

RCK

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MARYLAND
Northern Division

UNITED STATES OF AMERICA,	*	
Plaintiff,	*	
	*	
v.	*	Civil No. _____
	*	
\$14,200,195.73 (JBL Services),	*	
Defendant.	*	
	*	
		...oooOooo...

VERIFIED COMPLAINT FOR FORFEITURE

The United States of America, through undersigned counsel, seeking forfeiture of \$14,200,195.73 that is more particularly described and identified in the attached Affidavit in Support of Seizure Warrants and is hereinafter also referred to as "defendant property," respectfully presents to the Court the following:

1. This Court has jurisdiction over this forfeiture action pursuant to 28 U.S.C. sections 1345 and 1355, and 18 U.S.C. section 981.
2. Venue is proper in this Court pursuant to 28 U.S.C. section 1395(b).
3. On or about January 24, 2008, and February 19, 2008, the defendant property was seized from various accounts in the name of JBL Service, Inc., and Transaction Solutions, Inc., at Wachovia Bank, Regions Bank, Bank of America, and Sun Trust Bank by duly authorized agents of the Internal Revenue Service.
4. Once seized, the defendant property was placed in the custody of the Internal Revenue Service in the District of Maryland, where it remains.

5. The defendant property is money involved in the operation of an illegal gambling business, and used in violation of 18 U.S.C. section 1955, and should be forfeited to the United States of America pursuant to 18 U.S.C. section 1955(d); it is also property involved in operating an illegal payment processing business in violation of 18 U.S.C. section 1960, and is property involved in money laundering transactions in violation of 18 U.S.C. sections 1956 and 1957, and should be forfeited to the United States of America pursuant to 18 U.S.C. section 981(a)(1)(A).

6. The forfeiture is based upon, but not limited to, the evidence outlined in the attached Affidavit of Randall S. Carrow, Special Agent, Internal Revenue Service, which is incorporated herein by reference.

WHEREFORE, the plaintiff prays as follows:

1. That any persons having an interest in the above-described defendant property be cited to appear herein and answer the Complaint;

2. That a Warrant in rem issue to the United States Department of the Treasury commanding them to arrest the defendant property;

3. That Judgment of Forfeiture be decreed against the defendant property;


4. That upon Final Decree of Forfeiture, the United States Department of the Treasury be directed to dispose of the defendant property according to law; and

5. That the plaintiff have such other and further relief as the case may require.

Respectfully submitted,

Rod J. Rosenstein
United States Attorney


March 4, 2008



Richard C. Kay
Assistant United States Attorney
36 South Charles Street
Fourth Floor
Baltimore, Maryland 21201
(410) 209-4800 Bar No. 06766

VERIFICATION

I, Richard C. Kay, declare under penalty of perjury as provided by 28 U.S.C. 1746, that the foregoing Complaint or Forfeiture in rem is based on reports and information furnished to me by the United States Department of the Treasury and the Internal Revenue Service, and that everything contained therein is true and correct to the best of my knowledge and belief.



Richard C. Kay
Assistant United States Attorney

08- - 130 BPG *thru* 08- - 133 BPG

Affidavit in Support of Seizure Warrants

I, Randall S. Carrow, having been duly sworn, do state and affirm as follows:

Agent Qualifications and Summary of the Investigation

1. I am a Special Agent with the Internal Revenue Service, Criminal Investigation Division (IRS CI), and have been employed in this capacity since March of 1987. I am currently assigned to the Baltimore Field Office of IRS CI. My responsibilities include the investigation of possible criminal violations of the Internal Revenue Laws (Title 26, United States Code), the Bank Secrecy Act (Title 31, United State Code), the Money Laundering Control Act (Title 18, United States Code) and related offenses. I have successfully completed the schools and/or training provided at the Federal Law Enforcement Training Center in the areas of Criminal Investigation and Techniques. I have attended various in-service and agency training seminars, with emphasis on the flow of money from both legal and illegal businesses, and the utilization of tax haven countries and nominees. I have also participated in presentations to banking officials and employees, and business owners and employees regarding their duties and responsibilities under the Internal Revenue Laws and the Bank Secrecy Act.

2. I have personally conducted or assisted in numerous investigations of alleged criminal violations of the Internal Revenue Laws, Bank Secrecy Act, and the Money Laundering Control Act. I have also participated in the investigation of offshore Internet gambling businesses operating in the United States. These investigations focused on individuals deriving income from both legal and illegal sources.

3. I have participated in the execution of numerous search and seizure warrants. These included searches of residences, businesses and safe deposit boxes. Materials sought and seized during execution of these warrants included records pertaining to the income and expenditures of businesses and individuals, currency, monetary instruments and assets.

4. Since approximately 2006, I have been investigating the operations of an Internet gambling web site called Bodog.com ("Bodog"). Bodog is owned and operated by Calvin Ayre, a citizen of Canada now living in Costa Rica. The physical infrastructure of Bodog is located variously in Vancouver, B.C., the Kahnawake Mohawk Reserve in Canada, and Costa Rica. However, Bodog operates extensively in the United States, taking bets from U.S. gamblers over the phone and via the Internet.

