

Exhibit

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PREET BHARARA
United States Attorney for the
Southern District of New York

By: MICHAEL D. LOCKARD
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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

- - - - - X
UNITED STATES OF AMERICA :

- v. - :

(1) ALL FUNDS ON DEPOSIT AT
HUNTINGTON NATIONAL BANK IN ACCOUNT
NUMBERS 01662184444 and
01662184457, HELD IN THE NAME OF
SNR, INC., AND ALL PROPERTY
TRACEABLE THERETO;

SEALED AFFIDAVIT
IN SUPPORT OF SEIZURE
WARRANTS PURSUANT TO
18 U.S.C. §§ 981, 984 &
1955

(2) ALL FUNDS ON DEPOSIT AT
WACHOVIA BANK IN ACCOUNT NUMBER
2000042451259, HELD IN THE NAME OF
SNR, INC., AND ALL PROPERTY
TRACEABLE THERETO;

(3) ALL FUNDS ON DEPOSIT AT BANK OF
AMERICA, N.A., IN ACCOUNT NUMBER
0952071467, HELD IN THE NAME OF
SNR, INC., AND ALL PROPERTY
TRACEABLE THERETO;

(4) ALL FUNDS ON DEPOSIT AT
CITIBANK, N.A., IN ACCOUNT NUMBER
203366638, HELD IN THE NAME OF SNR,
INC., AND ALL PROPERTY TRACEABLE
THERETO; AND

(5) ALL FUNDS ON DEPOSIT AT BANK OF
THE WEST IN ACCOUNT NUMBER
658049382, HELD IN THE NAME OF SNR,
INC., AND ALL PROPERTY TRACEABLE
THERETO;

Defendants-in-rem.

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STATE OF NEW YORK)
COUNTY OF NEW YORK) ss:
SOUTHERN DISTRICT OF NEW YORK)

REBECCA E. VASSILAKOS, being duly sworn, deposes and says:

1. I am a Special Agent with the Federal Bureau of Investigation ("FBI") and have been so employed since December 2007. I am assigned to a squad that investigates organized criminal activity, including financial institution fraud and money laundering. I am familiar with the facts and circumstances set forth below from my personal participation in the investigation, my review of bank records and other documents, and my conversations with other law enforcement officers, including a Special Agent of the FBI ("Agent-1") who has reviewed bank records and other documents and who has interviewed civilian witnesses, including bank employees. Where the actions, statements, and conversations of others are recounted herein, they are recounted in substance and in part, unless otherwise indicated. Because this affidavit is for the limited purpose of establishing probable cause for a seizure warrant, it does not set forth every fact learned in the course of this investigation.

2. This affidavit is submitted in support of the Government's application for the issuance of warrants to seize and forfeit the following:

- a. ALL FUNDS ON DEPOSIT AT HUNTINGTON NATIONAL BANK IN ACCOUNT NUMBERS 01662184444 and 01662184457, HELD IN THE NAME OF SNR, INC., (the "Huntington Accounts") AND ALL PROPERTY TRACEABLE THERETO;
- b. ALL FUNDS ON DEPOSIT AT WACHOVIA BANK IN ACCOUNT NUMBER 2000042451259, HELD IN THE NAME OF SNR, INC., (the "Wachovia Account") AND ALL PROPERTY TRACEABLE THERETO;
- c. ALL FUNDS ON DEPOSIT AT BANK OF AMERICA, N.A., IN ACCOUNT NUMBER 0952071467, HELD IN THE NAME OF SNR, INC., (the "Bank of America Account") AND ALL PROPERTY TRACEABLE THERETO;
- d. ALL FUNDS ON DEPOSIT AT CITIBANK, N.A., IN ACCOUNT NUMBER 203366638, HELD IN THE NAME OF SNR, INC., (the "Citibank Account") AND ALL PROPERTY TRACEABLE THERETO; AND
- e. ALL FUNDS ON DEPOSIT AT BANK OF THE WEST IN ACCOUNT NUMBER 658049382, HELD IN THE NAME OF SNR, INC., (the "Bank of the West Account" and, together with the Wachovia Account, the Citibank Account, the Bank of America Account, and the Huntington Accounts, the "Defendant Accounts") AND ALL PROPERTY TRACEABLE THERETO.

