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UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF NEW HAMPSHIRE

* * * * *
UNITED STATES OF AMERICA

v.

IAN FREEMAN

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* 21-cr-41-01-JL
* December 7, 2022
* 1:50 p.m.
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TRANSCRIPT OF JURY TRIAL - DAY TWO - AFTERNOON SESSION
BEFORE THE HONORABLE JOSEPH N. LAPLANTE

APPEARANCES:

For the Government: Seth R. Aframe, AUSA
Georgiana MacDonald, AUSA
John J. Kennedy, AUSA

For the Defendant: Mark L. Sisti, Esq.
Sisti Law Offices

Court Reporter: Susan M. Bateman, RPR, CRR
Official Court Reporter
United States District Court
55 Pleasant Street
Concord, NH 03301
(603) 225-1453

1 P R O C E E D I N G S

2 (IN COURT - NO JURY PRESENT)

3 MR. AFRAME: We have decided to not read 1223 and
4 1227. So we would ask that those not be exhibits.

5 And we've removed them from all of the books, and I
6 coordinated all of that with Mr. Sisti.

7 THE COURT: All right. I'll let the deputy clerk
8 know when she comes in.

9 MR. AFRAME: Yes. And she does know, but she
10 wanted me to say it on the record.

11 MR. SISTI: But it might be okay to tell the jury
12 that, too, because they're going to see a gap in there.

13 THE COURT: 1223 and 1227 have been withdrawn?

14 MR. SISTI: Yes.

15 THE COURT: I'll take care of it.

16 (IN COURT - JURY PRESENT)

17 THE COURT: Ladies and gentlemen of the jury,
18 welcome back from lunch.

19 Have any of you had any conversations with each
20 other or anyone else during the lunch break regarding the
21 case?

22 (Jurors respond "no")

23 All right. A couple things. First of all, two
24 exhibits have been withdrawn. They're in your books still.

25 Are they still there?

1 MR. AFRAME: No, just the tab. The paper has been
2 removed.

3 THE COURT: A couple of exhibits have been removed,
4 1223 and 1227. 1223 and 1227, they've been withdrawn. Don't
5 worry about them. There's nothing to think about. Just don't
6 consider it one way or another, but they've been withdrawn.

7 Secondly, it's possible today during the afternoon
8 session that I may have to attend to another case very
9 briefly, like less than two or three minutes. I'm monitoring
10 my screens, and if it happens we'll take a brief recess. I'm
11 going to apologize in advance in case it happens. Hopefully
12 it doesn't.

13 You can proceed.

14 MR. AFRAME: Thank you, your Honor.

15 THE COURT: The witness is still under oath.

16 CONTINUED DIRECT EXAMINATION OF ALI COMOLLI

17 BY MR. AFRAME:

18 Q. Good afternoon, Ms. Comolli.

19 A. Good afternoon.

20 Q. And our reading shows we only have a little bit
21 more to go.

22 So let's turn to 1221, and this is April 22, 2020.
23 The user name is Greg_wayne for the buyer and FTL_Ian for the
24 seller. And this is, as I said, April 22nd:

25 Hello. BOA.

1 A. Sorry for the delay.

2 Q. And then the usual words?

3 A. Yes.

4 Q. Hello. Am using my partner. We are working
5 together but after deposit the money I'll do whatever you want
6 me to do. My account was freeze from BTC before using my
7 partner.

8 A. Is your partner the depositing agent who is
9 depositing your money on your behalf or is the partner the
10 buyer who is using you as their receiving agent for the
11 bitcoin?

12 Q. My partners received the it, but I'll deposit it on
13 his ba half and do whatever you want me to do. We have trade
14 before. My user name is Kgreg89, but my account was hack so
15 am using my partner.

16 A. So this is Karen on this account?

17 Q. Yes.

18 And then there's a picture, if we could zoom in on
19 this woman, and what is her name?

20 A. Karen Denise Grice.

21 Q. In what state is her driver's license?

22 A. South Carolina.

23 Q. And what city in South Carolina does she live?

24 A. Travelers Rest.

25 Q. Okay.

1 MR. AFRAME: And if we could go back out.

2 Q. And her date of birth, I'm sorry, was what year?

3 A. 1971.

4 Q. Okay. That would be making her in her early 50s
5 now?

6 A. Math isn't my strong suit, but yes.

7 Q. Okay.

8 MR. AFRAME: So back out.

9 Q. Again, now we're on to -- we went from 422 to 423:
10 My account was hack sometimes ago using my partner.
11 We use to talk on Telegram but no more.

12 A. So you are depositing and you are receiving? So
13 the partner is not involved in this purchase?

14 Q. Yes.

15 A. Okay, for the record I will need you to redo the
16 verification photos, so I know for sure it is you.

17 Q. Okay. No problems but you can only text me you
18 can't called. Please you can only text me on WhatsApp cause
19 my family don't know about this. But I'll take a photo for
20 you and write something on it, okay? Can you give me your
21 WhatsApp now? I'll text you tomorrow?

22 A. I don't use that program. Only Telegram. Sorry.

23 Q. Yes. Give me your Telegram.

24 A. @FTL_Ian. Make sure to type it exactly. Send me a
25 message here to confirm you have me there as there is an

1 impostor there.

2 Q. Okay. That was 423, and going forward -- and it
3 looks from that that no transaction was completed that day,
4 right?

5 A. It appears so.

6 Q. And then going forward to 5-5, so this is 1221-A:
7 Hello.

8 A. Hello.

9 Q. And then the usual words and then:

10 Am using my partner LBT but I'll be the one to
11 deposit it. It's me, Karen. We have been trade before my
12 account was hack. I'll do everything you want me to do.

13 A. Thanks. Still need the photos to prove it is you.
14 Thank you.

15 Q. Okay. No problems. I'll do it okay. Once I sent
16 you all the picture and deposit the money how long it's going
17 to take you to release the coins? But why do you need my
18 phone number? Do you want to call me?

19 A. I release very fast, though I am traveling this
20 morning so I may have to pull over. It's in case I need to
21 call to verify. But if you are who you say you are, I
22 shouldn't need to.

23 Q. Yes I am. I'll do everything you ask me to do, but
24 I can't put my phone number. My mom is going to be with my
25 don't want her to know am into bitcoin that's why. But I'll

1 write on a paper out today date and sign on it?

2 A. All right. I reserve the right to refuse service
3 if anything is suspect. Go ahead.

4 Q. Trust me nothing is going to happen am the one that
5 deposit it, okay?

6 And then there's a photo of Karen Grice from South
7 Carolina?

8 A. Yes.

9 Q. Hold on. Let me write a note on a paper, okay?

10 Hello?

11 And more pictures of Karen Grice.

12 Hello. You there? On my way to the BOA now.

13 Please get me the information, okay?

14 A. Bank name: Bank of America. Account name: Church
15 of the Invisible Hand. Account type: Business checking.
16 Reason for deposit: Church donation.

17 Q. And was there any discussion in these previous
18 pages with Greg_wayne about church donation?

19 A. No.

20 Q. And was there any discussion about the difficulty
21 in congugating some of the verbs?

22 A. No.

23 Q. Okay friend. What do you want me to write on the
24 receipt? Do I need to write anything on the receipt?

25 Write across the receipt with a pen: For bitcoin

1 purchase from FTL_Ian on localbitcoins.com. No refunds. Also
2 write the name of the teller and branch location, city, state
3 and street.

4 That's Mr. Freeman's instructions, right?

5 A. Yeah. That appears to be taken from the terms of
6 the trade or the advertisement.

7 Q. Okay. And you go next.

8 A. Yes.

9 Q. Okay friend. I'll do that. You there? Should I
10 mark paid now?

11 A. No. You must upload a selfie with the receipt as
12 always. Thank you.

13 Q. With my ID. Okay. No problems?

14 A. No ID needed.

15 Q. Okay. Am driving now. Let me stop.

16 And then there's Ms. Grice with the receipt, right?

17 A. Uh-huh.

18 Q. That's it. Can I mark paid now? You there my
19 friend?

20 And this is all on 5-5.

21 A. All set. I'm leaving you positive feedback. I
22 would appreciate you doing the same for me, thank you. Please
23 spread the word of the peace and freedom that bitcoin can
24 bring the world. Also you will not need to provide ID
25 initially in future trades, thank you.

1 Q. Okay I'll -- thank you. Can you give me your
2 Telegram?

3 A. Yes, it's @FTL_Ian. Type it exactly. The other
4 guy is an imposter. When you reach me, ask me to send you a
5 screenshot of this convo to prove it's really me.

6 Q. Mine is Kgreg89.

7 A. You can reach me here since you do not want to
8 direct trade. Have a super day.

9 Q. Okay. No problem. Next time what do I need to do?

10 A. What do you mean? It's the same process each time.
11 Open trade, I give you info, you deposit, post receipt photos.
12 I have now verified you on this account.

13 Q. Good.

14 1222, 4-24-20, and the user name is UGOWIECHERS:
15 Hello, do you speak Spanish?

16 A. Un poco. Tienes Google translate?

17 Q. I want to trade. My bank is professional bank, and
18 I need 22,500 USD in bitcoins. Could you help me?

19 A. Yes. I can help. Have you read my terms? Please
20 provide the required verification photos as described in the
21 terms. Thank you.

22 Then there's an ID.

23 Hello. Are you there?

24 A. Yes, I'm still waiting on you to provide the photo
25 of you holding the note as I described in my terms. Thank

1 you.

2 Q. Okay. Hold on.

3 And then the photo of the person, right?

4 A. Yes, with the ID and the note.

5 Q. Yeah.

6 A. And this is coming from a U.S. bank account with
7 your name on it.

8 Q. Yes. Professional Bank in Coral Gables, Florida?
9 And then there's wiring info, and so if you could
10 do your usual?

11 A. Bank name: Bank of America. Account name: Church
12 of the Invisible Hand. Account type: Business checking.
13 Reason for deposit: Church donation.

14 Q. Okay. Done. I going to make the wire transfer.
15 Wait a minute.

16 A. Are you sending in person at the bank, on the
17 phone, or online.

18 Q. Why donation? Could you send me your WhatsApp?
19 Hola?

20 A. I do not use WhatsApp. I cannot have you write
21 anything about bitcoin or they will close my account. If you
22 don't want to write church donation, then please write
23 purchase of rare coins.

24 Q. 1224, Sweetcutebarbie on 4-30-20:

25 Hi.

1 A. Hello.

2 Q. There are the usual words:

3 Can I take pictures of my ID and note together
4 instead? I can't take a selfie.

5 A. Sorry, but I have to have a selfie. Why can't you
6 take one.

7 Q. I'm too old to take a selfie. My hands are
8 trembling.

9 A. I am so sorry, but my terms require it for
10 security. It's easier if you have a mirror. Turn on your
11 flash to ensure the photo is crisp, even with shaky hands.
12 Meaning, a mirror on a wall, like in your bathroom. Please
13 cancel if you cannot move forward. Thank you.

14 Q. I can't hold something in one hand and take a photo
15 with my phone in the other hand. My hands tremble too much?

16 A. Some people hold the paper with their mouth. Sorry
17 for the difficulty.

18 MR. AFRAME: And then if we could just focus in on
19 the license?

20 Q. This is in what state?

21 A. Arizona.

22 Q. And the man's name?

23 A. For Mr. Stephen G. Revell.

24 Q. He actually shares my birthday, but what is his
25 date of birth?

1 A. His year of birth is 1949.

2 Q. Thank you.

3 And going to -- the last line is:

4 Here's a picture of my ID.

5 And the next one, I'm sorry, is 1225?

6 Before we start reading it, I just want to point
7 something out that I'll come back to when we're done reading
8 it, but we've seen a change here in the user name, correct?

9 A. Correct.

10 Q. All the ones that we've read up to now, what was
11 the user name?

12 A. FTL_Ian.

13 Q. And what is it now?

14 A. Bitcoinbombshell.

15 Q. Okay. And this is November 2, 2020. November 2,
16 2020. Go ahead.

17 A. Hello.

18 Q. And this is the usual introduction?

19 A. Yes.

20 Q. Okay. And the user name for the buyer is
21 patrickbrown007, right?

22 A. Yes.

23 Q. Hello. Sure providing you the necessary
24 documentation for verification will not at all be a problem.
25 Kindly let me know if I can buy for 45K and can you also

1 reduce the price a little for me. I will be making a wire
2 transfer from my Wells Fargo Banks?

3 A. I do offer a direct purchase option off of LBC, but
4 let's start with this amount today and then we can do the rest
5 later.

6 Did you read my terms fully, including the part
7 about where I may require you to restart the trade when the
8 wire comes through to get the updated price?

9 Q. Friend, I am comparatively fresh on LBC, but I have
10 traded good. Yea, I read it. That's how your release time is
11 so less. I completely understand that. I can trade offline
12 with you. I have been trading offline since long ago using
13 Coinbase Pro, but they have some technical issue going on as
14 they mentioned on my account my BTC are help in there. If you
15 want, I can trade offline for say maybe around 12 BTC. All
16 documentation will be provided and obviously if it is an
17 offline trade, you can call me up on my mobile number or as we
18 do, a zoom call is also okay for me.

