light of the circumstances under which they were made, not misleading;  
3 and (c) engage in any transaction, practice, or course of business which operates or would operate as a  
4 fraud or deceit upon the purchaser.

5 All in violation of Title 15, United States Code, Sections 77q(a) and 77x.

6 **COUNT FIVE**

7 *Securities Fraud & Insider Trading in violation of 15 U.S.C. §§ 78j and 78ff*

8 1. The foregoing General Allegations, the allegations contained in paragraphs 6 through 17 of  
9 Count One, and the allegations contained in paragraphs 12 through 43 of Count Two are re-alleged and  
10 incorporated by reference as though fully set forth herein.

11 2. Beginning on a date unknown, but not later than September 2001, and continuing through on  
12 or about October 2005, in the State and Federal District of Nevada and elsewhere within the jurisdiction  
13 of this Court,

- 14 **1. JEFFREY TURINO,**  
15 **2. JOHN EDWARDS,**  
16 **3. URBAN CASAVANT,**  
17 **6. HELEN BAGLEY,**  
**7. JEFFREY MITCHELL,**  
**8. BRIAN DVORAK,**  
**9. GINGER GUTIERREZ, and**  
**10. JAMES KINNEY,**

18 defendants herein, aiding and abetting one another and others known and unknown, unlawfully, willfully  
19 and knowingly, by use of means and instrumentalities of interstate commerce and the mails, directly and  
20 indirectly did use and employ manipulative and deceptive devices and contrivances in connection with  
21 the purchase and sale of a security, to wit: stock of CMKM Diamonds, Inc., in contravention of Rule  
22 10b-5 and Rule 10b5-1 of the Rules and Regulations promulgated by the United States Securities and  
23 Exchange Commission (codified in Title 17, Code of Federal Regulations, Sections 240.10b-5 and  
24 240.10b5-1), and did (a) employ a device, scheme and artifice to defraud; (b) make untrue statements  
25 of material facts and omit to state material facts necessary in order to make the statements made, in light  
26 of the circumstance under which they were made, not misleading; and (c) engage in acts, practices and

1 a course of business, which would and did operate as a fraud and deceit upon prospective investors in  
2 connection with the purchase and sale of a security.

3 All in violation of Title 15, United States Code, Sections 78j(b) and 78ff.

4 **COUNT SIX**  
5 *Securities Fraud in violation of 18 U.S.C. § 1348*

6 1. The foregoing General Allegations, the allegations contained in paragraphs 6 through 17 of  
7 Count One, and the allegations contained in paragraphs 12 through 43 of Count Two are re-alleged and  
8 incorporated by reference as though fully set forth herein.

9 2. During the period from July 30, 2002, through on or about October 2005, in the State and  
10 Federal District of Nevada and elsewhere within the jurisdiction of this Court,

- 11 1. JEFFREY TURINO,
- 12 2. JOHN EDWARDS,
- 13 3. URBAN CASAVANT,
- 14 6. HELEN BAGLEY,
- 15 7. JEFFREY MITCHELL,
- 16 8. BRIAN DVORAK,
- 17 9. GINGER GUTIERREZ, and
- 18 10. JAMES KINNEY,

16 defendants herein, aiding and abetting one another and others known and unknown, executed, and  
17 attempted to execute, a scheme and artifice (1) to defraud investors, prospective investors and the  
18 investing public in connection with the securities and stock of CMKM Diamonds, Inc., and (2) to obtain  
19 money and property by means of false or fraudulent pretenses, representations and promises in  
20 connection with the sale of CMKM Diamonds securities.

21 3. At all times material to this indictment, CMKM Diamonds, Inc. was an issuer of a class of  
22 securities registered under Section 12 of the Securities Exchange Act of 1934 (15 U.S.C. 78l).

23 All in violation of Title 18, United States Code, Sections 1348.

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**COUNT SEVEN**

*Fraudulent Interstate Securities Transactions in violation of 15 U.S.C. §§ 77q and 77x*

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1. The foregoing General Allegations, the allegations contained in paragraphs 6 through 17 of Count One, and the allegations contained in paragraphs 44 through 57 of Count Two are re-alleged and incorporated by reference as though fully set forth herein.

2. Beginning on a date unknown, but not later than July 2004, and continuing through on or about October 2005, in the State and Federal District of Nevada and elsewhere within the jurisdiction of this Court,

- 1. JEFFREY TURINO,
- 2. JOHN EDWARDS,
- 6. HELEN BAGLEY,
- 7. JEFFREY MITCHELL,
- 8. BRIAN DVORAK,

defendants herein, aiding and abetting one another and others known and unknown, unlawfully and willfully, in the offer and sale of securities, to wit: stock of St. George Metals, Inc., directly and indirectly used the wires and means and instruments of transportation and communication in interstate commerce to: (a) employ a device, scheme and artifice to defraud; (b) obtain money or property by means of an untrue statement of a material fact or any omission to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and (c) engage in any transaction, practice, or course of business which operates or would operate as a fraud or deceit upon the purchaser.

All in violation of Title 15, United States Code, Sections 77q(a) and 77x.

**COUNT EIGHT**

*Securities Fraud & Insider Trading in violation of 15 U.S.C. §§ 78j and 78ff*

1. The foregoing General Allegations, the allegations contained in paragraphs 6 through 17 of Count One, and the allegations contained in paragraphs 44 through 57 of Count Two are re-alleged and incorporated by reference as though fully set forth herein.