3. As set forth below, there is probable cause to believe that the Defendant Accounts contain property involved in actual or attempted money laundering transactions, or property traceable to such property, in violation of 18 U.S.C. § 1956(a). As such, the contents of the Defendant Accounts are subject to forfeiture to the United States pursuant to 18 U.S.C. §§ 981(a)(1)(A) and 984.

4. In addition, there is probable cause to believe that the Defendant Accounts contain property that constitutes or

is derived from proceeds traceable to the operation of an illegal gambling business, in violation of 18 U.S.C. § 1955, and the illegal transmission of gambling information, in violation of 18 U.S.C. § 1084, and property used in the operation of an illegal gambling business and commission of the gambling offense. As such, the contents of the Defendant Accounts are subject to forfeiture to the United States pursuant to 18 U.S.C. §§ 981(a)(1)(C), 984, and 1955(d).

BACKGROUND

5. For approximately three years FBI agents have been investigating illegal internet gambling businesses which, although typically based offshore, predominantly serve players based in the United States. These gambling businesses offer "real money" casino games, poker, and sports betting to United States players, in violation of multiple federal criminal statutes including but not limited to 18 U.S.C. § 1084 (making it unlawful to use a wire in connection with placing a bet or wager), § 1955 (making it illegal to operate an illegal gambling business) and §§ 1956 and 1957 (money laundering). Although these gambling businesses are based offshore, the vast majority of their customers are in the United States. Consequently, these internet gambling businesses necessarily rely on the United States financial system to move funds between the offshore accounts of the gambling businesses and the United States bank

accounts of their customers. And because the internet gambling is illegal in the United States, the gambling companies must, in most instances, deceive United States financial institutions about the nature of their accounts in the United States and the purposes of their financial transactions.

6. Internet gambling businesses based offshore use the United States financial system to transfer payments to United States customers who have "won" more money than they "lost" while gambling online. One method that internet gambling businesses use to transfer funds to United States customers is to transfer large amounts of money from offshore accounts into a United States bank account and then mail payout checks from this account to the United States bank account to their United States customers.

7. As discussed more fully below, in approximately mid-2009, SNR, Inc. began processing large volumes of payments through a number of bank accounts opened with different financial institutions in the Orange, California area. These accounts generally were funded through large wire transfers originating from an account (or accounts) in the name of "Ranston" or "Ranston Ltd." (the "Ranston Account") or from other SNR, Inc. accounts that in turn were funded by wire transfers from Ranston. The payments out of the SNR, Inc. accounts generally were made by check to various individual payees and generally ranged from

approximately \$100 to approximately \$2,500. The amount of the checks generally were round numbers.

8. SNR, Inc. made inconsistent representations about the nature of its business to the banks where it opened accounts. In one case, SNR, Inc. represented that it was a medical billing company. In other cases, SNR, Inc. represented that it was involved in marketing. In fact, however, as discussed below, the accounts were used to process payments of online gambling proceeds from a gambling business to its players.

THE DEFENDANT ACCOUNTS CONTAIN
PROCEEDS OF ILLEGAL GAMBLING

9. As set forth below, there is probable cause to believe that the Defendant Accounts were providing payment services for online gambling companies in 2009. The Defendant Accounts contain large deposits from the Ranston Accounts, which, as discussed below, appear to be an account or accounts used by Full Tilt Poker to pay poker winnings to its members. Large numbers of payments were then made from the Defendant Accounts to individual payees, some of whom told the banks that the payments were for gambling.