19 A. Do you want to trade here first or go direct
20 immediately?

21 Q. We can go direct immediately if you say.

22 A. Do you have the Telegram app?

23 Q. No. I don't have Telegram.

24 A. It is an excellent messaging app. Would you mind
25 downloading it? Please add me as user name @FTL_Ian.

1 However, be careful not to add the imposter account that is
2 pretending to be me. Send me a message there and ask for a
3 screenshot of this chat. That way you will be 100 percent
4 sure you have reached me.

5 Q. Okay. Sure. Let me do that. Let me cancel this
6 trade. Don't want to hold your BTC.

7 A. Okay. Thank you.

8 Q. And 1225-A, which is the same November 2, 2020:

9 Hi friend. Let's do first trade here in LBC so we
10 can both gain trust and next time we can move for a bigger
11 trade offline. Let me send you the documents you asked me to
12 provide to you.

13 A. Okay.

14 Q. And then there's a photo of a man with gray and
15 white hair?

16 A. Yes.

17 Q. And do you see his passport there?

18 A. I do.

19 MR. AFRAME: And if we zoom in on that?

20 Q. What's his place of birth?

21 A. Oklahoma, USA.

22 MR. AFRAME: Okay. And zoom back out.

23 Q. And the next one is his driver's license?

24 A. Yes.

25 MR. AFRAME: And if we could zoom in on that?

1 Q. Same guy as in the passport, right?

2 A. Yes.

3 Q. And what's his name?

4 A. Patrick Allen Brown.

5 Q. And where does he live?

6 A. Texas.

7 Q. And what is his date of birth?

8 A. It's 1953.

9 Q. Okay. And if you keep going, there's the driver's
10 license back and then a utility bill, right?

11 A. Yes.

12 Q. And then it says mobile phone number and he
13 provides a number and then an e-mail address as well?

14 A. Yes.

15 Q. Okay. And then there's the usual words about what
16 to write on the paper from bitcoinbombshell, right?

17 A. Yes.

18 Q. Okay. Let me do that real quick. Give me a minute
19 to do that.

20 And there's Mr. Brown holding up the piece of
21 paper, and those are the words that he's supposed to write
22 based on what we just read?

23 A. Yes.

24 Q. Selfie note that you asked for is here. Kindly
25 provide the wire details so I can move ahead?

1 A. Thank you. We are almost done, but due to the high
2 value of the trade I have a few more steps. I looked up the
3 phone number you provided and it's registered to a Berkshire
4 Group. Can you show me proof that you control this number,
5 such as a phone bill with your name on it?

6 Q. That is whom I used to work for. My son pays for
7 the bill. Berkshire Group does not exist no longer. They
8 have now become Berkshire Residential Investors. You can call
9 me on this number to verify or can make a Zoom call to have a
10 word if you like at the same time.

11 A. I just tried to call it. Can we do Telegram to
12 verify? It would be good to have you there even though we
13 will complete the trade here on LBC.

14 Q. Can you call in and verify first? It will take me
15 some time to know exactly what Telegram is. I have used
16 WhatsApp before, but I did not like it that much.

17 A. Just tried to call again. Ended up at voicemail.
18 Left a message.

19 Q. Calling you in now.
20 So who made the call?

21 A. Patrickbrown007.

22 Q. Okay.

23 A. Thank you. Will you be physically going to the
24 branch to send the wire so you can get a receipt? The
25 Telegram app, it's available for phones and computers and is

1 very handy.

2 Q. Yes, I will be going to the branch. I already have
3 booked an appointment.

4 A. Bank name: Santander Bank. Account type:
5 Business checking. Account name: NH Peace Church. Reason
6 for wire: Donation.

7 Q. And we've done a lot of these now. Is this the
8 first time we've seen the New Hampshire Peace Church?

9 A. Yes.

10 Q. And, again, this donation -- was there any
11 discussion with patrickbrown007 about a donation?

12 A. No.

13 Q. Okay.

14 Great. Thank you. I was able to book an
15 appointment in 45 minutes. I will be making the transfer and
16 get back to you with an update and a wire receipt.

17 And then there's some words to write on the
18 receipt, right?

19 A. Yes.

20 Q. 1225-B. Again, still November 2, 2020:

21 Wire has been done. Coming back home with a
22 receipt. Okay the money has also been deducted. Kindly check
23 and update if it has been reflected on your end. In the
24 meantime I am working on sending you the note and the receipt.

25 And there's a photo of Mr. Brown with the note and

1 the receipt.

2 MR. AFRAME: And if we could just zoom in on this
3 wire slip?

4 Q. This is Patrick A. Brown who we've already talked
5 about. How much was this particular wire for?

6 A. \$50,000.

7 Q. And if you go down lower, who is that being sent
8 to?

9 A. The New Hampshire Peace Church.

10 Q. Okay.

11 MR. AFRAME: And back out. Go down a little bit
12 further.

13 Q. Here's the back of the wire. We've just redacted
14 the signature. And then it says page 2?

15 A. Sorry for the confusion, but I require the words to
16 be written on the receipt itself. The first page, please. I
17 will check my account.

18 Q. Okay. And then it's the same wire receipt and now
19 the words that are required are written there?

20 A. Yes.

21 Q. Okay.

22 Here you go buddy.

23 A. Okay. And please take a selfie with it per my
24 terms. Then you can restart the trade and upload that final
25 photo there. Thank you. I have confirmed the wire is

1 received.

2 Q. Okay I was having lunch. Let me send it to you.

3 A. Thank you. My ads normally go down at 6 p.m.
4 Eastern, so if you need me to extend them so you have time to
5 restart, I can. I also begin working by 7 p.m. Eastern, so
6 I'd like to wrap this up by then if possible, or my responses
7 will get much slower after 7 p.m.

8 Q. Already working on it.

9 And then another picture of Mr. Brown holding the
10 receipt.

11 Here's the receipt with note and selfie, waiting
12 for the release.

13 A. Okay. Looks great. Final step is to restart the
14 trade and then I will release the coins on the new trade.
15 Thank you, Patrick. Next time, you can contact me directly on
16 Telegram for a discounted rate and then we won't have to worry
17 about any of the restart hassles. You can click my user name
18 to see the advertisement.

19 Q. Should I cancel this one? The one that is there is
20 of lesser volume.

21 A. Here's a link to the ad. You'll just need to
22 cancel this one and reopen here. Yes, the coins are currently
23 in escrow so a cancel and restart will take care of it. Thank
24 you.

25 Q. Okay. And this is the last of the patrickbrown007,

1 still November 2nd:

2 Wire has been done. Coming back home with the
3 receipt. Okay buddy. All set.

4 A. Thank you. Releasing based on the photos posted to
5 the original trades. All set. I'm leaving you positive
6 feedback. I would appreciate you doing the same for me, thank
7 you. Please spread the word of the peace and freedom that
8 bitcoin can bring the world. Also you will not need to
9 provide ID initially in future trades, thank you.

10 Would you like to set up a chat with me on the
11 Telegram app for better service next time you're looking to
12 buy?

13 Q. I would love to do the same. Thank you for quick
14 release. And, yes, I would be doing it for sure. I will be
15 on Telegram in the next hour and I will send you my regards.

16 A. Okay. Please add me via my cell phone number which
17 you have from earlier or search for my user name there which
18 is @FTL_Ian. Remember, there is an imposter there so make
19 sure to ask me to send you a photo of this chat to prove it's
20 really me.

21 Q. Now it's the next day, 11-3-2020:

22 Hi. Good morning. Kindly confirm how % on top of
23 current price do you charge when trading offline.

24 A. You send the wire. I calculate the price when it
25 arrives based on the market rate from Kraken. I then take my

1 10% fee off the top and send the remaining amount to you at
2 the market rate. Simple.

3 Q. And we have one to go, 1226, which is an
4 11-22-2020, and it's -- Joskayspace is the user name:

5 Please drop details. Hello.

6 A. Hello.

7 Q. Okay. That we've seen before, and then there's a
8 photo, right?

9 A. Yes.

10 Q. And if we go to the next page we have, what do we
11 have there?

12 A. We have a national driver's license from Nigeria.

13 Q. And then Joskayspace says:

14 Sent.

15 A. Did you read my full terms? You agree that I will
16 require you to restart the trade once I receive the funds.
17 This guarantees we are not risking the price changes between
18 now and then, as international wires can take days. Please
19 confirm you agree to restart the trade on my request before we
20 complete it.

21 Q. Where am I wiring the funds to? Do you have a
22 Nigerian account?

23 A. My account can accept any funds. It's in Nevis.

24 Q. All I would ask you to do in the next one is just
25 read to us the name of the recipient bank.

1 A. Nevis International Bank and Trust.

2 Q. Who is the beneficiary on that account?

3 A. Ian B. Freeman.

4 Q. And what's the address?

5 A. 73 Leverett Street, Keene, New Hampshire, 03431.

6 Q. And what was the reason being given for any wire
7 sent on this?

8 A. Investment.

9 Q. Okay. All right. So those are the LocalBitcoin
10 chats that we have marked to read.

11 There's only one more thing that I want to do, and
12 it brings us back to patrickbrown007 and that date of November
13 2, 2020, and some other dates.

14 Let me ask you -- you told us you were an
15 investigator for the FBI now many hours ago.

16 Do you ever use IP addresses as a part of your
17 investigation?

18 A. Yes.

19 Q. And can you just briefly tell the jury what an IP
20 address is?

21 A. Sure. An IP address is just an identifier for a
22 device on a network or on the Internet.

23 Q. So what information does it provide you as an
24 investigator -- can it provide? What information -- by having
25 the IP address, what can that tell you about --

1 A. Oh. It can lead to subscriber information.

2 Q. Okay. And tell me again, just so I understand,
3 what is that address telling me as far as the location of the
4 item being logged on from?

5 A. It tells you where it's being logged on from.

6 Q. Okay. So if it's the same IP address being used
7 for something, what does that mean?

8 A. It's the same identifier so the same device.

9 Q. Okay.

10 A. The same identifier, yeah.

11 Q. So if we looked way back at 1202, this was the very
12 I think first exhibit I showed you, and it was the user
13 account for FTL_Ian, real name Ian B. Freeman?

14 A. Yes.

15 Q. And what was the date last seen for that account?

16 A. It was June 3, 2020.

17 Q. And you told me then that that would be the last
18 date it was logged onto?

19 A. Correct.

20 Q. Okay. If we go to 1228 --

21 MR. SISTI: One second, your Honor.

22 (Attorney Aframe confers with Attorney Sisti)

23 MR. AFRAME: Okay. So we've agreed to 1228 and
24 1229, your Honor.

25 THE COURT: Admitted, 1228 and 1229.

1 (Government's Exhibit Nos. 1228 and 1229 Admitted)

2 Q. We were just talking about IP addresses and we were
3 talking about the date June 3, 2020.

4 MR. AFRAME: So let's blow this up because I
5 certainly can't see that.

6 Q. So on that date, right, we see -- first of all,
7 this data, where does this come from? Who provided this?

8 A. These records came from LocalBitcoins.

9 Q. And did they provide a whole bunch of IP addresses?

10 A. They did, yeah.

11 Q. Okay. And so this is the June 3, 2020, data, and
12 what's the user name for this particular IP address?

13 A. This is the FTL_Ian account.

14 Q. And then is there an IP address?

15 A. Yes.

16 Q. And we're going to just use the first five letters
17 as our identifier.

18 So what's the first numbers -- I'm sorry, the first
19 five numbers of the login IP address for FTL_Ian on June 30,
20 2020?

21 A. 64.223.

22 Q. Okay. And now let's turn to 1229, and this is the
23 same kind of information for the bitcoinbombshell. And do you
24 remember for bitcoinbombshell, what name was that account
25 registered in?

1 A. I believe that was Renee Spinella.

2 Q. Okay. And if we open this --

3 MR. AFRAME: Could we blow up -- really we only
4 care about the first three columns. So that will make it
5 easier for everyone to see.

6 Q. If we look at September 27, 2020, what do we see is
7 the IP address as far as the first six numbers for
8 bitcoinbombshell?

9 A. 107.178.

10 Q. And then there are logins on 9-30, right?

11 A. Yes.

12 Q. And that date will come up later, but for right now
13 all I want you to do is tell me as of 9-30-2020 for
14 bitcoinbombshell, what was the IP address login?

15 A. 64.223.

16 Q. And if we went back to 1228, what would we see
17 about that login for FTL_Ian? Do you remember?

18 A. Was it 1228?

19 Q. 6-3. I'm sorry.

20 So we'll go back to Government's Exhibit 1228, and
21 on June 3, 2020, what was the login for FTL_Ian?

22 A. 64.223.

23 Q. And then if we go back again to 1229, is the
24 same -- is the FTL_Ian login from 6-3 now being used for
25 bitcoinbombshell on 9-30?

1 A. Yes.

2 Q. And focusing now on 11-2, which was the
3 patrickbrown007 chat with bitcoinbombshell that we just read,
4 what was the IP address being used for that chat?

5 A. 64.223.

6 Q. And that was the same one being used for FTL_Ian on
7 6-3-2020?

8 A. Correct.

9 Q. And then the last bitcoinbombshell, which is 3-10,
10 which I'll represent to you we've already admitted this. The
11 account last seen for bitcoinbombshell was 3-13-2021.