1 2. Beginning on a date unknown, but not later than July 2004, and continuing through on or about  
2 October 2005, in the State and Federal District of Nevada and elsewhere within the jurisdiction of this  
3 Court,

- 4 1. JEFFREY TURINO,  
5 2. JOHN EDWARDS,  
6 6. HELEN BAGLEY,  
7 7. JEFFREY MITCHELL,  
8 8. BRIAN DVORAK,

9 defendants herein, aiding and abetting one another and others known and unknown, unlawfully, willfully  
10 and knowingly, by use of means and instrumentalities of interstate commerce and the mails, directly and  
11 indirectly did use and employ manipulative and deceptive devices and contrivances in connection with  
12 the purchase and sale of a security, to wit: stock of St. George Metals, Inc., in contravention of Rule  
13 10b-5 and Rule 10b5-1 of the Rules and Regulations promulgated by the United States Securities and  
14 Exchange Commission (codified in Title 17, Code of Federal Regulations, Sections 240.10b-5 and  
15 240.10b5-1), and did (a) employ a device, scheme and artifice to defraud; (b) make untrue statements  
16 of material facts and omit to state material facts necessary in order to make the statements made, in light  
17 of the circumstance under which they were made, not misleading; and (c) engage in acts, practices and  
18 a course of business, which would and did operate as a fraud and deceit upon prospective investors in  
19 connection with the purchase and sale of a security.

20 All in violation of Title 15, United States Code, Sections 78j(b) and 78ff.

21 **COUNT NINE**  
22 *Securities Fraud in violation of 18 U.S.C. § 1348*

23 1. The foregoing General Allegations, the allegations contained in paragraphs 6 through 17 of  
24 Count One, and the allegations contained in paragraphs 44 through 57 of Count Two are re-alleged and  
25 incorporated by reference as though fully set forth herein.

26 2. During the period from July 30, 2002, through on or about October 2005, in the State and  
Federal District of Nevada and elsewhere within the jurisdiction of this Court,

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- 1. JEFFREY TURINO,
- 2. JOHN EDWARDS,
- 6. HELEN BAGLEY,
- 7. JEFFREY MITCHELL, and
- 8. BRIAN DVORAK,

defendants herein, aiding and abetting one another and others known and unknown, executed, and attempted to execute, a scheme and artifice (1) to defraud investors, prospective investors and the investing public in connection with the securities and stock of St. George Metals, Inc., and (2) to obtain money and property by means of false or fraudulent pretenses, representations and promises in connection with the sale of St. George Metals securities.

3. At all times material to this indictment, St. George Metals, Inc. was an issuer of a class of securities registered under Section 12 of the Securities Exchange Act of 1934 (15 U.S.C. 78d).

All in violation of Title 18, United States Code, Sections 1348.

**COUNT TEN**

*Fraudulent Interstate Securities Transactions in violation of 15 U.S.C. §§ 77q and 77x*

1. The foregoing General Allegations, the allegations contained in paragraphs 6 through 17 of Count One, and the allegations contained in paragraphs 58 through 64 of Count Two are re-alleged and incorporated by reference as though fully set forth herein.

2. Beginning on a date unknown, but not later than 1997 and continuing to on or about 2007, in the State and Federal District of Nevada and elsewhere within the jurisdiction of this Court,

- 1. JEFFREY TURINO,
- 2. JOHN EDWARDS,
- 4. NICKOLAJ VISSOKOVSKY,
- 5. MELISSA SPOONER,
- 6. HELEN BAGLEY,
- 7. JEFFREY MITCHELL,

defendants herein, aiding and abetting one another and others known and unknown, unlawfully and willfully, in the offer and sale of securities, to wit: stock of BioTech Medics, Inc., directly and indirectly used the wires and means and instruments of transportation and communication in interstate commerce to: (a) employ a device, scheme and artifice to defraud; (b) obtain money or property by means of an

1 untrue statement of a material fact or any omission to state a material fact necessary in order to make the  
2 statements made, in light of the circumstances under which they were made, not misleading; and (c)  
3 engage in any transaction, practice, or course of business which operates or would operate as a fraud or  
4 deceit upon the purchaser.

5 All in violation of Title 15, United States Code, Sections 77q(a) and 77x.

6 **COUNT ELEVEN**

7 *Securities Fraud & Insider Trading in violation of 15 U.S.C. §§ 78j and 78ff*

8 1. The foregoing General Allegations, the allegations contained in paragraphs 6 through 17 of  
9 Count One, and the allegations contained in paragraphs 58 through 64 of Count Two are re-alleged and  
10 incorporated by reference as though fully set forth herein.

11 2. Beginning on a date unknown, but not later than 1997 and continuing to on or about 2007, in  
12 the State and Federal District of Nevada and elsewhere within the jurisdiction of this Court,

13 1. JEFFREY TURINO,  
14 2. JOHN EDWARDS,  
15 4. NICKOLAJ VISSOKOVSKY,  
16 5. MELISSA SPOONER,  
17 6. HELEN BAGLEY,  
18 7. JEFFREY MITCHELL,

19 defendants herein, aiding and abetting one another and others known and unknown, unlawfully, willfully  
20 and knowingly, by use of means and instrumentalities of interstate commerce and the mails, directly and  
21 indirectly did use and employ manipulative and deceptive devices and contrivances in connection with  
22 the purchase and sale of a security, to wit: stock of BioTech Medics, Inc., in contravention of Rule  
23 10b-5 and Rule 10b5-1 of the Rules and Regulations promulgated by the United States Securities and  
24 Exchange Commission (codified in Title 17, Code of Federal Regulations, Sections 240.10b-5 and  
25 240.10b5-1), and did (a) employ a device, scheme and artifice to defraud; (b) make untrue statements  
26 of material facts and omit to state material facts necessary in order to make the statements made, in light  
of the circumstance under which they were made, not misleading; and (c) engage in acts, practices and

1 a course of business, which would and did operate as a fraud and deceit upon prospective investors in  
2 connection with the purchase and sale of a security.

3 All in violation of Title 15, United States Code, Sections 78j(b) and 78ff.

4 **COUNT TWELVE**

5 *Fraudulent Interstate Securities Transactions in violation of 15 U.S.C. §§ 77q and 77x*

6 1. The foregoing General Allegations, the allegations contained in paragraphs 6 through 17 of  
7 Count One, and the allegations contained in paragraphs 65 through 79 of Count Two are re-alleged and  
8 incorporated by reference as though fully set forth herein.