5. Because of various developments (Department of Justice prosecutions and new federal legislation), it has become more and more difficult for Internet gambling web site operators to move money into and out of the United States. To continue to make "payouts" to gamblers, some Internet gambling operators have begun using money processing businesses in the United States. Based on my training and experience, I know that, typically, the gambling

08- -130 BPG

thm

08- -133 BPG

web site operator will send a U.S. processor a check or wire transfer of a relatively large sum of money, usually hundreds of thousands or millions of dollars. The processor then distributes the money to individuals, either by check or electronic transfer of some type. None of the transfers identify the money involved as gambling proceeds.

6. Bodog, through various entities, has been sending money to a processor in Alpharetta, Georgia, named Michael Garone ("Garone"). Garone operates as a money processor, using several different business names, including JBL Services and Transaction Solutions. As detailed below, Garone has received millions of dollars, believed to be gambling business proceeds from Bodog, and transferred and distributed the money to recipients, believed to be gamblers, throughout the United States.

7. This Affidavit is submitted in support of an application for warrants to seize various accounts of JBL Services, Michael Garone, and Transaction Solutions, more particularly described below. I submit that this Affidavit sets forth sufficient facts to establish probable cause to believe that the specified accounts are involved in money laundering in violation of 18 U.S.C. section 1956, and are, therefore, subject to seizure and forfeiture pursuant to 18 U.S.C. section 981.

Applicable Statutes

8. The following state and federal statutes are applicable to this affidavit:

18 U.S.C. § 1084. Transmission of wagering information.

Whoever being engaged in the business of betting or wagering knowingly uses a wire communication facility for the transmission in interstate or foreign commerce of bets, or wagers or information assisting in the placing of bets or wagers shall be fined or imprisoned not more than two years, or both.

18 U.S.C. Section 1955. Prohibition of an Illegal Gambling Business:

(a) Whoever conducts, finances, manages, supervises, directs, or owns all or part of an illegal gambling business [has violated the criminal laws of the United States].

(b) As used in this section-

(1) "illegal gambling business" means a gambling business which-

(i) is a violation of the law of a State or political subdivision in which it is conducted;

(ii) involves five or more persons who conduct, finance, manage, supervise, direct, or own all or part of such business; and

08- - 130 BPG *shu* 08- - 133 BPG

(iii) has been or remains in substantially continuous operation for a period in excess of thirty days or has a gross revenue of \$2,000 in any single day.

(2) "gambling" includes but is not limited to poolselling, bookmaking....

(3) "State" means any State of the United States....

* * *

(d) Any property, including money, used in violation of the provision of this section may be seized and forfeited to the United States.

Maryland Criminal Code Section 12-102. Betting, wagering, gambling, and related activities.

(a) A person may not:

(1) bet, wager, or gamble;

(2) make or sell a book or pool on the result of a race, contest, or contingency;

* * *

(4) receive, become the depository of, record, register, or forward, or propose, agree, or pretend to forward, money or any other thing or consideration of value, to be bet, wagered, or gambled on the result of a race, contest, or contingency.

18 U.S.C. Section 1956. Laundering of Monetary Instruments:

Whoever, knowing that the property involved in a financial transaction represents the proceeds of some form of unlawful activity, conducts or attempts to conduct such a financial transaction which in fact involves the proceeds of a specified unlawful activity ... with the intent to promote the carrying on of specified unlawful activity [has violated the criminal laws of the United States].

18 U.S.C. Section 981. Asset forfeiture:

(a)(1) The following property is subject to forfeiture to the United States:

(A) Any property, real or personal, involved in a transaction or attempted transaction in violation of section 1956 ... of this title, or any property traceable to such property.

Summary of Evidence Establishing Probable Cause

9. IRS CI conducted interviews regarding Bodog.com, Calvin Ayre, and Bodog's operations in approximately 2003, and opened a formal investigation of Bodog in 2006. In February 2007, authorities working on the investigation interviewed a cooperating witness who had been employed by a company that developed software for poker and casino games for Bodog in 2005 and 2006. According to this cooperator, based on personal observations, Bodog employs approximately 150 people in Costa Rica who conduct the sports bookmaking operation

08- - 130 BPG *thru* 08- - 133 BPG

for Bodog. According to this cooperator, Bodog takes in from \$250,000 to millions per day on sports bookmaking alone.

10. In August of 2006, an informant who is not the cooperating witness, provided independent information and told me that he/she placed wagers on football games, basketball games, horse races, and played poker on Bodog.com's website while in Florida. The informant further stated that most of his/her wagers, placed between April 1, 2005 and May 22, 2005, were accomplished by making a call to a telephone number provided on the Bodog.com web site. The telephone numbers currently provided by the Bodog.com web site terminate at a call center located in Costa Rica. According to the Bodog.com web site, Bodog.com is licensed by the Kanahwake Gaming Commission, which is operated by the Native American Mohawk Tribe, located outside Montreal, Canada. The Bodog.com computer server is owned by Mohawk Internet Technologies, located at 1470 Route 138, Kanahwake Mohawk Territory, Quebec, Canada.