12 This is 3-10-2021, and what was the login for that?

13 A. 64.223.

14 Q. And is that the same FTL_Ian login from 6-30-2020?

15 A. Yes.

16 MR. AFRAME: No further questions.

17 THE COURT: Cross-examination.

18 MR. SISTI: Thank you, your Honor. I get to take
19 my mask off.

20 CROSS-EXAMINATION

21 BY MR. SISTI:

22 Q. Good afternoon.

23 A. Good afternoon, Mr. Sisti.

24 Q. How are you?

25 A. I'm doing just fine. Thanks. How are you?

1 Q. They let you back in the court after they locked
2 you out there?

3 A. Yeah.

4 Q. You've got to be careful around here.

5 A. Yeah.

6 Q. I just want to discuss a few general things with
7 you. I mean, we've gone over a lot of detail here, but
8 because you were involved with the FBI and because you were an
9 actual investigator on this material, I think that that would
10 probably come in handy for this jury. Would you agree?

11 A. Sure.

12 Q. I mean, this is the kind of cases that you worked
13 on, right?

14 A. Yeah. I mean, I would clarify I was an analyst,
15 not an investigator.

16 Q. No, but -- I mean, you've seen this?

17 A. Yeah.

18 Q. You've seen these cases from beginning to end, I
19 would take it, many times?

20 A. Yes.

21 Q. Okay. You started out in your testimony giving a
22 brief description of bitcoin and cryptocurrency transactions
23 and that sort of thing, and I think one of the terms that you
24 used was something like pseudonymity or something like that?

25 A. Yes.

1 Q. Can you go back to that a second so we can come up
2 to speed on that again? What's that all about?

3 A. Sure. Yeah, so it's basically the idea that you
4 can have an identifier but it's not tied directly to you.

5 And that long string of letters and numbers, that
6 public address, it's just that to the public, like a bank
7 account number. Your bank account number -- you guys could
8 have my bank account number, but you don't know necessarily
9 that it's tied to me without that extra information.

10 Q. All right. And what's the advantage of that again?
11 Let's go through that again.

12 A. The advantage of pseudonymity for the end user is
13 that they don't have to have their name tied to anything.

14 Q. There's nothing illegal about that, right?

15 A. Oh, no.

16 Q. No. I mean, people are doing probably thousands
17 and thousands of these transactions while we were sitting here
18 from this morning until now, right?

19 A. Bitcoin itself is not illegal, no.

20 Q. Right. Bitcoin is not illegal. Not having let's
21 say your full name and address on the transaction, that's not
22 illegal, right?

23 A. No.

24 Q. And when people are conducting business from one
25 individual to another, they don't have to ask why you're using

1 the money, do they?

2 A. In what type of transaction?

3 Q. I don't know. I mean, you know, you're buying a
4 car just like Mr. Aframe was talking about.

5 A. So in a private sale of a material good?

6 Q. Yeah.

7 A. No, not in a private sale of a material good
8 necessarily.

9 Q. Right, a private sale of a material good. You
10 know, we can go on and on. Every day during transactions that
11 we make we don't have to explain why we are doing it, correct?

12 A. Sure, but sometimes it's readily apparent.

13 Q. Well, sometimes it is and sometimes it's not. If I
14 went to a bank today and said I want \$15,000, all right, it's
15 my money, I can take and do whatever I want with it, right?

16 A. To a certain extent, yeah.

17 Q. I know, but, I mean, are tellers at banks obligated
18 to say, what are doing with that, Mark?

19 A. I can't say for sure. I'm not an expert in that.

20 Q. Okay. Well, I mean, does the bank manager have to
21 come out and say, Mark, we don't want you taking \$15,000, I
22 mean, we want to know what you're doing with it?

23 A. Not for every transaction, but when certain
24 suspicious activity occurs, then they start to ask questions.

25 Q. Sometimes they do and sometimes they don't, right?

1 A. Sure.

2 Q. I mean, we just saw examples while Mr. Aframe was
3 examining you of people that were going to banks, one of them
4 over a six-day period and took a lot of money out, right?

5 A. Yes, it was a lot of money.

6 Q. And it was from apparently a bank that she would
7 have known to go to, right?

8 A. Yes.

9 Q. And it doesn't sound like anybody from the bank was
10 stopping those transactions.

11 A. I can't speak to that.

12 Q. Well, we know they didn't stop them because they
13 kept going on, right?

14 A. I can't speak to that either.

15 Q. You can speak to it because you testified and in
16 fact you answered questions about it.

17 A. Well, I can't speak to what the bank did.

18 Q. Well, if they would have stopped the transactions
19 on day two, we never would have got to day six, right?

20 A. That's fair.

21 Q. Okay. But they didn't, right?

22 A. Apparently not.

23 Q. Right. And this bank would have been the bank that
24 would have provided the funds that would have been involved in
25 the eventual bitcoin purchase?

1 A. Can you repeat the question?

2 Q. Yeah. The bank was providing money, right?

3 A. Yes. From the customer's account, yes.

4 Q. Correct. And the money was used to buy bitcoin,
5 right?

6 A. Yes.

7 Q. Okay. We have no evidence whatsoever that anybody
8 interceded or stopped that event, right?

9 A. Not at present. Yeah, not at present. I have not
10 seen it here in front of me at testimony.

11 Q. Whether that be for bitcoin or whether that be for
12 buying a yacht, I mean, apparently nobody stopped the
13 transactions?

14 A. The ones that we just read, no.

15 Q. All right. And there were a lot of those
16 transactions. We went through a whole book of those
17 transactions, right?

18 A. Yeah.

19 Q. Is there any evidence that you saw while you were
20 looking at the books and while you were being questioned that
21 any bank stopped any proceeding that was going on?

22 A. Stopped, no. Questioned, yes.

23 Q. Okay. Well, I mean, Mr. Freeman was questioning,
24 too, wasn't he?

25 A. Yes.

1 Q. Yeah. Okay. So the banks were questioning a
2 little bit, Mr. Freeman was questioning a little bit, but, you
3 know what, the transactions were taking place, weren't they?

4 A. Yes.

5 Q. Okay. But I want to go back to the beginning one
6 more time because the allegation here -- the general claim is
7 that Mr. Freeman is somehow linked hand-in-hand with scammers,
8 and we want to get to the bottom of that, okay? All right?

9 Did you see any follow up in your review of the
10 material that directly linked Mr. Freeman to any known
11 scammer?

12 A. You mean the review of the material from
13 LocalBitcoins?

14 Q. Yeah.

15 A. Other than his conversations?

16 Q. Is there any linkage?

17 A. No.

18 Q. And when we're looking for linkage, a lot of times
19 you're going to see people that come up over and over again
20 and generally have the same goofy, I don't know, game they're
21 playing with somebody, all right, whether it's a romance scam,
22 whether it's my grandson's in jail scam, something like that,
23 right?

24 A. Yeah.

25 Q. Okay. And they would come back over and over and

1 over to the person they would be linked in with, right?

2 A. Yes.

3 Q. Yeah. We didn't see that here.

4 A. We did see attempts for people to come back. Yes,
5 we saw attempts where individuals would come back.

6 Q. Attempts, right?

7 A. Yes.

8 Q. Then it got cut off, right?

9 A. Well, some of them went to Telegram, and I didn't
10 review Telegram so I don't know.

11 Q. Well, it stopped, right?

12 A. At least on LocalBitcoins, yeah.

13 Q. Yeah. And there was no reengagement after that,
14 right?

15 A. There were multiple attempts.

16 Q. Again, attempts. And Mr. Freeman didn't take the
17 bait, right?

18 A. I mean, I believe in some of those he did if I
19 recall.

20 Q. Let's go through a couple because there's some that
21 are just absolutely I guess profoundly interesting.

22 And, again, I want to go back to the pseudonymity
23 thing. If you're a scammer and you're working with somebody
24 hand-in-hand to rip off somebody, you want to stay
25 pseudonymous, right?

1 A. Yeah.

2 Q. I mean, you would be dumber than dumb to be giving
3 away your identification, your cell number, your address. I
4 mean, I could go on and on. That would be crazy if you're
5 trying to actively rip somebody off, right?

6 A. If you were -- I guess I'm confused by the
7 question. I'm sorry.

8 Q. Generally in your investigations do you see active
9 scammers giving their real name?

10 A. Sometimes, yeah.

11 Q. That's pretty dumb, right?

12 A. Yeah, it's not smart, but we don't always catch the
13 smart ones.

14 Q. Yeah. That would be something, huh?

15 Do you see it, though? Is that the course of
16 business when you're scamming that you give your full name?

17 A. No.

18 Q. Right. That would be the unusual case, right?

19 A. It depends on the case, but sometimes, yeah.

20 Q. Yeah. And in your usual cases -- if you're a
21 scammer and you're linked hand-in-hand with another scammer,
22 in the usual cases do you give your real cell phone number?

23 A. Well, you may give a -- you give a spoofed one
24 usually. Something like that.

25 Q. You give a spoofed one?

1 A. Yeah.

2 Q. Let me ask you a question. Maybe you don't know
3 the answer. I mean, do you know that Ian Freeman goes by Ian
4 Freeman?

5 A. Yes.

6 Q. Okay. Do you know he gave out his cell phone
7 number to a number of different individuals that were right in
8 these books?

9 A. Yes, he did.

10 Q. Okay. Is there any evidence that he gave out a
11 spoofed cell phone number?

12 A. No.

13 Q. All right. Do you know that Ian Freeman lives in
14 Keene, New Hampshire?

15 A. Yes.

16 Q. Do you know that on a number of communications in
17 this book Ian Freeman volunteered his address?

18 A. Yes.

19 Q. Okay. Do you know if it's a fake address?

20 A. No, I don't believe it's a fake address.

21 Q. All right. So what we can establish then is that
22 Ian Freeman was openly, without reservation, giving up the
23 name that he's known by, right?

24 A. Yes.

25 Q. The address where he lives, right?

1 A. Yes.

2 Q. The cell phone number that he could be reached at?

3 A. Correct.

4 Q. So that if anybody wanted to go after him, he gave
5 them an invitation to his address, his name, and his phone
6 number?

7 A. Yes, he did list a lot of information.

8 Q. He did list a lot of information. He wasn't using
9 this particular platform and he wasn't communicating in an
10 attempt to be secretive. He was actually advertising his
11 name, his whereabouts, and what he was doing, correct?

12 A. Yes, he advertised.

13 Q. Is that the normal course of business for scammers
14 in your background?

15 A. For scammers?

16 Q. Yeah.

17 A. No.

18 Q. Now, while the Assistant U.S. Attorney was
19 questioning you there was some -- there was always these
20 questions about where does that individual come from, like
21 what state does he come from and that sort of thing. Is that
22 important?

23 A. It can be. Sometimes if you're dealing with
24 multiple -- or a certain individual is an agent and they're
25 dealing with people from all over the country, it should bring

1 up questions why, why are there people from so many different
2 places.

3 Q. Well, people may be seeking him out, right?

4 A. Yes, but there may be one individual that's seeking
5 him out on behalf of multiple others, and so the question is
6 why. Given the volume of, as you said, scam activity, and
7 particularly with money mules, that is certainly a red flag.

8 Q. Okay. But, I mean, doing business with somebody
9 from Arizona is not illegal, right?

10 A. No, not in and of itself. Of course not.

11 Q. No. I mean, people in Arizona want bitcoins just
12 as much as people in Texas, right?

13 A. Sure.

14 Q. And people in Oklahoma. I mean, we've seen all
15 this in that book, right?

16 A. Yes.

17 Q. People in Florida want bitcoin, right?

18 A. Yes.

19 Q. Now, you know, some of those people may have been
20 scammed, correct?

21 A. Yes. I believe so.

22 Q. Right, right. Some of those people may have been
23 taken advantage of, right?

24 A. Yes.

25 Q. Do you know who the people were that were engaged

1 with the people that were holding up their licenses?

2 A. That wasn't my role in this investigation.

3 Q. Okay. And do you know from what you had seen in
4 any of that information whether or not Ian Freeman knew any of
5 those people that were in contact with any of the people
6 holding up notes and licenses?

7 A. Again, this wasn't my role in the investigation.

8 Q. All right. But nothing you did could make that
9 linkage?

10 A. No. Nothing I did.

11 Q. All right. And the ages of people. You're
12 starting to scare me with some of these ages because I was
13 older than some of them. Why was that included?

14 A. Well, one of the sort of indicators of fraud can
15 sometimes be a person's age. Particularly with regard to --
16 when combined with bitcoin and some other types of -- some
17 other identifiers as well, red flags that pop up. Generally
18 speaking, we found that given the volume of elder fraud
19 involved with cryptocurrency that that tends to be a red flag
20 when combined with other factors.

21 Q. You showed -- I think there was some exhibit that
22 indicated the number of transactions that Freeman would have
23 been involved in?

24 A. Yes.

25 Q. There was a good number of them, right?

1 A. It was over 3,000, I believe.

2 Q. Over 3,000. How many people did we talk about in
3 this book? Do you remember?

4 A. I don't recall, but it was significantly less than
5 3,000, if that's what you're getting at.

6 Q. Yes. I think it was less than 20, actually.

7 A. Okay.

8 Q. And I know your strong suit isn't math, but that's
9 really infinitesimal, isn't it?

10 A. It's certainly a difference, yes.

11 Q. It's a huge difference?

12 A. Yes.

13 Q. When you're talking of a pool of well over 3,000
14 and you're picking 20 transactions, that's a very small
15 fragment of those transactions, right?