9 2. Beginning on a date unknown, but not later than 2001 and continuing to on or about October  
10 2008, in the State and Federal District of Nevada and elsewhere within the jurisdiction of this Court,

- 11 1. JEFFREY TURINO,
- 12 2. JOHN EDWARDS,
- 13 4. NICKOLAJ VISSOKOVSKY,
- 14 5. MELISSA SPOONER,
- 6. HELEN BAGLEY,
- 7. JEFFREY MITCHELL,

15 defendants herein, aiding and abetting one another and others known and unknown, unlawfully and  
16 willfully, in the offer and sale of securities, to wit: stock of Global Diamond Exchange, Inc., directly  
17 and indirectly used the wires and means and instruments of transportation and communication in  
18 interstate commerce to: (a) employ a device, scheme and artifice to defraud; (b) obtain money or  
19 property by means of an untrue statement of a material fact or any omission to state a material fact  
20 necessary in order to make the statements made, in light of the circumstances under which they were  
21 made, not misleading; and (c) engage in any transaction, practice, or course of business which operates  
22 or would operate as a fraud or deceit upon the purchaser.

23 All in violation of Title 15, United States Code, Sections 77q(a) and 77x.

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**COUNT THIRTEEN**

*Securities Fraud & Insider Trading in violation of 15 U.S.C. §§ 78j and 78ff*

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1. The foregoing General Allegations, the allegations contained in paragraphs 6 through 17 of Count One, and the allegations contained in paragraphs 65 through 79 of Count Two are re-alleged and incorporated by reference as though fully set forth herein.

2. Beginning on a date unknown, but not later than 2001 and continuing to on or about October 2008, in the State and Federal District of Nevada and elsewhere within the jurisdiction of this Court,

- 1. JEFFREY TURINO,
- 2. JOHN EDWARDS,
- 4. NICKOLAJ VISSOKOVSKY,
- 5. MELISSA SPOONER,
- 6. HELEN BAGLEY,
- 7. JEFFREY MITCHELL,

defendants herein, aiding and abetting one another and others known and unknown, unlawfully, willfully and knowingly, by use of means and instrumentalities of interstate commerce and the mails, directly and indirectly did use and employ manipulative and deceptive devices and contrivances in connection with the purchase and sale of a security, to wit: stock of Global Diamond Exchange, Inc., in contravention of Rule 10b-5 and Rule 10b5-1 of the Rules and Regulations promulgated by the United States Securities and Exchange Commission (codified in Title 17, Code of Federal Regulations, Sections 240.10b-5 and 240.10b5-1), and did (a) employ a device, scheme and artifice to defraud; (b) make untrue statements of material facts and omit to state material facts necessary in order to make the statements made, in light of the circumstance under which they were made, not misleading; and (c) engage in acts, practices and a course of business, which would and did operate as a fraud and deceit upon prospective investors in connection with the purchase and sale of a security.

All in violation of Title 15, United States Code, Sections 78j(b) and 78ff.

**COUNT FOURTEEN**

*Conspiracy to Commit Money Laundering in violation of 18 U.S.C. § 1956(h)*

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1. The foregoing General Allegations, the allegations contained in paragraphs 6 through 17 of Count One, and the allegations contained Count Two through Count Thirteen are re-alleged and incorporated by reference as though fully set forth herein.

2. Beginning on a date unknown, but not later than 1997, and continuing to on or about March 2010, in the State and Federal District of Nevada and elsewhere within the jurisdiction of this Court,

- 1. JEFFREY TURINO,
- 2. JOHN EDWARDS,
- 3. URBAN CASAVANT,
- 4. NICKOLAJ VISSOKOVSKY,
- 5. MELISSA SPOONER,
- 7. JEFFREY MITCHELL
- 9. GINGER GUTIERREZ, and
- 10. JAMES KINNEY,

defendants herein, knowingly and willfully combined, conspired, and agreed with one another, and others known and unknown, to commit the following offenses under Title 18, United States Code, Sections 1956 and 1957:

- (a) To conduct financial transactions, in and affecting interstate and foreign commerce, involving the proceeds of specified unlawful activities, to wit: fraud in the sale of securities, with the intent to promote the carrying on of such specified unlawful activities, and knowing that the property involved in the transactions represented the proceeds of some form of unlawful activity, in violation of 18 U.S.C. § 1956(a)(1)(A)(i);
- (b) To conduct financial transactions, in and affecting interstate and foreign commerce, involving the proceeds of specified unlawful activities, to wit: fraud in the sale of securities, knowing that the transactions were designed in whole or in part to conceal and disguise the nature, source, ownership, and control of the proceeds of such specified unlawful activities, and knowing that the property involved in the transactions

1 represented the proceeds of some form of unlawful activity, in violation of 18 U.S.C.  
2 § 1956(a)(1)(B)(i); and

3 (c) To knowingly engage in monetary transactions, that is the deposit, withdrawal and transfer of  
4 funds and monetary instruments by, through or to a financial institution, in or affecting interstate  
5 or foreign commerce, in criminally derived property of a value greater than  
6 \$10,000, such property having been derived from specified unlawful activities, to wit: fraud  
7 in the sale of securities, in violation of Title 18, United States Codes, Section 1957.

8 **COUNT FIFTEEN**  
9 *Tax Evasion in violation of 26 U.S.C. § 7201*

10 1. The foregoing General Allegations, the allegations contained in paragraphs 6 through 17 of  
11 Count One, and the allegations contained in paragraphs 12 through 43 of Count Two, and the allegations  
12 contained in Count Three through Count Six, are re-alleged and incorporated by reference as though  
13 fully set forth herein.