11. According to the informant, he/she was able to open a "house" account by following the instructions provided on Bodog.com and was required to maintain a balance equal to or greater than the amount of any wager he/she placed. In order to fund his/her Bodog.com account, the informant authorized Bodog.com to debit his/her personal bank account by completing the necessary paperwork on-line. Bodog.com personnel then withdrew funds directly from the informant's bank account to cover his/her wagers. The payments deducted from the informant's account by Bodog.com, were transferred to a company called Middleton Financial. From public records, the informant determined that Middleton Financial is incorporated in Nevada, and that Calvin Ayre ("Ayre") is the president of that business. The address for Middleton Financial, provided by Nevada state public records, is Incorp Services, Inc., 3155 East Patrick Lane, Suite 1, Las Vegas, Nevada. The Nevada State records confirm that Ayre is the president of Middleton Financial.

12. Bank records from Interstate Net Bank, a U.S. bank, reveal that between May 30, 2005, and December 15, 2005, Your Money Access LLC, a privately held Automated Clearing House ("ACH") processor, handled over \$74 million dollars in transactions for Middleton Financial and an associated processor, Gateway Financial Services. According to Interstate Net bank personnel, Middleton Financial described itself as an on-line payment processing company, charging \$2 per transaction for its processing services. In November 2005, Interstate Net Bank reported that Middleton Financial/Gateway accounts processed over 156,000 transactions, involving over \$39 million, originated by individuals located in every State within the United States and Puerto Rico. The bank further reported that it had contacted 25 individuals involved in transactions with or through Middleton Financial and asked them about the nature of their Middleton Financial transactions. In response, all 25 individuals stated that these transactions were the result of Internet gambling activity with Bodog.com.

08- -130 BPG *thw*

08- -133 BPG

13. A search of State of Nevada corporate records conducted in August of 2006 showed that Ayre, in addition to his position at Middleton Financial, is a director, officer or manager of EBanx Ltd, Gregor Financial Ltd, and BodogMusic Ltd, all incorporated in Nevada.

14. In 2003, IRS CI interviewed two former employees of Calvtek Industries, a company owned by Ayre. The former employees, who worked in the Accounting section of Calvtek, said that Stratham Finance was owned by Ayre, and incorporated in Malta. Affiant has confirmed that Stratham Finance is a Malta corporation. Stratham Finance's web site states that it is an online payment processing company. Advertising appearing on a web site at www.shufflecat.com/bodog accessed on June 15, 2007 and January 10, 2008, stated that the Bodog Group was owned by Stratham Finance. The Calvtek former employees also stated that Sutherland Finance was owned by Calvin Ayre, along with many other companies.

15. On January 10, 2008, an Internet query for Bodog Sportsbook obtained the following results: Bodog Poker, Bodog Casino, Bodog Racebook and Sportsbook. The Sportsbook web site stated that Bodog is now known as "Bodog Life."

16. In addition to using money processors to collect and distribute money, Bodog also used credit card processors. This allowed gamblers in the U.S. to use their credit cards to open gambling accounts, even though most credit card issuers have a policy against allowing their credit cards to be used for Internet gambling transactions. Federal investigators investigating one of these processors have provided me with copies of emails between the processor and a company called Dunhill Financial. The emails transmit a report of wire transfers from the processor's bank to Stratham Finance Ltd. The processor lists these transactions under its account for Bodog. I have also been given email wire requests transmitted from the processor to its bank, directing wire transfers from the processor's bank account to Stratham Finance Ltd. I have also seen an email request from the processor to one of its agents, requesting a wire transfer to "BODOG: Pay to Stratham Finance Ltd." I have also seen an email from the credit card processor to its bank, requesting wire transfers to "BoDog/Dunhill," payment to be made to the further credit of Lancashire Finance Ltd. A similar email from the processor to its bank, subject: "Wire Request - BoDog" requested that the wire transfer be directed to Carlisle Finance Ltd. All of the emails are dated in 2004 and 2005. Finally, I have been given a copy of an undated letter on Stratham Finance Ltd letterhead, signed by Pilar Catala, Director of eCommerce, directed to the credit card processor. The letter refers to "services to our merchant, Bodog.com. . . . While this merchant also offers Poker and Casino on their website, these other services are relatively new (since September 2004) . . . Stratham Finance Ltd has been in business since 2000 and has been processing transactions for the above merchant since 2002." According to former Bodog employees I spoke to in February of 2007, Pilar Catala was the "eCommerce" manager for Bodog.