16 A. Yes, but it's a selection from the overall records.

17 Q. Yeah. Did you select the records where Ian was
18 saying don't do business, it sounds like you're being scammed?

19 A. I don't recall reading that.

20 Q. No, but you didn't read everything, did you?

21 A. I reviewed the records.

22 Q. Did you read his profile?

23 A. His profile? Yes, of course I read his profile.

24 Q. Did you read his reviews?

25 A. His reviews? Yes, I believe I read the reviews.

1 Q. Can you tell the jury what the percentage of good
2 reviews were versus bad reviews?

3 A. I don't recall the exact percentage, but he was
4 quite highly reviewed.

5 Q. Highly reviewed means he was held out in that
6 community as being honest, right?

7 A. People were very satisfied with their interaction
8 with him.

9 Q. Right. They weren't complaining about being
10 scammed or ripped off is what I guess I'm getting at.

11 A. Correct.

12 Q. There were actually identified individuals with I
13 think Nigerian national licenses that were being shown?

14 A. Yes. There was one individual with a Nigerian
15 driver's license and one with a Nigerian passport, correct.

16 Q. And with regard to those individuals, do you know
17 if Ian Freeman ever met them?

18 A. I do not, no.

19 Q. Ever spoke with them in person?

20 A. I don't know.

21 Q. Was attempting to ever contact them?

22 A. I mean, aside from these conversations through the
23 LocalBitcoins chats? No, not that I'm aware of.

24 Q. Do you know if the FBI or any other investigative
25 enforcement agency, whether it be out of the United States or

1 whether it be internationally, ever followed up on those
2 identities and human beings?

3 A. I don't know.

4 Q. Do you think that would be important?

5 A. Potentially. It depends. There are lots of
6 scammers out there, and so prioritization of resources is --
7 it's outside of my purview.

8 Q. Okay. Do you have any knowledge whatsoever that
9 anybody pursued any investigation with regard to the people
10 that Ian insisted hold up their picture IDs from a government
11 document?

12 A. Yeah, I have no knowledge of that.

13 Q. Why would -- if you know, why would somebody want
14 to have somebody's identity on a government document before
15 transacting any kind of an activity with regard to
16 cryptocurrency?

17 A. Well, one, to make sure they're not a robot,
18 potentially. Two, to make sure that they're a real person and
19 can have the ability to dispute a transaction and the
20 aftermath with LocalBitcoins, for example.

21 Q. Okay. So it would be for Ian's protection to know
22 that he's dealing with a human?

23 A. Yes.

24 Q. And Ian's protection so that he could chase them
25 down potentially if Ian got ripped off?

1 A. Correct.

2 Q. And it's for the purpose of investigation
3 afterwards if this whole thing went down the toilet, for lack
4 of a better term?

5 A. Sure.

6 Q. Yeah. And, you know, the people if they were
7 scammed during that transaction, would have had the
8 information of that person with the government document being
9 held up because Ian insisted on getting it, right? The little
10 old lady that had a lot of money --

11 A. You're talking about the agent transactions
12 particularly?

13 Q. I am.

14 A. Yes, if LocalBitcoins had those photos uploaded,
15 yes.

16 Q. All right. So what Ian was doing was protecting
17 himself, right?

18 A. Yes.

19 Q. And making a record of who was making the purchase
20 of the currency -- of the bitcoin?

21 A. Yes, there's a record.

22 Q. There's a record of that so that if, again, the
23 little old lady scam or the grandson scam or the romance scam
24 took off, Ian would have evidence that he would be able to
25 supply to the victim?

1 A. Yes.

2 Q. Yeah. Do you know if the FBI prior to his arrest
3 ever went to him and said, can you help us because some little
4 old lady in California got ripped off or somebody thought that
5 their grandson was locked up, and can you help us out?

6 A. I'm not aware of that.

7 Q. But we know for sure that he kept all that
8 information, right?

9 A. At a bare minimum on his LocalBitcoins profile,
10 yes.

11 Q. And, again, the reason that you would be taking
12 pictures of individuals and the reason that Mr. Freeman would
13 have had them identify themselves was because he had a
14 protocol with regard to the purchase of bitcoin?

15 A. Yes. It was due to his protocol.

16 Q. Okay. And he stuck by that protocol?

17 A. He certainly did.

18 Q. Was there any evidence that you were able to obtain
19 that he tried to conceal any of the identities or any of the
20 transactions?

21 A. From whom?

22 Q. From the FBI.

23 A. Conceal the identities of people?

24 Q. Yeah.

25 A. No, not the identities. At least that I'm aware

1 of.

2 Q. Okay. Now, you know, before there was bitcoin and
3 before there was cryptocurrency there were scammers, right?

4 A. Yes.

5 Q. And they're still out there today. I mean, you
6 mentioned something about using gift cards and that sort of
7 stuff. That's going on as we speak, too, right?

8 A. Yes. Criminals are always early adopters of new
9 technology.

10 Q. Right. So as we're speaking, there's active
11 scamming going on. It doesn't have to be with regard to any
12 kind of cryptocurrency. That's for sure.

13 A. No, it does not.

14 Q. And just because you're engaging in some kind of
15 cryptocurrency activity that doesn't mean that you're doing
16 anything illegal?

17 A. Not necessarily.

18 Q. Right. When he identified -- or there were
19 identifiers of the churches involved, I think there were a
20 number of them, they also left bank account information,
21 right?

22 A. Correct.

23 Q. So that would have been readily identifiable as
24 well, right?

25 A. Yes.

1 Q. There was nothing secret about where accounts were.
2 There would be a bank identified, a name, and there would be
3 an account number, right?

4 A. Correct.

5 Q. All right. So nothing hidden there?

6 A. No.

7 Q. And, in fact, there were a number of different
8 banks. He readily supplied the account numbers and the
9 identification needed to transact any kind of activity?

10 A. Yeah, it was functionally important to the
11 transaction.

12 Q. Do you know the history of bitcoin, by the way?

13 A. The history?

14 Q. Yeah.

15 A. I mean, I'm familiar with it, yes.

16 Q. And, you know, when did it start up?

17 A. 2009 is when a white paper by Satoshi Nakamoto was
18 produced.

19 Q. Okay. And with regard to the beginning of that,
20 was there actually physical bitcoin, like coins, like
21 quarters, or something like that?

22 A. No, there's no physical bitcoin.

23 Q. There's no physical bitcoin. So there's no --
24 there's never been a trace of physical bitcoin?

25 A. Physical bitcoin? No.

1 Q. It's always been computer generated; is that what
2 you're saying?

3 A. Yes. It's online.

4 Q. And it's always been online?

5 A. To my knowledge, yes.

6 Q. Okay. What was the original value of bitcoin? Do
7 you know?

8 A. The original value was zero because no one believed
9 in it, effectively.

10 Q. All right. And it started to become more and more
11 acceptable as the years went on, right?

12 A. Yes.

13 Q. Because more and more people were using it and they
14 appreciated the fact they didn't have to tell anybody what
15 they were doing with it, right?

16 A. That may be one of the reasons why people enjoyed
17 it, yeah.

18 Q. But you can still buy things and not tell people
19 what you're doing with it anyways, right?

20 A. Yeah. In fact, the first thing I believe someone
21 bought with bitcoin is a pair of alpaca socks, I believe.

22 Q. That was a big purchase. That's when bitcoin was
23 like 25 cents.

24 A. Something like that.

25 Q. And in today's market if you want to be anonymous,

1 I guess, all you've got to do is flash some cash, right?

2 A. Yes.

3 Q. So totally anonymous purchases can take place with
4 cash?

5 A. Yes.

6 Q. Attorney Aframe wanted to buy a \$16,000 automobile
7 from you, remember, there was that trade?

8 A. Yes.

9 Q. But if I wanted to buy a \$9,000 automobile with
10 cash from you, nobody knows, right?

11 A. Correct.

12 Q. Nothing illegal about that?

13 A. Not that I'm aware of.

14 Q. All right. During the course of your review and
15 the course of your testimony and the reading of these chats
16 back and forth it appeared as though Mr. Freeman was concerned
17 about imposters. Is this something that takes place during
18 the course of some of these transactions?

19 A. Well, because you're known by a user name, and, in
20 particular, as you register accounts on these sites, someone
21 could register a user name that is very similar to your name
22 and people could get confused as to which person they were
23 talking to potentially.

24 Q. All right. So is it the responsible thing for
25 somebody to warn somebody that there's an imposter out there?

1 A. Yes.

2 Q. Okay. So you would agree with me that what Ian was
3 doing when he was flagging that was to make sure that these
4 folks knew that they were dealing with him, the real Ian
5 Freeman?

6 A. Yes.

7 Q. Not the imposter, right?

8 A. Yes.

9 Q. Is that what scammers usually do?

10 A. To warn them that you're dealing with them
11 specifically? Not particularly. But you want to direct
12 people to your business, which is effectively what was
13 happening there. You want to make sure they have the correct
14 business.

15 Q. The correct business but the correct name?

16 A. Yes, and the correct name. Of course, yes.

17 Q. Correct address?

18 A. Yes.

19 Q. Correct phone number?

20 A. Yes.

21 Q. Scammers don't do that.

22 A. I mean, not necessarily.

23 Q. No.

24 MR. SISTI: Could I have a moment, Judge?

25 THE COURT: You may.

1 MR. SISTI: Thank you.

2 (Attorney Sisti confers with the defendant)

3 MR. SISTI: Thank you for coming. I have no
4 further questions.

5 REDIRECT EXAMINATION

6 BY MR. AFRAME:

7 Q. There was a lot of questions that suggested
8 scammers try to conceal themselves?

9 A. Yes.

10 Q. And the suggestion was made Mr. Freeman didn't try
11 to conceal himself, right?

12 A. Yes.

13 Q. Let me just be as clear as I possibly can be about
14 this. Is the government's claim in this case that Mr. Freeman
15 is a scammer?

16 A. No.

17 Q. What is the government's claim in the case?

18 A. That Mr. Freeman was an unlicensed money
19 transmitter and a money launderer.

20 Q. And what was he doing through the unlicensed money
21 transmitting business as far as the government's allegation?

22 A. Laundering money for scammers.

23 Q. So there's a difference between the scammer and the
24 money launderer?

25 A. Yes.

1 Q. And we're not alleging he's the scammer, are we?

2 A. Correct.

3 Q. Let me go back to the question about banks as far
4 as whether they allow transactions or whatever the banks did,
5 and I want to make a point.

6 MR. AFRAME: And if I can bring up 1201 and line 6?
7 If we could open the terms of trade, if you go down?

8 Q. So what I understood Mr. Sisti to be asking you is,
9 you know, banks let these transactions go through, and if
10 these were bitcoin transactions from, you know, older people,
11 why are they allowing that? That seems wrong.

12 Let's look here at the instructions from line 6,
13 "At the teller," it says, "you will need to go into the bank
14 and deposit with a human teller. Find out the name of the
15 teller. You will need to write that on the receipt. Get a
16 receipt." Then what's the next word in bold?

17 A. Afterwards.

18 Q. Afterwards. After what?

19 A. After interacting with the teller.

20 Q. "Then write for bitcoin purchase from FTL_Ian on
21 localbitcoins.com. No refunds." Right?

22 A. Correct.

23 Q. So does the bank know it's a person born in 1945
24 buying \$10,000 worth of bitcoin?

25 A. No.

1 Q. They just know what?

2 A. It's a person born in 1945.

3 Q. Is doing what with \$10,000?

4 A. They're sending a cash deposit to Mr. Freeman.

5 Q. And does the bank know why?

6 A. No.

7 Q. Because that's not written till afterwards, is it?

8 A. Correct.

9 Q. And do you know one way or another whether banks
10 and credit unions filed suspicious activity reports of people
11 sending money to Mr. Freeman or any of these churches?

12 A. I do not.

13 Q. Mr. Sisti suggested that some of these transactions
14 didn't come to fruition that we read, and that's true, right?

15 A. Correct.

16 Q. Was there any example where Mr. Freeman asked
17 questions and said, oh, I don't want to do that transaction,
18 it seems suspicious to me? Did we read any that said that?

19 A. No.

20 Q. Mr. Freeman very much wanted the photos?

21 A. Yes.

22 Q. Let me ask you a question about those photos.

23 MR. AFRAME: Let me open up to Patrick Brown as an
24 example, because I suspect we will meet Patrick Brown, which
25 is 1225.

1 Q. And somebody is using user name patrickbrown007,
2 correct?

3 A. Yes.

4 Q. And writing these words here, like, at 1630, or go
5 down a little further, like, here at 1637, "Friend, I am
6 comparatively fresh on LBC."

7 And then we have the photo, right?

8 MR. AFRAME: If we go forward -- just go forward to
9 the first picture, 1225-A.

10 Q. There's a photo, right?

11 A. Yes.

12 Q. Now, Patrick Brown, that man, right, there's
13 nothing that tells us whether he's the one who put that photo
14 in that LocalBitcoin chat. In other words --

15 MR. SISTI: Your Honor -- hold on. I've been
16 hesitating with regard to objections, but we're leading now
17 and getting way down the path.

18 THE COURT: Go a little more open-ended.

19 MR. AFRAME: Okay.

20 Q. Is there anything about what I see here that says
21 that Patrick Brown, that man I'm looking at, uploaded this
22 photograph to LocalBitcoins?