14 2. On or about February 14, 2005, in the State and Federal District of Nevada and elsewhere within  
15 the jurisdiction of this Court,

16 **2. URBAN CASAVANT,**

17 a defendant herein, then a resident of Las Vegas, Nevada, did willfully attempt to evade and defeat a  
18 portion of the income tax due and owing by him to the United States of America for the calendar year  
19 2004, by failing to claim income received in that year to the Internal Revenue Service as required by law,  
20 and by concealing his income from the stock and securities of CMKM Diamonds, Inc., by using  
21 nominees to conceal and disguise his interest in the shares and the proceeds, and by routing proceeds to  
22 accounts of nominees, corporate alter egos, and other entities which he controlled, concealing and  
23 disguising the source and ownership of the funds.

24 All in violation of Title 26, United States Code, Section 7201.  
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**FORFEITURE ALLEGATION ONE**

*Conspiracy to Conduct or Participate in an Enterprise Engaged in  
a Pattern of Racketeering Activity in violation of 18 U.S.C. § 1962*

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1. The allegations contained in Count One of this Second Superseding Criminal Indictment are hereby re-alleged and incorporated by herein reference as if fully set forth herein for the purpose of alleging forfeiture pursuant to Title 18, United States Code, Section 1963(a)(1), (2), and (3).

2. Upon a conviction of the felony offense charged in Count One of this Second Superseding Criminal Indictment,

- 1. JEFFREY TURINO,
- 2. JOHN EDWARDS,
- 3. URBAN CASAVANT,
- 4. NICKOLAJ VISSOKOVSKY, and
- 5. MELISSA SPOONER,

defendants herein, shall forfeit to the United States of America:

- (a) all interests acquired and maintained in violation of Title 18, United States Code, Section 1962;
- (b) all interests in, securities of, claims against, and property and contractual rights of any kind affording a source of influence over, the enterprise named and described herein which the defendant established, operated, controlled, conducted, and participated in the conduct of, in violation of Title 18, United States Code, Section 1962; and
- (c) all property constituting and derived from proceeds obtained, directly and indirectly, from racketeering activity in violation of Title 18, United States Code, Section 1962 up to an in personam criminal forfeiture money judgment of \$70,000,000.00 in United States currency.

3. If any property being subject to forfeiture pursuant to Title 18, United States Code, Section 1963(a)(1), (2), and (3) as a result of any act or omission of the defendants:

- a. cannot be located upon the exercise of due diligence;
- b. has been transferred or sold to, or deposited with, a third party;
- c. has been placed beyond the jurisdiction of this Court;
- d. has been substantially diminished in value; or
- e. has been commingled with other property which cannot be divided



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without difficulty;

it is the intent of the United States of America to seek forfeiture of any properties of defendants up to \$70,000,000.00 in United States currency pursuant to Title 18, United States Code, Section 1963(m).

All pursuant to Title 18, United States Code, Sections 1962, 1963(a)(1), (2), and (3), and 1963(m).

**FORFEITURE ALLEGATION TWO**

*Conspiracy to Sell Unregistered Securities, to Make False Statements to SEC, to Evade Filing Periodic Reports, and to Commit Securities Fraud & Insider Trading in violation of 15 U.S.C. §§ 77e, 77q, 77x, 78m, 78j & 78ff*

1. The allegations contained in Count Two of this Second Superseding Criminal Indictment are hereby re-alleged and incorporated herein by reference as if fully set forth herein for the purpose of alleging forfeiture pursuant to the provisions of Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c).

2. Upon a conviction of the felony offense charged in Count Two of this Second Superseding Criminal Indictment,

- 1. JEFFREY TURINO,
- 2. JOHN EDWARDS,
- 3. URBAN CASAVANT,
- 4. NICKOLAJ VISSOKOVSKY,
- 5. MELISSA SPOONER,
- 6. HELEN BAGLEY,
- 7. JEFFREY MITCHELL,
- 8. BRIAN DVORAK,
- 9. GINGER GUTIERREZ, and
- 10. JAMES KINNEY,

the defendants herein, shall forfeit to the United States of America any property constituting, or derived from, proceeds traceable to a conspiracy, in violation of Title 18, United States Code, Section 371, to commit violations of Title 15, United States Code, Sections 77e(a)(1), 77e(a)(2), 77e(c), 77ff(a), 77q(a), 77x, 78j(b), 78m(a), 78o(d) and 78ff, securities fraud, a specified unlawful activity as defined in Title 18, United States Code, Sections 1956(c)(7)(A) and 1961(1)(D), or a conspiracy to commit such offenses up to an *in personam* criminal forfeiture money judgment of \$70,000,000.00 in United States currency.

1 3. If any property being subject to forfeiture pursuant to Title 18, United States Code, Section  
2 981(a)(1)(C) and Title 28, United States Code, Section 2461(c), as a result of any act or omission of the  
3 defendants –

- 4 a. cannot be located upon the exercise of due diligence;
- 5 b. has been transferred or sold to, or deposited with, a third party;
- 6 c. has been place beyond the jurisdiction of the court;
- 7 d. has been substantially diminished in value; or
- 8 e. has been commingled with other property that cannot be divided without  
9 difficulty;

10 It is the intent of the United States of America to seek forfeiture of any properties of the defendants up  
11 to \$70,000,000.00 in United States currency pursuant to Title 21, United States Code, Section 853(p).

12 All pursuant to Title 18, United States Code, Section 371, to commit violations of Title 15,  
13 United States Code, Sections 77e(a)(1), 77e(a)(2), 77e(c), 77q(a), 77ff(a), 77x, 78j(b) 78m(a), 78o(d), and  
14 78ff; Title 18, United States Code, Sections 981(a)(1)(C), 1956(c)(7)(A), 1961(1)(D), and Title 28,  
15 United States Code, Section 2461(c); and Title 21, United States Code, Section 853(p).