17. On December 21, 2006, a Special Agent for IRS CI, acting in an undercover capacity ("the UCA") opened a "house" account with Bodog.com using an undercover bank

08- -130 BPG *then* # 08- -133 BPG

account, which was debited to fund the "house" account. The Bodog web site stated that direct bank debits would be listed on the gambler's bank statement as going to Middleton Financial, Dover Finance, Lawson Finance, Newton Finance, or Wiltshire Finance. The web site also stated that credit card payments would be listed on the gambler's statement as payments to either Bodog, or Stratham Finance.

18. On December 21, 2006, the UCA placed two wagers on football games online with Bodog.com **while the UCA was in Maryland**. During the course of the next several months, the UCA continued to place wagers on sporting events and play casino games on Bodog.com, **many of these from Maryland**. As of October 2007, the UCA has placed more than 30 bets, with total wagers of more than \$3,500.

19. In February of 2007, the UCA requested a payout from his Bodog account in the amount of \$1,500, to be paid to him by check. In March, the UCA **received a check by mail in Maryland** made payable to his undercover name. The check was drawn on account number 010-0040523-6 maintained with the Bank of North Georgia. The paying entity listed on the check was JBL Services Inc./Cumberland Finance, with a listed address of 12600 Deerfield Parkway, Suite 100, Alpharetta, GA, 30004, and a phone number of 1-866-480-7667. The check was signed by Michael Garone. When the UCA tried to deposit this check, it bounced. The UCA contacted Bodog, and received a new check, dated April 19, 2007, drawn on account number 1000059250505, maintained with SunTrust Bank. The paying entity on the second check was listed as JBL/Dorset Finance, with a listed address of 12600 Deerfield Parkway, Suite 100, Alpharetta, GA, 30004, and a phone number of 1-866-480-7659. This check was also signed by Michael Garone. This check did not bounce, and was deposited by the UCA. This demonstrates that Bodog, through various entities, has been sending money to Michael Garone, who operates as a funds processor in Alpharetta, Georgia, using several different business names, including JBL Services and Transaction Solutions. Bank records show that Transaction Solutions Inc. has the same business address as Garone's home residence address. The records that I have reviewed do not indicate that JBL Services or Transaction Solutions is engaged in any business other than processing payments for Bodog.

20. In October of 2007, the UCA requested another payout from Bodog in the amount of \$700.00, to be paid by check. The UCA received the requested check in November of 2007. The listed paying entity was JBL/Lawson Finance, at the same Deerfield Parkway address as that listed on the earlier checks, and a phone number of 1-866-480-7660. The check was drawn on SunTrust Bank account number 1000061774054, and was signed by Michael Garone.

21. I looked at the web sites for Cumberland Finance and Dorset Finance. The web sites are very similar. Both advertise that they are "an online payment processing company that has been in business for over 5 years offering safe, secure, and quick online payments." Neither web site offers a physical address, but the listed phone numbers match those on the checks described above.

08- - 130 BPG *thru* 08- - 133 BPG

JBL Services Bank Accounts - Bank of North Georgia

22. According to an official of the Bank of North Georgia, the account numbered 010-004-523-6 was maintained by JBL Services, Inc., 12600 Deerfield Parkway, Suite 100, Alpharetta, Georgia, but was closed by the Bank on April 16, 2007, because it had determined that the transactions in the account involved funds related to Internet gambling. The sole signatory on the account was Michael Garone. Bank records show that between March 6, 2007, and April 4, 2007, in excess of \$13 million dollars were wire transferred to this account. \$3.9 million came from a Debitran Payment Solutions account with Merrill Lynch, and \$6.9 million came from a JBL Services, Inc. **account number 0005148591018 maintained at BB & T**. After these deposits, many small checks were written on the account payable to individuals located around the United States. In March of 2007 alone, more than 9,000 checks were written on the JBL Services Bank of North Georgia account. I do not have records from Merrill Lynch stating the origin of the monies transferred to JBL Services, Inc. However, according to bank statements from First Citizens Bank, where Debitran also maintained an account, between October 12, 2006, and January 18, 2007, more than \$22 million was deposited to the Debitran account by Middleton Finance, Newton Finance, Dover Finance, Lawson Finance, and Wiltshire Finance. These "Finance" companies are among those listed by Bodog.com as handling gambling fund transactions. (See ¶17 above.)

Branch Banking & Trust (BB & T)

23. According to information provided by BB&T, JBL Services, 12600 Deerfield Parkway, Suite 100, Alpharetta, Georgia, had three accounts, numbered 0005148591018, 0005148591174 and 0005148591301, with the Bank, and Michael Garone was the sole signatory on all three. Bank officials stated that they were told by Garone that he worked as a collection agency and processed rebates. Bank records show that the following deposits were made to **account number 0005148591018** (opened at BB&T on February 14, 2007) from a Stratham Finance account at the Dresdner Bank in Frankfurt, Germany:

\$1,499,975 on April 3, 2007;
\$1,499,975 on April 3, 2007;
\$749,975 on April 12, 2007;
\$1,249,975 on April 13, 2007;
\$999,975 on April 13, 2007; and
\$999,975, also on April 13, 2007.