The Chase Accounts

10. I have reviewed documents relating to two JP Morgan Chase Bank ("Chase") accounts numbered 4152356741 and 4152356759 that were opened in the name of SNR, Inc., at a Chase branch in Orange, California, in approximately mid-2009 (the

"Chase Accounts"), have spoken with Agent-1 about Agent-1's discussions with employees of Chase about the Chase Accounts, including individuals responsible for account opening and servicing and individuals responsible for conducting investigations, and have reviewed reports of those interviews. From that review and those discussions, I learned in substance and in part the following:

- a. The Chase Accounts were originally opened at a Chase branch (formerly a Washington Mutual branch) in Orange, California, in the summer of 2009. ERIC WENHOLD was the signatory on the account. WENHOLD told Chase that SNR, Inc., was a marketing company. The address WENHOLD provided for SNR, Inc., was 1339 East Katella Avenue, #135, Orange, California. This address is a mailbox at a Mailboxes Unlimited (the "Mailboxes Unlimited Account").
- b. The Chase Accounts were funded by a series of wire transfers from a Ranston Account held at a Swiss bank in the name of Ranston Ltd., a Bahamian company. Between on or about August 27, 2009, and on or about September 18, 2009, the Chase Accounts received five wire transfers from this Ranston Account totaling approximately \$4,048,240.18. The

Chase Accounts also received two wire transfers from the Wachovia Account, one on or about September 1, 2009, in the amount of approximately \$327,489 and one on or about September 2, 2009, in the amount of approximately \$424,102. As discussed more fully below, the Wachovia Account was used to shuttle funds among the Defendant Accounts.

- c. After the initial wire transfer from Ranston to the Chase Accounts in late August, more than 5800 debit checks were issued against the Chase Accounts in amounts of \$2,500 or less. The amounts generally ranged from approximately \$100 to approximately \$2,500. The payees of the debit checks were individuals located throughout the United States.
- d. In or about September 2009, employees at the Orange Chase branch received reports from other Chase branches about two individuals who had attempted to cash or deposit checks from the Chase Accounts. One of these individuals identified the check as online gambling winnings and the other individual identified the check as winnings from Full Tilt Poker.

- e. On or about September 10, 2009, two Chase employees met with representatives of SNR, Inc., named ERIC and JAMES at 5500 Bolsa Street, Suite 201, Huntington Beach, California. The Chase employees asked ERIC and JAMES whether the Chase Accounts were for online gambling. ERIC and JAMES "vehemently denied" that the Chase Accounts were used for online gambling. ERIC and JAMES represented to the Chase employees that SNR, Inc. was an online marketing company.
- f. ERIC and JAMES further told the Chase employees that Ranston was a "low-level clearinghouse" that contracted with websites that received a certain volume of web traffic to provide advertising banners for retailers such as Macy's or Sears.
- g. ERIC and JAMES further told the Chase employees that SNR, Inc. would collect data on the money owed to websites for hosting the banner advertisements and would pay the owners of the websites.
- h. An investigator at Chase ("Chase Investigator-1") analyzed wire transfer activity by Full Tilt Poker and by Ranston. Chase Investigator-1 determined that prior to approximately mid-October 2007,

money would be wired from a Full Tilt Poker account at a Swiss bank to certain recipients. In or about mid-October 2007, these wire transfers stopped. Beginning in or about December 2007, money was wired from a Ranston Account at the same Swiss bank to many of the same recipients of the Full Tilt Poker wires. Agent-1 reviewed wire transfer information obtained from the Federal Reserve Bank of New York that corroborates the pattern observed by Chase Investigator-1.

- i. Chase Investigator-1 also spoke with several individuals who received payments directly from the Ranston Account. These individuals all stated that the payments represented winnings from Full Tilt Poker's website.
- j. On or about September 22, 2009, Chase closed the Chase Accounts and returned the remaining funds to SNR, Inc. in two checks in the amount of \$129,634 each. SNR, Inc. deposited one of these checks into the Citibank Account, and the other into an account at Bank of the West on or about September 23, 2009.