16 **FORFEITURE ALLEGATION THREE**  
17 *Conspiracy to Commit Securities Fraud*

18 1. The allegations contained in Count Three of this Second Superseding Criminal Indictment are  
19 hereby re-alleged and incorporated herein by reference as if fully set forth herein for the purpose of  
20 alleging forfeiture pursuant to the provisions of Title 18, United States Code, Section 981(a)(1)(C) and  
21 Title 28, United States Code, Section 2461(c).

22 2. Upon a conviction of the felony offense charged in Count Three of this Second Superseding  
23 Criminal Indictment,

- 24 1. JEFFREY TURINO,
- 25 2. JOHN EDWARDS,
- 26 3. URBAN CASAVANT,
- 6. HELEN BAGLEY,
- 7. JEFFREY MITCHELL,
- 8. BRIAN DVORAK,

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3 **9. GINGER GUTIERREZ, and**  
4 **10. JAMES KINNEY,**

5 defendants herein, shall forfeit to the United States of America any property constituting, or derived  
6 from, proceeds traceable to a conspiracy, in violation of Title 18, United States Code, Section 1349,  
7 to commit violations of Title 18, United States Code, Section 1348, securities fraud, a specified  
8 unlawful activity as defined in Title 18, United States Code, Sections 1956(c)(7)(A) and 1961(1)(D),  
9 or a conspiracy to commit such offenses up to an *in personam* criminal forfeiture money judgment of  
10 \$60,000,000.00 in United States currency.

11 3. If any property being subject to forfeiture pursuant to Title 18, United States Code, Section  
12 981(a)(1)(C) and Title 28, United States Code, Section 2461(c), as a result of any act or omission of  
13 the defendants –

- 14 a. cannot be located upon the exercise of due diligence;  
15 b. has been transferred or sold to, or deposited with, a third party;  
16 c. has been place beyond the jurisdiction of the court;  
17 d. has been substantially diminished in value; or  
18 e. has been commingled with other property that cannot be divided without  
19 difficulty;

20 it is the intent of the United States of America to seek forfeiture of any properties of the defendants  
21 up to \$60,000,000.00 in United States currency pursuant to Title 21, United States Code, Section  
22 853(p).

23 All pursuant to Title 18, United States Code, Section 1349, to commit violations of Title 18,  
24 United States Code, Section 1348; Title 18, United States Code, Sections 981(a)(1)(C),  
25 1956(c)(7)(A), 1961(1)(D), and Title 28, United States Code, Section 2461(c); and Title 21, United  
26 States Code, Section 853(p).

**FORFEITURE ALLEGATION FOUR**  
*Fraudulent Interstate Securities Transactions and Securities Fraud*

1 1. The allegations contained in Counts Four and Five of this Second Superseding Criminal  
2 Indictment are hereby re-alleged and incorporated herein by reference as if fully set forth herein for  
3 the purpose of alleging forfeiture pursuant to the provisions of Title 18, United States Code, Section  
4 981(a)(1)(C) and Title 28, United States Code, Section 2461(c).

5 2. Upon a conviction of the felony offense charged in Counts Four and Five of this Second  
6 Superseding Criminal Indictment,

- 7 1. JEFFREY TURINO,
- 8 2. JOHN EDWARDS,
- 9 3. URBAN CASAVANT,
- 10 6. HELEN BAGLEY,
- 11 7. JEFFREY MITCHELL,
- 12 8. BRIAN DVORAK,
- 13 9. GINGER GUTIERREZ, and
- 14 10. JAMES KINNEY,

15 defendants herein, shall forfeit to the United States of America any property constituting, or derived  
16 from, proceeds traceable to said violations of Title 15, United States Code, Sections 77q(a), 77x,  
17 78j(b) and 78ff, securities fraud, a specified unlawful activity as defined in Title 18, United States  
18 Code, Sections 1956(c)(7)(A) and 1961(1)(D), or a conspiracy to commit such offenses up to an *in*  
19 *personam* criminal forfeiture money judgment of \$60,000,000.00 in United States currency.

20 3. If any property being subject to forfeiture pursuant to Title 18, United States Code, Section  
21 981(a)(1)(C) and Title 28, United States Code, Section 2461(c), as a result of any act or omission of  
22 the defendants –

- 23 a. cannot be located upon the exercise of due diligence;
- 24 b. has been transferred or sold to, or deposited with, a third party;
- 25 c. has been placed beyond the jurisdiction of the court;
- 26 d. has been substantially diminished in value, or;
- e. has been commingled with other property that cannot be divided without  
difficulty;

1 It is the intent of the United States of America to seek forfeiture of any properties of the defendants  
2 up to \$60,000,000.00 in United States currency pursuant to Title 21, United States Code, Section  
3 853(p).

4 All pursuant to Title 18, United States Code, Sections 77q(a) and 78j(b); Title 18, United  
5 States Code, Sections 981(a)(1)(C), 1956(c)(7)(A), 1961(1)(D), and Title 28, United States Code,  
6 Section 2461(c); and Title 21, United States Code, Section 853(p).

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8 **FORFEITURE ALLEGATION FIVE**  
*Securities Fraud*

9 1. The allegations contained in Count Six of this Second Superseding Criminal Indictment are  
10 hereby re-alleged and incorporated herein by reference as if fully set forth herein for the purpose of  
11 alleging forfeiture pursuant to the provisions of Title 18, United States Code, Section 981(a)(1)(C)  
12 and Title 28, United States Code Section 2461(c).

13 2. Upon a conviction of the felony offense charged in Count Six of this Second Superseding  
14 Criminal Indictment,

15 **1. JEFFREY TURINO,**  
16 **2. JOHN EDWARDS,**  
**3. URBAN CASAVANT,**  
17 **6. HELEN BAGLEY,**  
**7. JEFFREY MITCHELL,**  
18 **8. BRIAN DVORAK,**  
**9. GINGER GUTIERREZ, and**  
19 **10. JAMES KINNEY,**

20 defendants herein, shall forfeit to the United States of America any property constituting, or derived  
21 from, proceeds traceable to said violation of Title 18, United States Code, Section 1348, securities  
22 fraud, a specified unlawful activity as defined in Title 18, United States Code, Sections  
23 1956(c)(7)(A) and 1961(1)(D), or a conspiracy to commit such offenses up to an *in personam*  
24 criminal forfeiture money judgment of \$60,000,000.00 in United States currency.