23 A. No, not the man in the photograph.

24 Q. Why not?

25 A. Well, because he could have taken the picture

1 himself, sent it to someone else, and had them upload it.

2 Q. What does the user name patrickbrown007 tell us?

3 A. Nothing. It's just a user name.

4 Q. So she could call herself S. Aframe if she felt
5 like it, right?

6 A. Yes.

7 Q. Would that make her me?

8 A. No.

9 Q. Mr. Freeman kept records of the photos on
10 LocalBitcoins and we saw some of them. Did he also tell
11 people to go over to Telegram?

12 A. Yes.

13 Q. And were those photographs open and obvious to
14 people? Have you seen them?

15 A. These photos?

16 Q. No, the ones on Telegram.

17 A. Oh, I've not reviewed the Telegram information.

18 Q. Where would those have been stored?

19 A. Likely within the Telegram application itself.

20 Q. And in all of the chats that we looked at did we
21 ever see Mr. Freeman ask anybody a question about the source
22 of funds?

23 A. No.

24 Q. Did we see transactions that were in the several
25 hundred thousand dollar range in cash?

1 A. Yeah. We saw people come to him asking for those
2 transactions, yes.

3 Q. And did he talk about how to mail the money to him?

4 A. Yes.

5 Q. Did he ask any questions about where that much cash
6 came from?

7 A. No.

8 Q. Mr. Sisti suggested that, you know, why haven't you
9 found the scammers. What is challenging in the situation we
10 have seen to find scammers when bitcoin is involved?

11 A. Well, you've got to try and follow the money, for
12 one, which isn't always easy, and then not only that but
13 oftentimes the scammers are located in another country.

14 Q. We talked about -- Mr. Sisti talked about Mr.
15 Freeman being highly reviewed?

16 A. Yes.

17 Q. When someone writes a review, does it matter who
18 they are and what their role in the transaction is?

19 A. It just has to be the user that interacted.

20 Q. Does it matter to what it means?

21 A. Oh, what it means? No.

22 Q. So let me pull up 1225 again.

23 Hypothetically, 1225-A, if Patrick Brown, that man,
24 wrote a review saying Mr. Freeman is honest and terrific and
25 this was the best thing I've ever done, does that mean

1 something different if it was written by patrickbrown007 and
2 that happens to be a different person entirely?

3 A. Yes.

4 Q. In any of the photos or those chats that we saw --
5 you were asked about large cash deposits. We saw plenty of
6 people in their 50s, 60s, and I think 70s, right?

7 A. Yes.

8 Q. Were any questions asked of those people by Mr.
9 Freeman about why they're doing the transaction?

10 A. No.

11 Q. Did Mr. Freeman instead provide his own reason for
12 why people wanted to do the transaction?

13 A. Yes.

14 Q. Was there any evidence that he connected that
15 reason to anything in reality?

16 A. No.

17 Q. The church bank accounts -- again, the idea was
18 that those were open and obvious, right?

19 A. Yes.

20 Q. And Mr. Freeman's accounts were open and obvious?

21 A. Yes.

22 Q. Are the church entities the scammers?

23 A. No.

24 Q. Is Mr. Freeman the scammer?

25 A. No.

1 Q. What's the point of the bank accounts?

2 A. To receive money from the other individual on the
3 other end of the trade.

4 Q. Right. And then the question is for what reason,
5 right?

6 A. Yes.

7 MR. AFRAME: Thank you.

8 MR. SISTI: Just a little follow-up, if I could,
9 your Honor.

10 THE COURT: Yes. Please.

11 MR. SISTI: Thank you.

12 RECROSS-EXAMINATION

13 BY MR. SISTI:

14 Q. We're going to let you go pretty soon, all right?

15 A. Okay.

16 Q. Just to reiterate, it's interesting that Mr.
17 Freeman may not have asked where the \$100,000 came from,
18 right?

19 A. Uh-huh.

20 Q. But we know the banks probably didn't do that
21 either, right?

22 A. I can't speak to that.

23 Q. Is there any evidence they did?

24 A. Not that I'm aware of, but also that wasn't my role
25 in the investigation. I deal with virtual currency.

1 Q. No, no. I get that. Is there any evidence that
2 you're aware of that the FBI, that any banking commission
3 followed up on any of this to see if they're highly regulated
4 institutions, all right, asked the questions that Mr. Aframe
5 wanted Mr. Freeman to ask?

6 A. It wouldn't have been me that did that. I can't
7 speak to it.

8 Q. Who would do that?

9 A. Another investigator, analyst. I deal with virtual
10 currency.

11 Q. Okay. Another investigator, another analyst from
12 the federal government?

13 A. Sure.

14 Q. Do you know if they took the time to do that?

15 A. I don't know.

16 Q. Okay. In the redirect examination the finger was
17 pointed at Mr. Freeman for not being a scammer, and that's
18 good because we've been saying all along he's not a scammer,
19 all right, but that he was a money launderer, right?

20 A. Yeah.

21 Q. Is it your experience that good old criminal money
22 launderers give their full name when they're transacting
23 business?

24 A. Yeah, sometimes.

25 Q. Yeah, sometimes. Do smart ones do that?

1 A. Sometimes.

2 Q. Their address?

3 A. Say that again?

4 Q. Their address?

5 A. Sometimes, yeah.

6 Q. It's rare. Come on.

7 A. I mean, I can't say exclusively that it doesn't
8 happen.

9 Q. I didn't say it's possible or that it happens. I'm
10 saying that's certainly not the norm, correct?

11 A. It's not the norm, but it --

12 Q. All right. All right.

13 A. But it certainly happens.

14 Q. All right. Now, come on. Address, phone number,
15 cell phone, is that what money launderers do?

16 A. I mean, yeah, some of them. They're taking
17 business from anyone so they've got to be able to get in
18 contact with them.

19 Q. Do you really want to stand on that testimony?

20 A. Yeah.

21 Q. All right. So you're saying they're committing
22 crimes in plain sight? Is that what you're saying?

23 A. I mean, of course -- I think what you're alluding
24 to are things like shell companies and things like that. Is
25 that what you're alluding to?

1 Q. Yeah.

2 A. Yeah, of course shell companies are used, but they
3 need to be able to get in contact with people and people need
4 to be able to get in contact with them.

5 Q. I'm not talking about shell companies here because
6 we're talking like we discussed. He's real. He's flesh and
7 blood, right?

8 A. Yes.

9 Q. He has a house in Keene, a real one, right?

10 A. Yeah.

11 Q. Not a shell house, right?

12 A. Right.

13 Q. He has a real cell phone, right?

14 A. Yes.

15 Q. Not a shell phone, a cell phone, right?

16 A. Yes.

17 Q. Okay. They don't do that. They use what you said,
18 shell companies?

19 A. Yes. The best do, yes.

20 Q. Thank you.

21 FURTHER EXAMINATION

22 BY MR. AFRAME:

23 Q. If I'm in a restaurant and I'm going to take money,
24 drug money, and launder it through my restaurant, do I have a
25 telephone number?

1 A. Yes.

2 Q. Am I serving food?

3 A. Yes.

4 Q. Do I have a business?

5 A. Yes.

6 Q. Can you come eat there?

7 A. Yes.

8 Q. Am I still laundering money?

9 A. Yes.

10 Q. Thank you.

11 MR. SISTI: Have a nice trip back. Thank you.

12 THE COURT: Thank you.

13 Please call your next witness.

14 MS. MACDONALD: Your Honor, I think it's been 90

15 minutes. Is this a good time for our break?

16 THE COURT: It hasn't been 90 minutes.

17 MS. MACDONALD: Okay.

18 The government calls Theodore Vlahakis

19 THE COURT: Wait a minute. Am I wrong, Kellie?

20 THE CLERK: No. That will be at --

21 THE COURT: About twenty past?

22 THE CLERK: At 3:25.

23 THEODORE VLAHAKIS

24 having been duly sworn, testified as follows:

25 THE CLERK: For the record, please state your name

1 and spell your last name.

2 THE WITNESS: My name is Theodore Vlahakis. Last
3 name is spelled V-L-A-H-A-K-I-S.

4 DIRECT EXAMINATION

5 BY MS. MACDONALD:

6 Q. Good afternoon, Mr. Vlahakis.

7 A. Good afternoon.

8 Q. Could you please tell us where you're employed?

9 A. The U.S. Department of Treasury, Financial Crimes
10 Enforcement Network, commonly known as FinCEN.

11 Q. And what's your position with FinCEN?

12 A. I'm a senior compliance officer.

13 Q. We'll get into more detail, but as an overview, can
14 you just generally tell us what FinCEN is and what its
15 responsibilities are in the government?

16 A. FinCEN is a bureau of the U.S. Department of
17 Treasury tasked with protecting the financial system against
18 money laundering and similar types of financial crimes.

19 Q. Okay. And I would like to ask a little bit about
20 your background. Could you just tell us about your
21 educational background?

22 A. Yes. I have a BA from Brandeis University and a
23 J.D. from George Mason University School of Law.

24 Q. How long have you worked for FinCEN?

25 A. Since March of 2009.

1 Q. Have you held more than one position with FinCEN
2 since 2009?

3 A. I have.

4 Q. And I would like to ask you to sort of go
5 chronologically starting with 2009 up to the present, what was
6 your first position at FinCEN?

7 A. I joined FinCEN in 2009 as a Bank Secrecy Act
8 resource center specialist.

9 Q. What does that position entail?

10 A. So that position entails answering inquiries from
11 financial institutions, regulators, law enforcement, and
12 sometimes individuals regarding how to comply with the Bank
13 Secrecy Act, which is the federal anti-money laundering
14 statute and also complying with our form requirements and
15 related processes.

16 Q. Okay. And, just basically, how were you
17 interacting with businesses and individuals that would call to
18 speak with FinCEN?

19 A. They would leave a message on our regulatory
20 Helpline, a voicemail, and we would answer it within 24 hours,
21 and they would also sometimes leave e-mails. So they could
22 choose between calling or e-mailing or both.

23 Q. Okay. And what was your next position with FinCEN?

24 A. I was a team lead within the same group.

25 Q. Did you change groups at some point?

1 A. Yes. After a team lead I became a section chief
2 within the same group, and then in 2017 I moved over to a
3 different division, the enforcement division, and became a
4 compliance and enforcement officer.

5 Q. And tell me about what your responsibilities were
6 in the enforcement division.

7 A. My responsibility chiefly was to help out with
8 enforcement actions against certain financial institutions
9 that were not complying with the Bank Secrecy Act and also to
10 advise them of their requirements.

11 Q. And do you still work in that division but in a
12 different position?

13 A. Yes.

14 Q. And tell me about your current role.

15 A. I'm currently a senior compliance officer within
16 that division. And as part of that role, I again help ensure
17 that financial institutions comply with the Bank Secrecy Act
18 and they understand their reporting and compliance
19 obligations, and I also provide training to internal and
20 external stakeholders, and I testify as a custodian witness.

21 Q. Okay. You've mentioned the Bank Secrecy Act a bit,
22 so let's dive in and talk a bit about that.

23 Could you generally describe what the Bank Secrecy
24 Act is?

25 A. Sure. The Bank Secrecy Act is a federal anti-money

1 laundering statute and it requires financial institutions, for
2 example, banks, credit unions, and similar types of
3 institutions, to file certain reports of transactions, to keep
4 records of transactions, and also to keep and have what's
5 known as an anti-money laundering program.

6 Q. Okay. We'll talk about all those things in a bit
7 more detail, but let's start with who the Bank Secrecy Act
8 applies to.

9 You mentioned a couple of examples. Can you give
10 me sort of a broader idea of that?

11 A. Sure. So the Bank Secrecy Act applies to financial
12 institutions, and commonly they're known as your depository
13 institution, so your banks and credit unions, but also it
14 applies to more non-traditional types of financial
15 institutions. For example, casinos, money services
16 businesses, and we have a wide variety of investment, broker
17 dealers, hedge funds. So all of those are considered
18 financial institutions and they have to comply with the Bank
19 Secrecy Act.

20 Q. Okay. What is a money services business?

21 A. Sure. FinCEN characterizes a money service
22 business based on the type of financial activity that they
23 conduct. So again I mentioned -- we're all familiar with
24 banks, depository institutions. A money service business
25 could be a business that cashes checks. It could be a money

1 transmitting business. It could be, for example, someone who
2 issues or sells traveler's checks or money orders. It could
3 be the U.S. Postal Service. It could be someone who provides
4 or sells prepaid access.

5 Q. Okay. And one of the examples you just listed is a
6 money transmitter. So I would like to ask you what that is.

7 A. Yes. So a money transmitter is a person who
8 provides money transmission services. And money transmission
9 services is defined by FinCEN as the acceptance of currency,
10 funds, or the equivalent of currency or funds, and the
11 transmission of currency, funds, or it's equivalent, to
12 another location or person by any means.

13 Q. Okay. And what about people that sell, exchange
14 bitcoin for U.S. dollars, is that a money transmitter?

15 A. Yes.

16 Q. And tell me why.

17 A. Because FinCEN has guidance that explicitly states
18 that if you are exchanging virtual currency for real currency,
19 or what we call fiat currency, you are a virtual currency
20 exchanger which is a money transmitter which is a money
21 services business.