Additionally, this JBL Services account received wire transfer deposits from a Gateway Payment Solutions account at the Dresdner Bank, \$999, 982 on May 4, 2007, and \$999,973 on May 11, 2007. On April 24, 2007, \$2 million dollars was transferred from the **BB&T 0005148591018** account to the JBL Services account numbered **1000054341044 at SunTrust Bank**. Another \$1

08- -130 BPG *theu* 08- -133 BPG

million was transferred to the same account on April 30, 2007. There were also transfers from this account to the (now closed) JBL Services account at the Bank of North Georgia.

24. The **BB&T account numbered 0005148591174** was opened on March 29, 2007. A review of the account records shows numerous "batch" deposits (multiple items aggregated in a single deposit). These batch deposits are collected from individuals around the country, and based on my training and experience, these batch deposits represent the collection of funds on behalf of Internet gambling web sites, and are similar to the collection of funds from the UCA account with Bodog. In April of 2007, more than \$4 million dollars was deposited into this account through these batch deposits. On May 2, 2007, \$2 million was wired from this account to the JBL Services **account number 1000054341044 at SunTrust Bank**. Another \$1 million was wired to this same SunTrust account on May 10, 2007.

25. On November 1, 2007, BB & T informed the Government that it was transferring all of the assets in the JBL Services accounts to a JBL **account number 2000036929849 at Wachovia Bank**. BB & T stated that it took this step because the holding period for outstanding debits to the account had been exceeded. BB&T transferred a total of \$1,664,207.60 to the Wachovia account on November 1, 2007.

SunTrust Bank

26. According to records of SunTrust Bank, JBL Services, 12600 Deerfield Parkway, Suite 100, Alpharetta, Georgia, has four accounts with the Bank. **Account number 1000054339469** was opened on February 21, 2007. **Account number 1000059250505** was opened on April 20, 2007. **Account number 1000054341044** was opened on April 23, 2007. [Records for the fourth account, number 1000061774054, have not been reviewed.] Records for these three accounts show that Michael Garone is the sole signatory. When Michael Garone opened these accounts, he told a Bank official that he would be using the account to process payments for collection agencies.

27. SunTrust Bank records show that **account number 100054339469** received batch deposits similar to those described above. In April of 2007, three transfers were made to SunTrust **account number 1000059250505 from the JBL Services Inc. SunTrust account number 1000054341044**, totaling \$1,350,000. There were 1,046 checks written on this account in that month, totaling \$794,509.06. One of the gambling payout checks written to the UCA was drawn on this account. The Bank stated that the checks drawn on this account were typically in even dollar amounts, ranging from \$20 to \$10,000, made payable to individuals located across the country, which indicates that these are also gambling payout transactions. The paying entity listed on the checks is primarily JBL/Dorset Finance, with occasional payments from JBL/Cumberland Finance.

28. Statements for the JBL Services **SunTrust account numbered 1000054341044** show that \$3 million was wire transferred to this account **from the JBL Services BB&T account numbered 0005148591018** in three separate transfers; \$2 million on April 24, 2007, and \$1 million on April 30, 2007. SunTrust Bank records show that this account also received two wire transfers from a Sutherland Finance account at the Dresdner Bank in June of 2007, totaling \$500,000. SunTrust records also show that this account received three transfers from **JBL Services Regions Bank account number 6410719633**: \$750,000 on July 3, 2007, \$750,000 on July 31, 2007, and \$1,000,000 on August 21, 2007. The three targeted SunTrust accounts are still open as of January 14, 2008. I contacted Regions Bank and received confirmation that the account is in the name of JBL Services Inc. and is still open as of January 9, 2008.

29. According to SunTrust Bank, the three JBL Services accounts processed over \$16,000,000 in transactions between June 8, 2007, and September 7, 2007. This activity is similar to the activity that was determined by the Bank of North Georgia to be related to internet gambling as is mentioned in paragraph 22 above.

Wachovia Bank

30. According to Wachovia, JBL Services, 12600 Deerfield Parkway, Suite 100, Alpharetta, Georgia, has four accounts with the Bank. Michael Garone is the sole signatory on all four accounts. **Account number 2000036929852** was opened in July of 2007, and is listed as a commercial checking deposit account. In the month it opened, there were 27 counter deposits to this account, totaling \$638,342.78. Based on training and experience, I know that counter deposits are deposits that are made with a generic deposit slip obtained from the bank and do not include any of the encoded account information on it. For this type of deposit the individual making the deposit does so in person at one of the bank's branches. Bank records show numerous debits to this account for returned items. These returned items appear to be checks from individual gamblers that bounced when deposit was attempted. This account was still open as of January 14, 2008.

31. **Account number 2000036594436** was opened in March of 2007, and listed as a commercial checking "promo" account. Between April 2, 2007, and July 24, 2007, there were 19 wire transfer deposits to this account **from the JBL Services BB&T account, number 0005148591018**, totaling more than \$5 million dollars. During the same time period, \$3 million in checks were written on this account. This account was still open as of January 14, 2008.