1 3. If any property being subject to forfeiture pursuant to Title 18, United States Code, Section  
2 981(a)(1)(C) and Title 28, United States Code, Section 2461(c), as a result of any act or omission of  
3 the defendants –

- 4 a. cannot be located upon the exercise of due diligence;
- 5 b. has been transferred or sold to, or deposited with, a third party;
- 6 c. has been place beyond the jurisdiction of the court;
- 7 d. has been substantially diminished in value, or;
- 8 e. has been commingled with other property that cannot be divided without  
9 difficulty;

10 It is the intent of the United States of America to seek forfeiture of any properties of the defendants  
11 up to \$60,000,000.00 in United States currency pursuant to Title 21, United States Code, Section  
12 853(p).

13 All pursuant to Title 18, United States Code, Section 1348; and Title 18, United States  
14 Code, Sections 981(a)(1)(C), 1956(c)(7)(A), 1961(1)(D), and Title 28, United States Code, Section  
15 2461(c); and Title 21, United States Code, Section 853(p).

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**FORFEITURE ALLEGATION SIX**

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*Fraudulent Interstate Securities Transactions and Securities Fraud*

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20 1. The allegations contained in Counts Seven and Eight of this Second Superseding Criminal  
21 Indictment are hereby re-alleged and incorporated herein by reference as if fully set forth herein for  
22 the purpose of alleging forfeiture pursuant to the provisions of Title 18, United States Code, Section  
23 981(a)(1)(C) and Title 28, United States Code, Section 2461(c).

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25 2. Upon a conviction of the felony offense charged in Counts Seven and Eight of this Second  
26 Superseding Criminal Indictment,

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- 1. JEFFREY TURINO,
- 2. JOHN EDWARDS,
- 6. HELEN BAGLEY,
- 7. JEFFREY MITCHELL, and

28

1 **8. BRIAN DVORAK,**

2 defendants herein, shall forfeit to the United States of America any property constituting, or derived  
3 from, proceeds traceable to said violations of Title 15, United States Code, Sections 77q(a), 77x,  
4 78j(b) and 78ff, securities fraud, a specified unlawful activity as defined in Title 18, United States  
5 Code, Sections 1956(c)(7)(A) and 1961(1)(D), or a conspiracy to commit such offenses up to an *in*  
6 *personam* criminal forfeiture money judgment of \$117,000.00 in United States currency.

7 3. If any property being subject to forfeiture pursuant to Title 18, United States Code, Section  
8 981(a)(1)(C) and Title 28, United States Code, Section 2461(c), as a result of any act or omission of  
9 the defendants –

- 10 a. cannot be located upon the exercise of due diligence;  
11 b. has been transferred or sold to, or deposited with, a third party;  
12 c. has been place beyond the jurisdiction of the court;  
13 d. has been substantially diminished in value, or;  
14 e. has been commingled with other property that cannot be divided without  
15 difficulty;

16 it is the intent of the United States of America to seek forfeiture of any properties of the defendant up  
17 to \$117,000.00 in United States currency pursuant to Title 21, United States Code, Section 853(p).

18 All pursuant to Title 18, United States Code, Sections 77q(a), 77x, 78j(b), and 78ff, Title 18,  
19 United States Code, Sections 981(a)(1)(C), 1956(c)(7)(A), 1961(1)(D), and Title 28, United States  
20 Code, Section 2461(c); and Title 21, United States Code, Section 853(p).

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22 **FORFEITURE ALLEGATION SEVEN**  
23 *Securities Fraud*

24 1. The allegations contained in Count Nine of this Second Superseding Criminal Indictment  
25 are hereby re-alleged and incorporated herein by reference as if fully set forth herein for the purpose  
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1 of alleging forfeiture pursuant to the provisions of Title 18, United States Code, Section 981(a)(1)(C)  
2 and Title 28, United States Code, Section 2461(c).

3 2. Upon a conviction of the felony offense charged in Count Nine of this Second Superseding  
4 Criminal Indictment,

- 5 1. JEFFREY TURINO,
- 6 2. JOHN EDWARDS,
- 7 6. HELEN BAGLEY,
- 8 7. JEFFREY MITCHELL, and
- 9 8. BRIAN DVORAK,

10 defendants herein, shall forfeit to the United States of America any property constituting, or derived  
11 from, proceeds traceable to said violation of Title 18, United States Code, Section 1348, securities  
12 fraud, a specified unlawful activity as defined in Title 18, United States Code, Sections  
13 1956(c)(7)(A) and 1961(1)(D), or a conspiracy to commit such offenses up to an *in personam*  
14 criminal forfeiture money judgment of \$117,000.00 in United States currency:

15 3. If any property being subject to forfeiture pursuant to Title 18, United States Code, Section  
16 981(a)(1)(C) and Title 28, United States Code, Section 2461(c), as a result of any act or omission of  
17 the defendants –

- 18 a. cannot be located upon the exercise of due diligence;
- 19 b. has been transferred or sold to, or deposited with, a third party;
- 20 c. has been place beyond the jurisdiction of the court;
- 21 d. has been substantially diminished in value, or;
- 22 e. has been commingled with other property that cannot be divided without  
23 difficulty;

24 it is the intent of the United States of America to seek forfeiture of any properties of the defendant up  
25 to \$117,000.00 in United States currency pursuant to Title 21, United States Code, Section 853(p).

26 All pursuant to Title 18, United States Code, Section 1348; Title 18, United States Code,  
Sections 981(a)(1)(C), 1956(c)(7)(A), 1961(1)(D), and Title 28, United States Code, Section  
2461(c); and Title 21, United States Code, Section 853(p).