22 Q. Okay. Are there any exceptions to that?

23 A. Generally, yes, there are a few exceptions.

24 Q. Tell me about the exceptions.

25 A. Okay. So the main exception we would have is

1 someone who is not acting in a business capacity. For
2 example, in the check cashing realm if you're not a check
3 cashing business but you happen to cash a friend's check and
4 it just happens once, it's a one-time occurrence, it's not
5 repeated. And the same can be applied to the other categories
6 of MSBs, too, money services businesses.

7 So the same thing with the money transmission. If
8 money transmission -- if it happens once and it's an isolated
9 incident, we wouldn't necessarily consider the entity to be a
10 money transmitter, but it's always based on facts and
11 circumstances. So that's the main exception and there are
12 others as well.

13 Q. So it's really a de minimus exception. Is that how
14 you would describe it?

15 A. Yes.

16 Q. Let me just get into a little more detail there.
17 What sort of things would take you out of being a one-time or
18 infrequent money transmitter versus being one that is
19 regulated by FinCEN?

20 A. If you're obviously transmitting money on a regular
21 basis, if it's repeated, if you are -- if it's let's say part
22 of your business or if it's just something that's done on a
23 regular basis so it's not isolated.

24 As I mentioned, it's always a matter of fact
25 circumstances, but if it's happening more than let's say once

1 or twice in a year, then we would consider the entity to be a
2 money transmitting business.

3 Q. Okay. And if somebody had questions about whether
4 they were a money transmitter, does FinCEN offer resources?

5 A. Yes.

6 Q. And tell me about those.

7 A. FinCEN offers a money services business homepage on
8 our public website. On that homepage we have information
9 about how to comply with our requirements relating to money
10 services businesses and money transmission requirements, FAQ
11 documents, administrative rulings, many, many different types
12 of examples.

13 And if someone views those materials and still has
14 questions, there are clear links to our regulatory Helpline,
15 which I just mentioned, the resource center, where they can
16 call or e-mail and receive a response within 24 hours.

17 Q. And does FinCEN offer specific guidance about
18 virtual currency businesses?

19 A. Yes.

20 Q. Please tell me about that guidance.

21 A. In 2013 we issued a guidance piece and it laid out
22 the compliance obligations for users of virtual currency,
23 exchanges of virtual currency, and administrators of virtual
24 currency.

25 Q. Okay. So let's talk about those three categories.

1 What's a user of virtual currency and how, if at all, does
2 FinCEN regulate?

3 A. Sure. A user of virtual currency is simply someone
4 who obtains virtual currency. For example, maybe they mine
5 it, they have a mining operation, or they just have some
6 virtual currency, and they use it to purchase real or virtual
7 goods or services.

8 Q. Okay. And is that a money transmitter?

9 A. No, it is not.

10 Q. Okay. And how about an exchanger?

11 A. An exchanger of virtual currency, as we mentioned,
12 is someone who exchanges virtual currency for real currency
13 and/or vice versa.

14 Q. And is somebody who exchanges virtual currency for
15 real currency, and/or vice versa, a money transmitter?

16 A. Yes.

17 Q. And is that stated in your 2013 guidance?

18 A. Yes.

19 Q. Has that guidance changed at all since 2013?

20 A. No.

21 Q. Has that been available since 2013 to the public?

22 A. Yes.

23 Q. Okay. Now, when you're looking at a type of
24 business model -- I would like to sort of discuss -- we talked
25 about the de minimus exception, but, otherwise, does the size

1 of the business matter in determining whether something is a
2 money transmitter?

3 A. No.

4 Q. Does the number of employees matter?

5 A. No.

6 Q. Can a business run by only one person be a money
7 transmitter?

8 A. Yes.

9 Q. Does it matter what the name of the business is?

10 A. No.

11 Q. Does it matter whether the business describes
12 itself as a money transmitter?

13 A. No.

14 Q. Why not?

15 A. Because FinCEN is concerned with the activity or
16 conduct of money transmission. And once that activity occurs,
17 that triggers the requirement to register and report and have
18 an anti-money laundering program and all of the other
19 requirements under the Bank Secrecy Act that are associated
20 with financial institutions.

21 Q. Okay. And we've talked about FinCEN's guidance
22 about virtual currency businesses.

23 Does it have specific guidance on virtual currency
24 kiosks?

25 A. Yes. We have a few guidance pieces related to

1 kiosks.

2 Q. Okay. And, generally, could you describe what the
3 guidance is with respect to virtual currency kiosks?

4 A. So those guidance pieces, which I think were in
5 about 2014, they came out in 2014, they do not change or
6 supersede the 2013 guidance. They just clarify it.

7 And, again, it says that if someone is exchanging
8 virtual currency for real currency, and vice versa, they're
9 characterized as a money transmitter, and they would have to
10 register with us as such.

11 Q. So does it matter in what manner they do that?

12 A. Not at all.

13 Q. Whether it's through a kiosk or otherwise?

14 A. No.

15 Q. Okay. So I think we've talked about which
16 businesses are covered so I would like to transition to talk a
17 bit about what covered businesses like money transmitters are
18 required to do.

19 Are there registration requirements?

20 A. Yes.

21 Q. Please tell me about those.

22 A. So all money services businesses, including money
23 transmitters, must register with FinCEN within 180 days after
24 their business is established by completing what's called an
25 RMSB, a registration of money services businesses. It's also

1 called FinCEN Form 107. That form basically just has fields
2 corresponding to information relating to the type of business,
3 the types of services it offers, you know, locations, address,
4 identifying information, bank account information, location of
5 supporting documentation, and that's, in a nutshell, what the
6 registration form is asking about.

7 Q. Okay.

8 THE COURT: Let's take the afternoon break.
9 Fifteen minutes.

10 (IN COURT - NO JURY PRESENT)

11 THE COURT: Anything for the Court?

12 MR. SISTI: I think we're good, Judge.

13 THE COURT: All right. See you in fifteen then.

14 (RECESS)

15 THE COURT: All right. The witness is still under
16 oath.

17 Ms. MacDonald, you may proceed.

18 MS. MACDONALD: Thank you, your Honor.

19 Q. Mr. Vlahakis, you can take your mask off when you
20 testify, and I will as well.

21 A. Thank you.

22 Q. I believe when we took the break we had just
23 started to talk about registration requirements, and you were
24 talking about money transmitters are required to register with
25 FinCEN; is that correct?

1 A. Correct.

2 Q. Okay. And you had described the form that they are
3 required to fill out; is that correct?

4 A. Yes.

5 Q. Is there a fee for registering?

6 A. No.

7 Q. Okay. Are you aware of some states that require
8 similar registration?

9 A. Each state requires -- has its own registration
10 requirements, and FinCEN is just concerned with its own
11 registration requirements. So that's -- FinCEN is -- you can
12 think of that as the federal registration requirement. So we
13 don't concern ourselves with state registration requirements
14 or any other requirements that a state may or may not have.

15 Q. Okay. So if a money transmitting business is
16 required to register with FinCEN, it doesn't matter what state
17 they're in?

18 A. Correct.

19 Q. And it doesn't matter if they're in a state that
20 requires registration?

21 A. Correct.

22 Q. They still have to register?

23 A. Yes.

24 Q. Or a state that doesn't require registration, they
25 would still have to register?

1 A. Correct. As long as they're meeting our definition
2 of a money service business.

3 Q. Okay. And for companies or entities that do
4 register with FinCEN, are there additional requirements under
5 the Bank Secrecy Act?

6 A. Yes.

7 Q. I believe that when you gave an overview you talked
8 about an anti-money laundering program. So I would like to
9 talk about that a bit.

10 A. Correct. Yes.

11 Q. Could you describe what you meant by an anti-money
12 laundering program?

13 A. Yes. All financial institutions are required to
14 have an anti-money laundering program, and the purpose of an
15 anti-money laundering program is just so that an institution
16 is not laundering money either wittingly or unwittingly. For
17 example, on behalf of the customer. And so they're acting as
18 a first line of defense because they're in a position to
19 detect and deter certain types of suspicious activity going by
20 or through an institution.

21 So an anti-money laundering program has four
22 separate requirements. First is policies, procedures, and
23 internal controls to assure compliance with all of our
24 requirements under the Bank Secrecy Act.

25 Second is a compliance officer who ensures the

1 financial institution is complying and generally is not
2 laundering money.

3 Third is education and training of the staff of the
4 financial institution.

5 And fourth would be an independent review.

6 Q. Okay. Let's talk first about the policies and
7 procedures. What does that entail?

8 A. So the institution must draft up policies and
9 procedures, which means that, for example, how to handle
10 certain types of transactions when it would believe that
11 certain transactions may be suspicious. You know, they have
12 to know their customer. That's considered policies and
13 procedures.

14 For banks that might be when to close an account,
15 for example, when to keep it open, and so -- policies and
16 procedures are internal, which means that, you know, FinCEN
17 doesn't dictate what they should be. It's unique to each
18 institution, but they have to have that so they can consult
19 those policies and procedures for these transactions if they
20 may be suspicious or out of the ordinary and also so that
21 their employees know what to do when confronted with these
22 types of transactions.

23 Q. Okay. And you mentioned a term called know your
24 customer.

25 A. That's correct.

1 Q. Does that just mean understanding who uses your
2 business?

3 A. Yes, and also -- understanding who uses the
4 business but understanding the type of transaction as well.
5 And so if the business, the institution, doesn't understand
6 fully what is going on with the transaction, there should be
7 policies and procedures in place where, for example, they
8 reach out to the customer to ask why they might be conducting
9 that transaction, what the purpose of it may be.

10 Q. Okay. And you discussed a compliance officer. And
11 if we're talking about a small business, does that mean hiring
12 somebody?

13 A. Not necessarily, no.

14 Q. Okay. So as long as one is -- does it just require
15 that somebody in the business be designated as a compliance
16 officer?

17 A. Yes. It could be the owner, yeah.

18 Q. Okay. And for companies that do register with
19 FinCEN, are there also reporting requirements?

20 A. Yes.

21 Q. And tell me about those, please.

22 A. Financial institutions are required to report
23 transactions to FinCEN. For example, all transactions in
24 currency, or cash, that are over \$10,000 during the course of
25 any one business day, conducted by or on behalf of any person

1 during the course of a business day, so that's one, and they
2 file what's called a currency transaction report or CTR.

3 Another type of report is called --

4 Q. If you don't mind, let me stop you to ask you a few
5 more questions about that before we move on.

6 A. Not a problem.

7 Q. Why does that requirement to file a report of cash
8 transactions over \$10,000 exist? What's the purpose of that?

9 A. It's just a way for FinCEN and law enforcement to
10 track large cash transactions.

11 Q. And why is it important for FinCEN and law
12 enforcement to track large cash transactions?

13 A. Because it could possibly help them with their
14 investigations. All the information that we request in the
15 report, for example, who's conducting the transaction, who the
16 transaction is on behalf of, the locations associated with the
17 transaction, is entered into a database that is searchable by
18 FinCEN and law enforcement officials, and that allows them to
19 conduct investigations.

20 Q. And is there anything about the cash in particular
21 that makes this important?

22 A. Yes.

23 Q. What's that?

24 A. Because we're asking for -- it's cash in and/or
25 cash out. So commonly you think of that as deposits and/or

1 withdrawals. And the reason we're interested in cash is
2 because it allows us to trace currency that possibly could be
3 from a criminal source. It could possibly be related to human
4 smuggling, drug dealing, tax evasion. But we have that
5 requirement for all currency transactions over \$10,000 whether
6 they're suspicious or not.

7 Q. Okay. And, just to be clear, would a receipt of
8 \$10,000 in cash to purchase bitcoin be something that would
9 require a CTR or a currency transaction report?

10 A. It would have to be over \$10,000, yes.

11 Q. Thank you for the correction. Over \$10,000 to
12 purchase bitcoin would require a currency transaction report?

13 A. Yes.

14 Q. And let's talk about the second type of report.
15 What are those?

16 A. They're called suspicious activity reports, or
17 SARs.

18 Q. And please tell me what those are.

19 A. Those are completed by financial institutions just
20 to let FinCEN know that they believe that possible suspicious
21 transactions have occurred.

22 Q. Okay. And what is -- can you give me some example
23 of suspicious transactions or things that would cause a SAR?

24 A. Sure. The most common one is called structuring.
25 For example, when someone may be trying to circumvent the CTR

1 reporting requirement. Maybe they find out that the
2 institution would be filing the CTR for a transaction over
3 \$10,000 so they decide to lower their transaction amount to,
4 you know, 9,000, let's say, or 9,900. And it could be once.
5 It could be over repeated -- it could be a sequence of those
6 type of transactions. Again, it's all a matter of facts and
7 circumstances.

8 So that's one type is structuring.

9 Q. Okay. And why is that called structuring?

10 A. It's called structuring because they're structuring
11 transactions. They're breaking them up to avoid a reporting
12 requirement. They're trying to prevent the financial
13 institution from filing a currency transaction report.

14 Q. Okay. Could you give me some other examples of
15 things that would require a suspicious activity report?

16 A. Sure. Fraud is another one.

17 Q. Okay. And what are some sort of suspicious things
18 that might indicate fraud or red flags for fraud?

19 A. Sure. Transactions that may be out of the ordinary
20 for the particular customer. Perhaps, you know, there's
21 someone, a lower income person who all of the sudden begins
22 sending or receiving millions of dollars to people or
23 jurisdictions. It's just something that could be out of the
24 ordinary.

25 Elder financial exploitation is another type of

1 fraud that we see.