The Huntington Accounts

11. I have reviewed documents relating to the Huntington Accounts obtained from Huntington Bank, and I have spoken with Agent-1 about Agent-1's discussions with employees of Huntington Bank concerning the Huntington Accounts. From that review of documents and discussion, I learned in substance and in part the following:

- a. The Huntington Accounts were opened on or about August 3, 2009, in the name SNR, Inc. ERIC WENHOLD and MICHAEL RASH were account signatories; and the address given for SNR, Inc. was the Mailboxes Unlimited Address.
- b. SNR, Inc. was introduced to Huntington Bank by Diversified Check Solutions, an existing customer of Huntington Bank. Diversified Check Solutions holds itself out as a third-party payment processor for merchants. Diversified Check Solutions represented to Huntington Bank that SNR, Inc. was a merchant client of Diversified Check Solutions that engaged in billing, collections, and customer service for hospitals and doctors.
- c. The Huntington Bank Account ending in 4457 was funded by ACH payments processed by Diversified Check Solutions. "ACH" transactions are batched

transactions where large numbers of small payments are aggregated by a third-party payment processor into a smaller number of large payments. The ACH deposits into the 4457 Huntington Account in August 2009 totaled over \$2 million.

- d. Huntington Bank questioned WENHOLD about why no payments were made to hospitals or doctors.¹ WENHOLD told Huntington Bank that Wachovia was SNR, Inc.'s primary banking relationship and that the payments to hospitals and doctors were made from Wachovia.
- e. As discussed below, no payments were made from the Wachovia Account to hospitals or doctors. Rather, nearly all of the funds transferred out of the Wachovia Account were paid to SNR, Inc. accounts at other banks.
- f. The Huntington Bank Account ending in 4444 received a \$150,000 wire on or about August 11, 2009, from Diversified Check Solutions and \$150,000 was debited to the account on August 13, 2009. \$500,000 was wired into the account on August 18, 2009, from an account at Citibank, N.A.

¹ A Huntington employee reviewed transfers associated with the SNR accounts at Huntington Bank and advised Agent-1 that the transfers were to the Wachovia Account.

in the name of HMD, Inc., and \$500,000 was debited on August 20, 2009.

- g. Huntington Bank closed the Huntington Accounts at approximately the end of September. The remaining funds have not yet been returned to SNR, Inc.

The Wachovia Account

12. I have spoken with Agent-1 about Agent-1's discussions with employees of Wachovia concerning the Wachovia Accounts, and have reviewed reports of those interviews. From that discussion, I learned in substance and in part the following:

- a. The Wachovia Account was opened in or about approximately mid-2009, in the name SNR, Inc. ERIC WENHOLD was an account signatory, and the address given for SNR, Inc. was the Mailboxes Unlimited Address.
- b. The activity in the Wachovia Account consisted primarily of transfers from the Wachovia Account to SNR, Inc. accounts at other banks, or from SNR, Inc. accounts at other banks to the Wachovia Account.

- c. There do not appear to be any payments from the Wachovia Account to any hospitals, doctors, or medical professionals.²

The Bank of America Account

13. I have reviewed documents concerning the Bank of America Account obtained from Bank of America. From those documents, I learned in substance and in part the following:

- a. The Bank of America Account was opened on or about July 20, 2009, in the name of SNR, Inc. ERIC WENHOLD was the signatory on the account.
- b. The Bank of America Account had very little activity until August 27, 2009, when approximately \$497,329 was wired into the account from a Ranston Account through Citibank. From my participation in this investigation, I understand that Citibank is the corresponding bank for the Swiss bank where the Ranston Account discussed above is held.
- c. From August 28, 2009, through August 31, 2009, approximately 66 checks were drawn on the Bank of America Account in amounts generally ranging from

² On or about September 4, 2009, an approximately \$13,924.21 payment was made from the Wachovia Account to "KING & SPALDING LLP" for "SEAN COPLAND PATIENT FEES." King & Spalding LLP is a law firm. This transfer is one of only 6 outgoing transfers, out of 18, that were not to an SNR, Inc. account in the September billing period.

approximately \$100 to approximately \$2,500, generally in round number amounts.

- d. In the month of September, thousands of checks were drawn on the Bank of America Account in amounts generally ranging from approximately \$100 to approximately \$2,500, generally in round number amounts.