**FORFEITURE ALLEGATION EIGHT**

*Fraudulent Interstate Securities Transactions and Securities Fraud*

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3 1. The allegations contained in Counts Ten and Eleven of this Second Superseding Criminal  
4 Indictment are hereby re-alleged and-incorporated herein by reference as if fully set forth herein for  
5 the purpose of alleging forfeiture pursuant to the provisions of Title 18, United States Code, Section  
6 981(a)(1)(C) and Title 28, United States Code, Section 2461(c).

7 2. Upon a conviction of the felony offense charged in Counts Ten and Eleven Thirteen of this  
8 Second Superseding Criminal Indictment,

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1. JEFFREY TURINO,
  2. JOHN EDWARDS,
  4. NICKOLAJ VISSOKOVSKY,
  5. MELISSA SPOONER,
  6. HELEN BAGLEY, and
  7. JEFFREY MITCHELL,

13 defendants herein, shall forfeit to the United States of America any property constituting, or derived  
14 from, proceeds traceable to said violations of Title 15, United States Code, Sections 77q(a), 77x,  
15 78j(b) and 78ff, securities fraud, a specified unlawful activity as defined in Title 18, United States  
16 Code, Sections 1956(c)(7)(A) and 1961(1)(D), or a conspiracy to commit such offenses up to an *in*  
17 *personam* criminal forfeiture money judgment of \$1,000,000.00 in United States currency.

18 3. If any property being subject to forfeiture pursuant to Title 18, United States Code, Section  
19 981(a)(1)(C) and Title 28, United States Code Section 2461(c), as a result of any act or omission of  
20 the defendants –

- a. cannot be located upon the exercise of due diligence;
- b. has been transferred or sold to, or deposited with, a third party;
- c. has been place beyond the jurisdiction of the court;
- d. has been substantially diminished in value, or;
- e. has been commingled with other property that cannot be divided without  
difficulty;

1 it is the intent of the United States of America to seek forfeiture of any properties of the defendant up  
2 to \$1,000,000.00 in United States currency pursuant to Title 21, United States Code, Section 853(p).

3 All pursuant to Title 18, United States Code, Sections 77q(a), 77x, 78j(b) and 78ff; Title 18,  
4 United States Code, Sections 981(a)(1)(C), 1956(c)(7)(A), 1961(1)(D), and Title 28, United States  
5 Code Section 2461(c); and Title 21, United States Code, Section 853(p).

6 **FORFEITURE ALLEGATION NINE**

7 *Fraudulent Interstate Securities Transactions and Securities Fraud*

8 1. The allegations contained in Counts Twelve and Thirteen of this Second Superseding  
9 Criminal Indictment are hereby re-alleged and incorporated herein by reference as if fully set forth  
10 herein for the purpose of alleging forfeiture pursuant to the provisions of Title 18, United States  
11 Code Sections 981(a)(1)(C) and Title 28, United States Code, Section 2461(c).

12 2. Upon a conviction of the felony offense charged in Counts Twelve and Thirteen of this  
13 Second Superseding Criminal Indictment,

- 14 **1. JEFFREY TURINO,**  
15 **2. JOHN EDWARDS,**  
16 **4. NICKOLAJ VISSOKOVSKY,**  
17 **5. MELISSA SPOONER,**  
**6. HELEN BAGLEY, and**  
**7. JEFFREY MITCHELL,**

18 defendants herein, shall forfeit to the United States of America any property constituting, or derived  
19 from, proceeds traceable to said violations of Title 15, United States Code, Sections 77q(a), 77x,  
20 78j(b), and 78ff, securities fraud, a specified unlawful activity as defined in Title 18, United States  
21 Code, Sections 1956(c)(7)(A) and 1961(1)(D), or a conspiracy to commit such offenses up to an *in*  
22 *personam* criminal forfeiture money judgment of \$5,200,000.00 in United States currency.

23 3. If any property being subject to forfeiture pursuant to Title 18, United States Code, Section  
24 981(a)(1)(C) and Title 28, United States Code, Section 2461(c), as a result of any act or omission of  
25 the defendants –

- 26 a. cannot be located upon the exercise of due diligence;

- 1 b. has been transferred or sold to, or deposited with, a third party;
- 2 c. has been place beyond the jurisdiction of the court;
- 3 d. has been substantially diminished in value, or;
- 4 e. has been commingled with other property that cannot be divided without  
5 difficulty;

6 it is the intent of the United States of America to seek forfeiture of any properties of the defendant up  
7 to \$5,200,000.00 in United States currency pursuant to Title 21, United States Code, Section 853(p).

8 All pursuant to Title 18, United States Code, Sections 77q(a), 77x, 78j(b), and 78ff; Title 18,  
9 United States Code Sections 981(a)(1)(C), 1956(c)(7)(A), 1961(1)(D), and Title 28, United States  
10 Code Section 2461(c); and Title 21, United States Code, Section 853(p).

11 **FORFEITURE ALLEGATION TEN**  
12 *Conspiracy to Commit Money Laundering*

13 1. The allegations contained in Count Fourteen of this Second Superseding Criminal  
14 Indictment are hereby re-alleged and incorporated herein by reference as if fully set forth herein for  
15 the purpose of alleging forfeiture pursuant to the provisions of Title 18, United States Code, Section  
16 981(a)(1)(A) and Title 28, United States Code Section 2461(c).

17 2. Upon a conviction of the felony offense charged in Count Fourteen of this Second  
18 Superseding Criminal Indictment,

- 19 1. JEFFREY TURINO,
- 20 2. JOHN EDWARDS,
- 21 3. URBAN CASAVANT,
- 22 4. NICKOLAJ VISSOKOVSKY,
- 23 5. MELISSA SPOONER,
- 24 9. GINGER GUTIERREZ, and
- 25 10. JAMES KINNEY,

26 defendants herein, shall forfeit to the United States of America any property involved in a transaction  
or attempted transaction in violation of Title 18, United States Code, Section 1956(h), or property  
traceable to such property, up to ~~an~~ *in personam* criminal forfeiture money judgment of  
\$70,000,000.00 in United States currency.