32. **Account number 2000034732452** was opened in February of 2007, and listed as a commercial checking account. Between February 28 and July 31, 2007, this account received more than \$5 million in numerous counter deposits. During the same time period, the account was debited more than \$3,600,000, primarily for returned items. These returned items appear to be checks from individual gamblers that bounced when deposit was attempted. Funds were

08- - 130 BPG *thru* 08- - 133 BPG

transferred from this account to a JBL Services account at SunTrust: \$1 million dollars on May 22, 2007; \$500,000 on June 6, 2007; \$500,000 on June 26, 2007; \$500,000 on June 29, 2007, and \$700,000 on July 11, 2007. This account was still open as of January 14, 2008.

33. **Account number 2000036929849** was opened in July of 2007, and listed as a commercial checking operating account. During July of 2007, there were three deposits to this account, totaling \$198,499.47. Two were transfers from the JBL Services account at Wachovia **numbered 2000036594436** that is mentioned in paragraph 31 above, and one was a transfer from a JBL Services BB & T account that was closed as is mentioned in paragraph 25 above. Two checks were drawn on this account payable to the Regus Group, JBL Services landlord, one for rent, and one for Internet access. There were also checks written on this account made payable to Michael Garone and other individuals, which appear to be payroll checks and reimbursements for expenses. This account was still open as of January 14, 2008.

Bank of America

34. JBL Services, 12600 Deerfield Parkway, Suite 100, Alpharetta, Georgia, maintains an account at the Bank of America, **numbered 334001500107**. Between February 20 and April 12, 2007, more than \$800,000 was deposited into this account. Deposits were made daily; in some instances, multiple deposits were made on a single day. The account records show numerous returned items charged to the account. This activity appears to be the same as the activity in the above-described Wachovia and BB&T JBL accounts that processed gambling deposits and payouts for Bodog. This account is closed.

35. **Account number 003348472351**, held in the name of Transaction Solutions, Inc., was opened at the Bank in January of 2007. The address listed on the account is 11625 Vista Forest Drive, Alpharetta, GA; this is Michael Garone's home address. Between January and July 2007, \$240,000 was deposited into this account. The largest single deposit was \$134,505.53 from the JBL Services **BB&T account number 0005148591174**, which received the large batch deposits that appeared to be payments from gamblers for Bodog gambling activity. According to Bank of America, this account was still open as of January 18, 2008.

Additional Information

36. On August 6 and November 16, 2007, I requested a records check for filings of FinCen Form 107 and Treasury Form TD F90-22.55, Registration of Money Services Business (required under 31 U.S.C. § 5330), by Michael Garone, JBL Services, Inc., and Transaction Solutions, Inc. No registrations were found. Any entity engaged in the business of transmitting money is required by 18 U.S.C. section 1960 to register with FinCen if the business affects interstate or foreign commerce in any manner or degree. As is described above, JBL and Transaction Solutions Inc. appear to be in the business of transmitting money on behalf of Bodog to the people who gamble with the Bodog company.

08- - 130 BPG *then* 08- - 133 BPG

37. Based on training and experience, I know that operating an illegal gambling business in violation of 18 U.S.C. section 1955 is "specified unlawful activity" according to 18 U.S.C. section 1956(c)(7)(A) and section 1961(1)(E). I also submit that the funds deposited into the Bodog "house accounts" constitute proceeds of the gambling that is conducted through the Bodog business. I also submit that the transfer of these funds by wire or by batch deposits into the JBL and Transaction Solutions accounts constitutes a "transaction" within the meaning of 18 U.S.C. section 1956(c)(3), as is the transfer of the funds from the initial destination accounts into any other JBL or Transaction Solutions accounts. Because the payouts to the UCA were made from Georgia to Maryland, these transactions also affected interstate commerce and involved the "movement of funds by wire or other means" that satisfies the definition of "financial transaction" found in section 1956(c)(4)(A) and (B). Because the funds from the gambling were used for payouts to gamblers, the transactions were made with the intent to "promote the carrying on of specified unlawful activity."

38. Because the specified bank accounts were "involved in" these violations of 18 U.S.C. section 1956, I submit that there is a sufficient basis for the Court to issue seizure warrants pursuant to 18 U.S.C. section 981(a)(1)(A) for the contents of the specified accounts.

39. Based on training and experience, I know that courts have held that there is no requirement that a substantial portion of the commingled funds be derived from the criminal activity, so long as there is some evidence that some of the commingled funds were from criminal activity. United States v. Ward, 197 F.3d 1076 (11th Cir. 1999). The Fourth Circuit has also stated that when funds are drawn from a commingled account, the government is entitled to a presumption that the transaction involves criminally derived funds. United States v. Wilkinson, 137 F.3d 214 (4th Cir. 1998).