2 I mean, if you look on the suspicious activity
3 report, I believe there are over 40 different boxes an
4 institution could check that corresponds with different
5 suspicious activity characterizations or typologies. And
6 assuming that a box doesn't correspond to the transaction that
7 they see, they can just write in other. But in all events
8 they can explain in a few paragraphs in the narrative section
9 what they're seeing and why they're filing, and that's the
10 most important part of the SAR.

11 Q. And is there sort of one category you see related
12 to unregistered MSBs, or money services businesses?

13 A. Yes.

14 Q. And tell me about that.

15 A. Yes. So financial institutions, for example banks,
16 can file suspicious activity reports on certain customers they
17 believe may be operating as money services businesses but are
18 not registered as such with FinCEN.

19 Q. Okay. And if a bank sees that, they might file a
20 SAR?

21 A. Yes.

22 Q. Okay. And you described sort of a narrative that
23 can be included with these reports. Can you tell us sort of
24 what types of information in your experience financial
25 institutions collect to inform that narrative?

1 A. Yes. The narrative is, as I mentioned, the most
2 critical part of this report. Institutions are collecting
3 information relating to the type of transaction, the dates,
4 the subject, so who was involved in the transaction, the
5 possible victim. In some cases the institution may not have
6 all this information, and they would have to specify why in
7 the narrative section. Perhaps it's an ongoing pattern of
8 activity. So in the narrative they would just say that this
9 is, you know, a continuing activity report. We've been filing
10 every 90 days for the same activity. It would provide contact
11 information for the institution, the office within the
12 institution who files it.

13 So the purpose of the narrative is for someone who
14 really is not familiar with what's going on, with the type of
15 activity at all, they should be able to read that and in a few
16 minutes understand everything about the transaction and who
17 may or may not be involved in it.

18 Q. Okay. And in your experience how do banks collect
19 that type of information -- or banks, financial institutions,
20 credit unions, money transmitters?

21 A. Right. I'm going to go back to the anti-money
22 laundering program that I mentioned. When transactions are
23 running through financial institutions, the purpose of an
24 anti-money laundering program is so the institution can
25 properly detect and report all the activity. So that's why

1 they have policies and procedures in place. That's why they
2 have a compliance officer in training and an independent
3 review. So if these types of suspicious transactions pop up
4 from time to time, they'll be able to recognize it and report
5 it.

6 Q. And does FinCEN provide guidance on how to identify
7 suspicious activity?

8 A. Yes.

9 Q. And what types of guidance does FinCEN provide?

10 A. We have on our public website many resources for
11 different types of financial institutions on how to identify
12 and report suspicious activity. So, for example, depending
13 upon the type of activity, we have FAQ documents. We have
14 documents relating to how to complete the SAR. We have
15 webinars, many webinars, which are like short videos. We have
16 what's called the SAR Activity Review, which is like a
17 magazine that we put out, and I believe we stopped putting
18 that magazine out back in 2011, but we continued to issue
19 related guidance. It just provides examples of what law
20 enforcement would be working on, you know, investigations that
21 are aided by suspicious activity reports.

22 And, again, it's the same theme as I mentioned with
23 completing the registration form. If an individual does not
24 understand something, they can contact the regulatory Helpline
25 via phone or e-mail and receive a response within 24 hours.

1 Q. Okay. And let's sort of take an example of one of
2 these FinCEN publications. Are you familiar with some FinCEN
3 guidance on detecting elder fraud?

4 A. Yes.

5 Q. And can you tell me about some of the red flags
6 that are identified in that FinCEN guidance?

7 A. Yes. So, for example, that guidance lists I
8 believe over a dozen red flags associated with potential elder
9 exploitation, and that could be that the elderly individual
10 all of the sudden wants to close out their accounts, wants to
11 transfer large sums of money to someone that they may not be
12 related to. They may not even know what the purpose of the
13 transaction is when they're asked by the financial
14 institution. And, you know, the overarching theme of the red
15 flags is that you have an elderly person who is all of the
16 sudden conducting very large transactions at the direction or
17 control of someone else, they could be related, maybe not, and
18 the bank -- the institution believes that it's suspicious,
19 believes that there's some type of exploitation going on with
20 this person.

21 Q. Okay. And that guidance, is that available to the
22 public on FinCEN's website?

23 A. Yes.

24 Q. Tell me about the purpose of suspicious activity
25 reports and what they're used for.

1 A. The purpose of suspicious activity reports is to
2 help law enforcement and FinCEN conduct investigations. All
3 of the fields, all the information we're requesting, for
4 example the name of the filer, for example the bank or the
5 MSB, the institution filing, the subject or suspect
6 information, the ID, the addresses, the payment instruments
7 involved, everything, the possible victim information, all
8 that information goes into our database and it's searched by,
9 as I've mentioned, searched by law enforcement and FinCEN.

10 And when the investigations are conducted, the
11 information let's say from one SAR or set of SARs can be cross
12 referenced from SARs filed by other financial institutions and
13 other types of reports. For example, currency transaction
14 reports or -- we have many other types of reports that are
15 filed as well. And so that just can help paint a very broad
16 picture of the type of activity that would not be seen within
17 the narrow space or the vacuum of one financial institution
18 filing that one report.

19 Q. Okay. And so is it correct to say this helps law
20 enforcement find patterns across them?

21 A. Yes, yes.

22 Q. And so is it possible for a law enforcement officer
23 to search a name and find SARs filed by many different banks
24 or credit unions on that name?

25 A. Yes.

1 Q. Okay. Are SARs public? Is that public
2 information?

3 A. No.

4 Q. And tell me about FinCEN's policy on SAR
5 disclosure.

6 A. So FinCEN has a policy on SAR nondisclosure or
7 confidentiality. The terms are used interchangeably. We
8 treat SARs as confidential law enforcement tips, which means
9 that, number one, the fact that a SAR has been filed or any
10 background information supporting the SAR cannot be disclosed
11 to the subject of the SAR. They can only be viewed by those
12 officials with a need to know. For example, FinCEN officials
13 conducting that investigation. So it's very specific.

14 They can't be disclosed in open court, and they
15 generally cannot be disclosed to anyone without a need to know
16 who is not part of the investigation.

17 Q. Okay. So we can talk about SARs generally, but
18 typically we don't talk about the specifics of any one SAR; is
19 that correct?

20 A. That's correct.

21 Q. And what is, if you know, the purpose of that
22 policy?

23 A. The main purpose is to encourage financial
24 institutions to file. If we didn't have that policy, the
25 information contained in suspicious activity reports could

1 become public. That information is extremely sensitive. And
2 so for that reason we not only want financial institutions to
3 file these reports, but we want them to be very transparent
4 about what they see because, you know, what we're asking them
5 is to file on what they believe is suspicious.

6 We have what's called a safe harbor, too, which is
7 related to this, which simply means that there won't be any
8 liability against the financial institution if they file a
9 report and the activity ends up being legitimate or partially
10 legitimate. That's why we don't want the reports to be
11 disclosed if there's no need.

12 Q. Okay. Now, switching gears a bit, does FinCEN
13 sometimes specifically reach out to businesses about the
14 requirement to register?

15 A. Yes.

16 Q. Okay. And I'm going to show you Government's
17 Exhibit 201, which I believe is not objected to.

18 MS. MACDONALD: Is that correct, Mr. Sisti?

19 MR. SISTI: That is correct.

20 MS. MACDONALD: Okay. 201.

21 THE CLERK: Your Honor, do you want to admit that
22 exhibit?

23 THE COURT: It's admitted. Did I misunderstand?

24 MS. MACDONALD: No. That's correct.

25 THE CLERK: I just wanted to make sure it was

1 correct.

2 Q. Do you recognize this?

3 A. Yes.

4 Q. And is this -- what is this generally?

5 A. This is an e-mail sent to an entity that basically
6 states we believe they're operating as a money services
7 business, specifically a money transmitter, and, therefore,
8 they would be required to register as such with FinCEN.

9 Q. Okay. And what date was this e-mail sent?

10 A. This was sent Friday, July 13, 2018.

11 Q. Okay. And the subject of the e-mail?

12 A. FinCEN MSB registration inquiry.

13 Q. Okay. And can you tell me what the attachment is
14 called?

15 A. Shire CryptoCoin bitcoin kiosk letter 07-13-18.pdf.

16 MS. MACDONALD: Okay. And I think I'll ask, Ms.
17 Shedd, if you can go to the third page, which is the
18 attachment here.

19 Q. And so is this a copy of the same letter that is
20 just attached to that e-mail?

21 A. Yes.

22 Q. Okay. So let's take a look at this one. This is
23 the same day, July 13th of 2018, correct?

24 A. Yes.

25 Q. And I'll ask if you don't mind reading the first

1 paragraph.

2 A. Sure. "Dear Shire CryptoCoin: This letter is to
3 inform you that the United States Department of Treasury,
4 Financial Crimes Enforcement Network, FinCEN, believes that
5 your business is a money services business, MSB, as defined by
6 the Bank Secrecy Act, BSA. As a result, you are required to
7 register with FinCEN as an MSB and comply with applicable
8 anti-money laundering, AML, program, recordkeeping, and
9 reporting regulations."

10 Q. Okay. And the anti-money laundering program and
11 recordkeeping requirements, are those what we've just
12 discussed?

13 A. Yes.

14 Q. And what are the reporting regulations?

15 A. We also discuss those relating to currency
16 transaction reporting and suspicious activity reporting.

17 Q. Okay. And could you please read the second
18 paragraph?

19 A. "FinCEN regulations define MSBs to include money
20 transmitters, further delineating that a money transmitter is
21 a person who provides money transmission services or any other
22 person engaged in the transfer of funds."

23 Q. And, actually, I can just stop you there.

24 I see a footnote at the end of that paragraph. Do
25 you see what is being cited to here?

1 A. Yes.

2 Q. And do you recognize that?

3 A. Yes.

4 Q. What's that?

5 A. That is the regulation associated with money
6 transmission that defines a money transmitter.

7 Q. Okay. And you can keep reading.

8 A. Okay. "The term money transmission services means
9 the acceptance of currency, funds, or other value that
10 substitutes for currency from one person and the transmission
11 of currency, funds, or other value that substitutes for
12 currency from one person and the transmission of currency,
13 funds, or other --"

14 THE COURT: When you're reading, you've got to read
15 slower.

16 THE WITNESS: Yes, your Honor.

17 A. "The term money transmission services means the
18 acceptance of currency, funds, or other value that substitutes
19 for currency from one person and the transmission of currency,
20 funds, or other value that substitutes for currency from one
21 person and the transmission of currency, funds, or other value
22 that substitutes for currency to another location or person by
23 any means."

24 Q. Okay. So I heard part of that twice. Is that in
25 the regulation?

1 A. No. That's a typo.

2 Q. Okay. So despite -- so if we sort of took out that
3 repetitive clause, is the rest of it direct from the statute?

4 A. Yes.

5 Q. Okay. And does FinCEN sort of have the power from
6 Congress to write regulations to require people to register?

7 A. Yes.

8 Q. And do you know what statute that power comes from?

9 A. Yes.

10 Q. What's that?

11 A. It's 31 United States Code 5330.

12 Q. Okay. And that gives the power to create the types
13 of regulations that are cited here; is that correct?

14 A. Yes.

15 Q. Okay. I'll have you read the next short paragraph,
16 please.

17 A. "There is no minimum activity threshold for money
18 transmitters under FinCEN's regulation. Consequently,
19 engaging in money transmission in any amount qualifies your
20 business as an MSB."

21 Q. Okay. So no dollar amount. Is this, again, based
22 on the activity and not a specification threshold?

23 A. Correct. Yes.

24 Q. The next paragraph, please.

25 A. "On March 18, 2013, FinCEN published its guidance

1 application of FinCEN's regulations to persons administering,
2 exchanging, or using virtual currencies. This guidance
3 clarifies the scope of FinCEN's regulations with regard to
4 certain virtual currency business models. In doing so, it
5 describes how most virtual currency administrators and
6 exchangers engage in activities that make them money
7 transmitters and thus MSBs."

8 Q. Okay. And so the date of this referenced guidance
9 is 2013?

10 A. Yes.

11 Q. And this letter was sent in 2018; is that right?

12 A. Correct, yes.

13 Q. And this is the guidance you said that hadn't
14 changed since 2013 to 2018?

15 A. Has not changed, right.

16 Q. Okay. And what is linked at footnote 2 there?

17 A. Footnote 2 is a link to that guidance piece
18 referenced.

19 Q. Okay. And I'll have you read the last paragraph on
20 this page.

21 A. "As with other types of financial institutions,
22 MSBs, including money transmitters, must comply with the BSA.
23 Under the BSA, MSBs must register with FinCEN within their
24 first 180 days of doing business and subsequently renew said
25 registration every two years. The BSA also requires financial

1 institutions to make and keep certain reports which enable law
2 enforcement to detect and deter financial crimes like money
3 laundering and terrorist activity. Failure to comply with the
4 BSA may result in civil and criminal penalties."

5 Q. Okay. I'll have you read the next short paragraph
6 as well.

7 A. "You must register your MSB with FinCEN through our
8 online BSA E-Filing System located at," and there's the link,
9 "There is no cost to register."