1 3. If any property being subject to forfeiture pursuant to Title 18, United States Code, Section  
2 981(a)(1)(A) and Title 28, United States Code, Section 2461(c), as a result of any act or omission of  
3 the defendants –

- 4 a. cannot be located upon the exercise of due diligence;
- 5 b. has been transferred or sold to, or deposited with, a third party;
- 6 c. has been place beyond the jurisdiction of the court;
- 7 d. has been substantially diminished in value, or;
- 8 e. has been commingled with other property that cannot be divided without  
9 difficulty;

10 It is the intent of the United States of America to seek forfeiture of any properties of the defendant up  
11 to \$70,000,000.00 in United States currency pursuant to Title 21, United States Code, Section  
12 853(p).

13 All pursuant to Title 18, United States Code, Section 981(a)(1)(A) and Title 28, United  
14 States Code, Section 2461(c); Title 18, United States Code, Section 1956(h); and Title 21, United  
15 States Code, Section 853(p).

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**FORFEITURE ALLEGATION ELEVEN**  
*Conspiracy to Commit Money Laundering*

20  
21 1. The allegations contained in Count Fourteen of this Second Superseding Criminal  
22 Indictment are hereby re-alleged and incorporated herein by reference as if fully set forth herein for  
23 the purpose of alleging forfeiture pursuant to the provisions of Title 18, United States Code, Section  
24 981(a)(1)(C) and Title 28, United States Code, Section 2461(c).

25 2. Upon a conviction of the felony offense charged in Count Fourteen of this Second  
26 Superseding Criminal Indictment,

- 1 1. JEFFREY TURINO,
- 2 2. JOHN EDWARDS,
- 3 3. URBAN CASAVANT,
- 4 4. NICKOLAJ VISSOKOVSKY,
- 5 5. MELISSA SPOONER,
- 6 9. GINGER GUTIERREZ, and
- 7 10. JAMES KINNEY,

8 defendants herein, shall forfeit to the United States of America any property constituting, or derived  
9 from, proceeds traceable to a conspiracy, in violation of Title 18, United States Code, Section  
10 1956(h), a specified unlawful activity as defined in Title 18, United States Code, Sections  
11 1956(c)(7)(A) and 1961(1)(D), or a conspiracy to commit such offenses up to an *in personam*  
12 criminal forfeiture money judgment of \$70,000,000.00 in United States currency.

13 3. If any property being subject to forfeiture pursuant to Title 18, United States Code, Section  
14 981(a)(1)(C) and Title 28, United States Code, Section 2461(c), as a result of any act or omission of  
15 the defendants –

- 16 a. cannot be located upon the exercise of due diligence;
- 17 b. has been transferred or sold to, or deposited with, a third party;
- 18 c. has been place beyond the jurisdiction of the court;
- 19 d. has been substantially diminished in value, or;
- 20 e. has been commingled with other property that cannot be divided without  
21 difficulty;

22 it is the intent of the United States of America to seek forfeiture of any properties of the defendant up  
23 to \$70,000,000.00 in United States currency pursuant to Title 21, United States Code, Section  
24 853(p).

25 All pursuant to Title 18, United States Code, Section 1956(h); Title 18, United States Code,  
26 Section 981(a)(1)(C), 1956(c)(7)(A), 1961(1)(D), and Title 28, United States Code, Section 2461(c);  
and Title 21, United States Code, Section 853(p).

**FORFEITURE ALLEGATION TWELVE**  
*Conspiracy to Commit Money Laundering*

1 1. The allegations contained in Count Fourteen of this Second Superseding Criminal  
2 Indictment are hereby re-alleged and incorporated herein by reference as if fully set forth herein for  
3 the purpose of alleging forfeiture pursuant to the provisions of Title 18, United States Code Sections  
4 982(a)(1).

5 2. Upon a conviction of the felony offense charged in Count Fourteen of this Second  
6 Superseding Criminal Indictment,

- 7 1. JEFFREY TURINO,
- 8 2. JOHN EDWARDS,
- 9 3. URBAN CASAVANT,
- 10 4. NICKOLAJ VISSOKOVSKY,
- 11 7. JEFFREY MITCHELL,
- 12 5. MELISSA SPOONER,
- 13 9. GINGER GUTIERREZ, and
- 14 10. JAMES KINNEY,

15 defendants herein, shall forfeit to the United States of America any property involved in violation of  
16 Title 18, United States Code, Section 1956(h), or property traceable to such property, up to an *in*  
17 *personam* criminal forfeiture money judgment of \$70,000,000.00 in United States currency.

18 3. If any property being subject to forfeiture pursuant to Title 18, United States Code, Section  
19 982(a)(1), as a result of any act or omission of the defendants –

- 20 a. cannot be located upon the exercise of due diligence;
- 21 b. has been transferred or sold to, or deposited with, a third party;
- 22 c. has been place beyond the jurisdiction of the court;
- 23 d. has been substantially diminished in value, or;
- 24 e. has been commingled with other property that cannot be divided without  
25 difficulty;

26 it is the intent of the United States of America to seek forfeiture of any properties of the defendant up  
to \$70,000,000.00 in United States currency pursuant to Title 21, United States Code, Section  
853(p).

1 All pursuant to Title 18, United States Code, Section 1956(h); Title 18, United States Code,  
2 Section 982(a)(1); and Title 21, United States Code, Section 853(p).

3 **DATED:** this 24 day of March 2010.

4 **A TRUE BILL:**

5  
6 /S/  
FOREPERSON OF THE GRAND JURY

7 DANIEL BOGDEN,  
United States Attorney

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10  **TIMOTHY S. VASQUEZ**  
**MICHAEL CHU**  
11 Assistant United States Attorneys

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