Accounts to be Seized

40. In summary, from a review of the bank records, it would appear that the SunTrust accounts, in addition to receiving wire transfers directly from Sutherland Finance, a Bodog related company as described by former employees in 2003, are also used to make collections from various gamblers, as evidenced by the batch deposits, and to make payments as requested by individual gamblers from Bodog, as evidenced by the payout to the UCA from SunTrust account 1000059250505.

41. The accounts maintained at Bank of America and Wachovia Bank also indicate that these accounts are used for the purpose of gambling collections and business operations related to the payment processing of those wagers and received the transfer of funds from BB&T when BB&T closed the JBL Services account. The BB&T accounts received in excess of \$6 million from Stratham Finance, the company identified as processing credit card transactions on behalf of Bodog. Funds from one of the Wachovia accounts were transferred to a SunTrust

08- - 130 BPG *then* 08- - 133 BPG

account. The activity of transferring funds from one account to another appears to be common with all accounts, whether currently opened or closed and maintained by JBL Services. One of the Wachovia accounts is also used to make payments which appear to be payroll payments and expense reimbursements in order to maintain the payment processing business.

42. While the records of the accounts maintained with **Regions Bank** have not been received and reviewed, it is apparent that funds from this account were wire transferred to SunTrust account 1000054341044, as described in paragraph 28 above, the same account that received the wire transfers from Sutherland Finance and then made payouts to the Bodog gamblers; it is, therefore, apparent that the **Regions Bank account is another account used to move Bodog gambling proceeds to JBL for payouts to the gamblers.** After reviewing the above mentioned accounts, I submit that there is probable cause to believe that JBL Services and Transaction Solutions Inc. are in the business of payment processing, collections and payouts, for an Internet gambling operation known as Bodog.

43. Regions Bank has a branch in Alpharetta, Georgia. Wachovia has branches in Maryland, but asked to be served with any warrants in Philadelphia, Pennsylvania. Based upon my training and experience, I know that 18 U.S.C. Section 981(b)(3) provides that "a seizure warrant may be issued ... by a judicial officer in any district in which forfeiture action against the property may be filed under Section 1355(b), of Title 28, and may be executed in any district in which the property is found...." According to 28 U.S.C. Section 1355(b), a forfeiture action may be brought in "the district court for the district in which any of the acts or omissions giving rise to the forfeiture occurred...." Because some of the gambling transactions were conducted in Maryland and some of the payouts of gambling proceeds were mailed to Maryland, the forfeiture action can be brought in Maryland.

44. The accounts to be seized are as follows:

- (A) The contents of three SunTrust Bank accounts: **the contents of SunTrust account number 1000054341044, account number 1000054339469, and account number 1000059250505 in the name of JBL Service Inc.**
- (B) The contents of four Wachovia Bank accounts: **the contents of Wachovia account number 2000036929849, account number 200036929852, account number 2000036594436, and account number 2000034732452 in the name of JBL Service Inc.**
- (C) The contents of one Bank of America account: **the contents of Bank of America account number 003348472351 in the name of Transaction Solutions Inc.**
- (D) The contents of one Regions Bank account: **the contents of Regions Bank account number 6410719633 in the name of JBL Service Inc..**

08- - 130 BPG *thu* 08- - 133 BPG

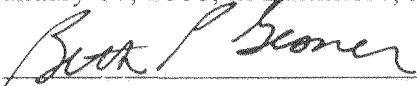
Conclusion

45. Based on the foregoing, I submit that there is probable cause to believe that Michael W. Garone, JBL Services Inc., and Transaction Solutions Inc. are involved in operating an illegal payment processing business, and that the funds from that operation are connected to Internet gambling in violation of 18 U.S.C. Section 1955 and are being transmitted in violation of 18 U.S.C. section 1960. I also submit that there is probable cause to believe that Michael Garone, JBL Services, Inc., and Transaction Solutions Inc. deposited the proceeds of this activity, which is a specified unlawful activity as defined in 18 U.S.C. Section 1956(c)(7), into and between bank accounts, as described above. Consequently, the specified accounts are involved in money laundering transactions and the contents are subject to seizure and forfeiture pursuant to 18 U.S.C. section 981(a)(1)(A).



Randall S. Carrow
Special Agent
Internal Revenue Service

Subscribed and sworn before me on January 18, 2008, in Baltimore, Maryland.



Beth P. Gesner
U.S. Magistrate Judge

MEMORANDUM

DATE: March 12, 2008

TO: Katherine Steadley
Internal Revenue Service

FROM: Naquita C. Ervin
Paralegal Specialist
U.S. Attorney's Office - District of Maryland

RE: U.S. v. \$14,200,195.73 U.S. CURRENCY
Civil Action No.

CATS ID 08-IRS-000201, 000209, 000210, 000211, 000212,
000213, 000214, 000215, 000216/ IRS Case No. 1000207201

The United States has filed a forfeiture action against **\$14,200,195.73 U.S. CURRENCY**. A copy of the Complaint for Forfeiture is attached.