The Citibank Account

14. I have reviewed records relating to the Citibank Account obtained from Citibank and have spoken to Agent-1 about the Citibank account. From those documents, I learned in substance and in part the following:

- a. The Citibank Account was opened on or about September 9, 2009, in the name SNR, Inc. ERIC WENHOLD was the account signatory and the mailing address given for SNR, Inc. was the Mailboxes Unlimited Address. SNR, Inc. described its business activity as "Affiliate Marketing Payout."
- b. The Citibank Account was funded with (1) a deposit of approximately \$129,634 on or about September 23, 2009, (2) a wire transfer of approximately \$150,000 from an account in the name of Eric Wenhold on or about September

23, 2009, and (3) a wire transfer of approximately \$250,000 from an account in the name of SNR, Inc. on or about September 29, 2009.

- c. From on or about September 25, 2009, through on or about September 30, 2009, over 100 checks were drawn on the Citibank Account in amounts generally ranging from approximately \$100 to approximately \$2,500, generally in round number amounts.

The Bank of the West Account

15. I have spoken with Agent-1 about Agent-1's discussions with employees of Bank of the West concerning the Bank of the West Account, and have reviewed reports of those interviews. From that discussion, I learned in substance and in part the following:

- a. ERIC WENHOLD opened the Bank of the West Account at a Santa Ana, California, branch of Bank of the West. WENHOLD told Bank of the West that SNR, Inc. was a startup advertising business and that there would not be a lot of activity in the Bank of the West Account. The Bank of the West Account was opened on or about August 25, 2009.

- b. There was very little activity in the Bank of the West Account until approximately \$150,000 was wired into the account from a Wachovia account in the name of ERIC WENHOLD SNR. Later, a cashier's check in the amount of approximately \$129,000 drawn on Washington Mutual (part of Chase) was deposited into the Bank of the West Account.
- c. Bank of the West closed the account after receiving a call from Wachovia about the Wachovia Account. Approximately \$199,000 remained in the account at the time it was closed. Bank of the West has not yet returned the funds to SNR, Inc.

STATUTORY AUTHORITY

16. The statutory provisions pursuant to which the contents of the Defendant Accounts are subject to seizure and forfeiture are described below.

17. Title 18, United States Code, Section 981(a)(1)(A) subjects to forfeiture "[a]ny 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."

18. Title 18, United States Code, Section 1956 provides, in pertinent part, that

(a)(2) Whoever transports, transmits, or transfers, or attempts to transport,

transmit, or transfer a monetary instrument or funds from a place in the United States to or through a place outside the United States or to a place in the United States from or through a place outside the United States--

(A) with the intent to promote the carrying on of specified unlawful activity

shall be guilty of a crime.

19. Title 18, United States Code, Section 1956(c)(7)(A) provides that the term "specified unlawful activity" includes "any act or activity constituting an offense listed in section 1961(1) of this title". Included among the enumerated offenses in 18 U.S.C. § 1961(1) is 18 U.S.C. § 1955, which prohibits the operating of illegal gambling businesses, 18 U.S.C. § 1084, and racketeering activity, which includes any act or threat involving gambling, which is chargeable under State law and punishable by imprisonment for more than one year.

20. Furthermore, 18 U.S.C. § 981(a)(1)(C) subjects to forfeiture:

Any property, real or personal, which constitutes or is derived from proceeds traceable to . . . 1344 of this title or any offense constituting 'specific unlawful activity' (as defined in section 1956(c)(7) of this title), or a conspiracy to commit such offense.

21. 18 U.S.C. § 1344 provides that:

[W]hoever knowingly executes or attempts to execute a scheme or artifice--(1) to defraud a financial institution; or (2) to obtain any of the moneys, funds, credits, assets,

securities, or other property owned by, or under the custody or control of, a financial institution, by means of false or fraudulent pretenses . . .

shall be guilty of a crime.