Also attached is a Notice of Seizure for publication in The Baltimore Sun or a newspaper of general circulation in Baltimore, Maryland, and for publication in a newspaper of general circulation in Alpharetta, Georgia, and Philadelphia, Pennsylvania where the property was seized, pursuant to Rule G of the Supplemental Rules for Admiralty or Maritime and Asset Forfeiture Claims. This property was seized on or about January 24, 2008, and February 19, 2008.

Please insert the date of the Department of Treasury's arrest in the Notice and advise me of the date(s) of publication.

ONE PUBLICATION IS SUFFICIENT.


Thank you.

Attachment

NOTICE OF SEIZURE

NOTICE IS HEREBY GIVEN that by virtue of Warrant for Arrest in Rem, issued by the U.S. District Court for the District of Maryland, in an action entitled United States of America v. \$14,200,195.73 U.S. CURRENCY, United States Department of Treasury the District of Maryland, arrested on _____, 2008, said property described under **Civil Docket No.** _____ and filed with the Clerk of the Court for the District of Maryland for violation of 18 U.S.C. §1960, 18 U.S.C. §§1956 and 1957, and which action requests that the said property be seized for condemnation and confiscation and requests such costs and disbursements as decreed by the Court. Any person who is entitled to possession, or claiming an interest in or to said property, pursuant to Rule G of the Supplemental Rules for Admiralty or Maritime and Asset Forfeiture Claims, Federal Rules of Civil Procedure, and within 30 days after publication must file a claim with the Clerk of the Court, U.S. District Court for the District of Maryland and make service upon the attorney for the plaintiff, and must serve their answers within 20 days after the filing of their claims. All interested persons should file claims and answers within the time so fixed, or be defaulted and said property be condemned and forfeited to the use of the United States of America. Richard C. Kay, Assistant United States Attorney, U.S. Courthouse, 36 S. Charles Street, 4th Floor, Baltimore, Maryland 21201, attorney for plaintiff. Please check www.forfeiture.gov for forfeiture publication.

Department of the Treasury
Federal Law Enforcement Agencies
PROCESS RECEIPT AND RETURN

PLAINTIFF UNITED STATES OF AMERICA		COURT CASE NUMBER	
DEFENDANT \$14,200,195.73 U.S. CURRENCY		TYPE OF PROCESS Verified Complaint in Rem	
SERVE AT	Name Of Individual, Company, Corporation, etc. to Serve or Description of Property to Seize		
	Address (Street or RFD / Apt. # / City, State, and Zip Code)		
Send NOTICE OF SERVICE copy to Requester: Naquita Ervin, Paralegal Specialist U.S. Attorney's Office 36 S. Charles Street, 4th floor Baltimore, Maryland 21201		Number Of Process To Be Served In This Case.	
		Number Of Parties To Be Served In This Case.	
		Check Box If Service Is On USA	
SPECIAL INSTRUCTIONS or OTHER INFORMATION TO ASSIST IN EXPEDITING SERVICE (includes Business and Alternate Addresses, Phone Numbers, and Estimated Availability times.) Arrest property and insert date into Notice of Forfeiture Action that will be published. Fill in the date of arrest in this process receipt and return our copy.			
Signature of Attorney or other Originator requesting service on behalf of <input checked="" type="checkbox"/> Plaintiff  <input type="checkbox"/> Defendant		Telephone No. (410) 209-4800	Date Mar 5, 2008
SIGNATURE OF PERSON ACCEPTING PROCESS:			Date
SPACE BELOW FOR USE OF TREASURY LAW ENFORCEMENT AGENCY			
I acknowledge receipt for the Total # of Process Indicated.	District of Origin No. _____	District to Serve No. _____	SIGNATURE OF AUTHORIZED TREASURY AGENCY OFFICER:
Date			
I hereby Certify and Return That I <input type="checkbox"/> PERSONALLY SERVED, <input type="checkbox"/> HAVE LEGAL EVIDENCE OF SERVICE, <input type="checkbox"/> HAVE EXECUTED AS SHOWN IN "REMARKS", the Process Described on the Individual, Company, Corporation, etc., at The Address Shown Above or at the Address Inserted Below.			
<input type="checkbox"/> I HEREBY CERTIFY AND RETURN THAT I AM UNABLE TO LOCATE THE INDIVIDUAL, COMPANY, CORPORATION, ETC. NAMED ABOVE.			
NAME & TITLE of Individual Served If not shown above:	<input type="checkbox"/> A Person of suitable age and discretion then residing in the defendant's usual place of abode.		
ADDRESS: (Complete only if different than shown above.)	Date of Service	Time of Service	<input type="checkbox"/> AM <input type="checkbox"/> PM
	Signature, Title and Treasury Agency		
REMARKS:			

TD F 90-22.48 (6/96)

Make (5) copies after form is signed. SEND ORIGINAL + 4 COPIES to TREASURY AGENCY. Retain Copy #5 for your file.