22. Again, as noted in paragraph 19, supra, 18 U.S.C. § 1956(c)(7)(A) provides that the term "specified unlawful activity" includes "any act or activity constituting an offense listed in section 1961(1) of this title," and § 1961(1) includes 18 U.S.C. §§ 1955 and 1084 among the enumerated offenses.

23. In addition, 18 U.S.C. § 1955 has its own forfeiture provision. Specifically, § 1955(d) provides that "[a]ny property, including money, used in violation of the provisions of this section may be seized and forfeited to the United States."

24. Furthermore, 18 U.S.C. § 984 provides, in relevant part, that:

(a) (1) In any forfeiture action in rem in which the subject property is . . . funds deposited in an account in a financial institution . . .

(A) it shall not be necessary for the Government to identify the specific property involved in the offense that is the basis for the forfeiture; and

(B) it shall not be a defense that the property involved in such an offense has been removed and replaced by identical property.

(2) Except as provided in subsection (b), any identical property found in the

same place or account as the property involved in the offense that is the basis for the forfeiture shall be subject to forfeiture under this section.

- (b) No action pursuant to this section to forfeit property not traceable directly to the offense that is the basis for the forfeiture may be commenced more than 1 year from the date of the offense.

25. Section 981(b)(1) of Title 18, United States Code, provides that any property subject to forfeiture to the United States under 18 U.S.C. § 981(a) may be seized by the Attorney General. Section 981(b)(2) provides that such a seizure may be made "pursuant to a warrant obtained in the same manner as provided for a search warrant under the Federal Rules of Criminal Procedure."

26. In addition, Section 981(b)(3) provides that, notwithstanding the provisions of Federal Rule of Criminal Procedure 41(a), a seizure warrant may be issued pursuant to Section 981(b) by a judicial officer in any district in which a forfeiture action against the property may be filed under Title 28, United States Code, Section 1355(b). Under Section 1355(b)(1)(A), a forfeiture action or proceeding may be brought in the district in which any of the acts or omissions giving rise to the forfeiture occurred.

27. Were this affidavit to be made public at this time, it would interfere with an ongoing criminal investigation

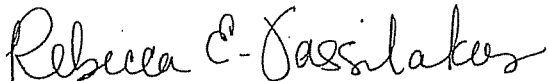
into certain individuals engaged in the criminal business of online gambling and money laundering. Making the affidavit public also would interfere with the ability of law enforcement officers to locate and seize the proceeds of criminal online gambling businesses.

28. Should the court issue a seizure warrant on the basis of this affidavit, making that warrant publicly available before it is executed could interfere with the ability of law enforcement officers to seize the Defendant Accounts before funds in the Defendant Accounts are dissipated.

CONCLUSION


29. For the foregoing reasons, I submit that there is probable cause to believe that the funds on deposit in the Defendant Accounts are (a) monies involved in a money laundering transaction or attempted money laundering transaction, in violation of 18 U.S.C. § 1956(a)(2)(A); and (b) the proceeds of illegal internet gambling and property involved in illegal internet gambling, in violation of 18 U.S.C. § 1955. Accordingly, the Defendant Accounts are subject to forfeiture to the United States of America pursuant to 18 U.S.C. §§ 981(a)(1)(A) and (C) and 1955, and I respectfully request that the Court issue a seizure warrant for the funds on deposit in the Defendant Accounts, as described in paragraph 2, supra.

30. I also respectfully request that this Affidavit be sealed until further order of the Court and any warrant issued based on this Affidavit be sealed until it is executed, so as not to jeopardize the investigation of this matter.



Rebecca E. Vassilakos
Special Agent
Federal Bureau of Investigation


Sworn to before me this
16th day of October, 2009:



HONORABLE DOUGLAS F. EATON
UNITED STATES MAGISTRATE JUDGE
SOUTHERN DISTRICT OF NEW YORK

This Affidavit must remain under seal until further Order of the Court and the accompanying Seizure Warrant must remain under seal until it is executed.

SO ORDERED



HONORABLE DOUGLAS F. EATON
UNITED STATES MAGISTRATE JUDGE
SOUTHERN DISTRICT OF NEW YORK