10 Q. Okay. What is that link to?

11 A. That link is to the BSA E-Filing System, or
12 electronic filing system, where one may register their MSB.

13 Q. Okay. And please read the next paragraph.

14 A. "If you believe that you do not qualify as an MSB,
15 and are not operating under the definition of a money
16 transmitter under the BSA, please contact us within two weeks
17 from the date of this letter/e-mail and state your explanation
18 in writing at frc@fincen.gov. Please provide updated contact
19 information so that you may be reached by a FinCEN
20 representative to discuss your submission."

21 Q. Okay. And are you familiar with the process for
22 what would happen if somebody did contact that e-mail address?

23 A. Yes.

24 Q. Could you tell me about what would happen?

25 A. Yes. They would describe the circumstances

1 surrounding, you know, why they may or may not be an MSB. In
2 this case, why they would not be an MSB or they believe
3 themselves to not be an MSB. And then we would respond within
4 24 hours via phone or e-mail based upon the original form of
5 correspondence, and we would apply our publicly available
6 facts -- I'm sorry -- regulation, guidance, administrative
7 rulings to the facts stated in the voicemail message or in the
8 e-mail to determine whether or not the entity is or is not an
9 MSB?

10 Q. Okay. And I believe you previously testified that
11 your prior position was in sort of FinCEN's help center. Is
12 that the place that would receive these type of calls?

13 A. Yes.

14 Q. Okay. And, I'm sorry, what was the term that you
15 used for it? Was it a resource center?

16 A. Yes. FinCEN Resource Center.

17 Q. Okay. And did you receive these types of phone
18 calls when you worked in the FinCEN Resource Center?

19 A. Very often.

20 Q. And who would typically call you?

21 A. Generally people establishing a business wanting to
22 know if it qualified as a money service business. That was
23 the core inquiry.

24 Q. And if those businesses had attorneys representing
25 them, would you sometimes speak with those attorneys?

1 A. Yes.

2 Q. Okay. Would you sometimes also speak with the
3 business owners themselves?

4 A. Yes.

5 Q. Okay. I'll have you continue to read the next
6 paragraph that begins with "FinCEN is."

7 A. "FinCEN is attempting to bring all unregistered
8 MSBs in this industry in compliance. If another
9 cryptocurrency kiosk operator fails to accept or receive
10 receipt of this letter, they are not absolved of their
11 responsibilities as an MSB under the BSA. Should you wish to
12 provide any information on those believed to be in
13 noncompliance, please e-mail the address above."

14 Q. And what do you understand this paragraph to be
15 saying?

16 A. This paragraph in summary is saying that the letter
17 is not targeting any one individual entity, and also it's
18 saying that if an entity is operating as an MSB and didn't
19 receive this letter, it does not absolve them of their
20 responsibilities under the BSA to register. It's also saying
21 that anyone can provide information to us related to
22 noncompliance.

23 Q. Okay. And let me back you up to the first page of
24 this. Who was this letter sent to?

25 A. Shire Cryptocoin.

1 Q. Could you read the e-mail addresses that it was
2 sent to?

3 A. Yes, shirecryptocoin@gmail.com,
4 keenecrypto@gmail.com, shirebtcm Manch@googlegroups.com.

5 Q. And are you familiar with the circumstances that
6 led to this letter being sent to these entities?

7 A. Yes.

8 Q. And what are those?

9 A. This was part of a general -- it's part of a
10 general program that we had at the time to identify possible
11 unregistered money transmitters and then to inform them of
12 their requirements via this letter.

13 Q. Okay. Let me take you back -- I'm sorry to make
14 you jump around, Caryn -- to the last paragraph again.

15 A. Read the last paragraph?

16 Q. I'm sorry. The last paragraph of the -- it would
17 be page 2 or page 4.

18 A. Oh, there it is. "If you have outstanding
19 questions about your BSA requirements, please contact the
20 FinCEN Resource Center, FRC, BSA Helpline at 703-905-3591 or
21 toll free at 1-800-767-2825. Additional resources may be
22 found at --"

23 Q. And you don't need to read that, but what I see
24 here are two telephone numbers, an e-mail address a few
25 paragraphs up, and at least just on this page two different

1 links for more resources if anybody had any questions; is that
2 right?

3 A. Yes.

4 Q. Okay. Are you aware of whether anybody ever
5 responded to this letter to that e-mail address?

6 A. I'm not.

7 Q. And I just want to make sure I understand your
8 answer. Did anybody ever respond?

9 A. No.

10 Q. Nobody responded. Okay.

11 Does FinCEN maintain records of businesses that
12 register?

13 A. Yes.

14 Q. Okay. And are you able to search those records to
15 determine whether specific businesses have or have not
16 registered?

17 A. Yes.

18 Q. Okay. And I'm going to show you Government's
19 Exhibit 202 which I believe is also not objected to so we can
20 just display that to the jury.

21 And do you recognize this document?

22 A. Yes.

23 Q. Okay. And what is this?

24 A. This is a cover sheet for a certified records
25 search.

1 Q. Okay. And was FinCEN requested to search various
2 individuals and entities to determine whether they had
3 registered?

4 A. Yes.

5 Q. Okay. And let me take you to the next page of this
6 document. What is this?

7 A. So this is -- this is the result of the
8 certification of the search for FinCEN Form 107, a
9 registration of money services business.

10 Q. Okay. And what did that result find?

11 A. And it's saying it's a negative result. So FinCEN
12 was not able to locate this form after a diligent search
13 associated with the subject listed on here.

14 Q. Okay. So FinCEN searched this name, Ian B.
15 Freeman, the aliases listed here, Ian Bernard, and the dates
16 of birth and Social Security numbers, and found no
17 registration?

18 A. That's correct.

19 Q. Okay. Are we going to look at a number of similar
20 forms in this document?

21 A. Yes.

22 Q. And do they all show that none of the entities
23 registered with FinCEN?

24 A. Correct.

25 Q. Okay. So let's look at page 2. I'm sorry. I

1 guess it would be page 3, the next page.

2 A. This is the same document. It confirms the
3 negative search result for a subject known as Shire Free
4 Church, d/b/a Free Shire Church.

5 Q. Okay. And page 4, please, the next page.

6 A. The same document for subject Shire Bitcoin, d/b/a
7 Shire Bitcoin Vending.

8 Q. The next page, page 5.

9 A. This is the same document for subject Shire
10 Cryptocoin.

11 Q. Page 6.

12 A. This is the same document for subject Shire BTC.

13 Q. Page 7.

14 A. Same document for subject Free Talk Live, d/b/a
15 FTL, d/b/a freetalklive.com.

16 Q. Page 8.

17 A. Same document. Subject: Church of the Invisible
18 Hand.

19 Q. Page 9.

20 A. Same document. Subject: Reformed Satanic Church,
21 d/b/a Reformed Satanic Church of Keene.

22 Q. Page 10.

23 A. Same document. Subject: NH Peace Church.

24 Q. Page 11.

25 A. Same document. Subject: Crypto Church of NH,

1 d/b/a Crypto Church of New Hampshire.

2 Q. Page 12.

3 A. Same document. Subject: Aria DiMezzo, a/k/a James
4 Baker, a/k/a James Brody Baker.

5 Q. Page 13.

6 A. Same document. Subject: Colleen Fordham.

7 Q. Page 14.

8 A. Same document. Subject: Renee Spinella, a/k/a
9 Renee LeBlanc.

10 Q. Page 15.

11 A. Same document. Subject: Nobody, a/k/a Richard A.
12 Paul, a/k/a Richard G. Paul, and a/k/a Richard Goyan Paul.

13 Q. Page 16.

14 A. Same document. Subject: Andrew J. Spinella.

15 Q. Almost there. Page 17.

16 A. Same document. Subject: Shire Free Church
17 Manchester.

18 Q. Okay. And page 18.

19 A. Same document. Subject: Shire Free Church
20 Monadnock.

21 Q. And these documents show that none of these
22 entities registered as of at least the date on the top, March
23 11th of 2021; is that correct?

24 A. Correct.

25 Q. Do you know whether any of these entities ever

1 filed currency transaction reports?

2 A. That would not be possible.

3 Q. And why is that?

4 A. Because they're not registered as MSBs. So they're
5 not financial institutions.

6 Q. Okay. And did any of them ever file suspicious
7 activity reports?

8 A. Again, that would not be possible.

9 Q. Okay. No further questions. Thank you.

10 THE COURT: Cross-examination.

11 MR. SISTI: Can we just leave that up for a second?

12 CROSS-EXAMINATION

13 BY MR. SISTI:

14 Q. I'm going to get into that with you in a second.

15 Good afternoon.

16 A. Good afternoon.

17 Q. I'm Mark Sisti. We never met before, and there was
18 probably no reason for us to, okay?

19 A. All right.

20 Q. Let me go back to that FinCEN e-mail, okay, just
21 for a second.

22 A. Okay. Sure.

23 Q. Your recollection on the FinCEN e-mail -- let me
24 just check it. I want to make sure I'm not messing up here.

25 I've got the old-fashioned paper one in front of

1 me. It says via electronic delivery, I believe, right?

2 A. Correct.

3 Q. All right. And it's got some addresses on it, but
4 it doesn't have a name. There's no human being it's directed
5 to, right?

6 A. That's correct.

7 Q. All right. Nowhere in the body of this particular
8 e-mail is there anything directed to an Ian Freeman, correct?

9 A. That's correct.

10 Q. Okay. And can you tell me when it starts out "Dear
11 Shire Cryptocoin," who runs Shire Cryptocoin?

12 A. I'm not qualified to answer that.

13 Q. Do you know if Ian has anything to do with Shire
14 Cryptocoin?

15 A. I'm not qualified to answer that.

16 Q. Okay. Are you qualified to answer that in fact
17 this electronic transmission was ever even read by Ian
18 Freeman?

19 A. No. I can just state that we did not receive a
20 response to it.

21 Q. Yeah. You didn't get a response. You didn't get a
22 confirmation of delivery, did you?

23 A. Not to my knowledge. I did not send this, but not
24 to my knowledge.

25 Q. Yeah, I know. That's the other thing I was going

1 to ask. You actually weren't the creator of this, right?

2 A. That's correct.

3 Q. And you didn't put it on its path or select the
4 addresses on this particular letter or e-mail?

5 A. I did not.

6 Q. Okay. All you're testifying to in essence is that
7 this is, in essence, kind of a typical transmission and it was
8 put out there and you recognize the document, right?

9 A. Yes.

10 Q. It's not that you created the document, that you
11 had anything to do with the substance of the document, or that
12 you selected or researched the addresses that were claimed to
13 have had it sent to, right?

14 A. That's correct.

15 Q. Okay. And, again, just to go back to I think one
16 of the basic foundational questions. You don't know if that
17 gentleman over there, and I'll tell you his name is Ian
18 Freeman, ever received this document?

19 A. I do not.

20 Q. Okay. I'm going to go on to something else because
21 that last series of -- if we can go back to that, the last
22 series of when you were confirming that there weren't
23 registrations, and I want you to look at those very closely.

24 A. Okay.

25 Q. And I want you to compare, and take your time, look

1 at each one. And if we can just flip through them very, very
2 slowly, because I want you to keep an eye on the addresses or
3 the entities that you're supposed to be looking for, okay?

4 A. Uh-huh.

5 Q. All set?

6 A. Yes.

7 Q. Okay. I'm looking at the FinCEN letter and I'm
8 looking at your electronic delivery e-mail, and I'm going to
9 ask you some questions, okay?

10 A. Sure.

11 Q. On any of the addresses on the e-mail or the FinCEN
12 letter that's attached do you see Ian Freeman?

13 A. No.

14 Q. Okay. Do you see Shire Free Church?

15 A. Shire -- no.

16 Q. Do you see Shire Bitcoin?

17 A. No.

18 Q. Do you see Shire Cryptocoin?

19 A. I think that was on there, yes.

20 Q. Okay. Now, that's important.

21 A. Yeah.

22 Q. Do you know who controls or owns Shire Cryptocoin?

23 A. No.

24 Q. Can you tell this jury whether or not Ian Freeman,
25 the guy on trial, has anything to do with Shire Cryptocoin?

1 A. I would have no knowledge. I can't.

2 Q. I'm going to keep going.

3 Shire BTC, do you see that on any of the headings
4 that you directed your e-mail of Saturday, July 14, 2018?

5 A. No. Shire -- well, no, I don't.

6 Q. How about Free Talk Live?

7 A. No.

8 Q. How about Church of the Invisible Hand?

9 A. No.

10 Q. How about Reformed Satantic Church?

11 A. No.

12 Q. How about New Hampshire Peace Church?

13 A. No.

14 Q. How about Crypto Shire New Hampshire?

15 A. No.

16 Q. How about Aria DiMezzo?

17 A. No.

18 Q. How about Colleen Fordham?

19 A. No.

20 Q. How about Renee Spinella?

21 A. No.

22 Q. How about Nobody?

23 A. No.

24 Q. How about Andrew Spinella?

25 A. No.

1 Q. How about Shire Free Church, Manchester?

2 A. No.

3 Q. How about Shire Free Church, Monadnock?

4 A. No.

5 Q. Okay. Let's kind of, like, figure this out a
6 second.

7 You sent an e-mail that you don't know was received
8 by Ian Freeman, right?

9 A. Uh-huh.

10 Q. You sent a FinCEN letter that you don't know if it
11 was ever reviewed by Ian Freeman, right?

12 A. Uh-huh.

13 Q. Okay. You don't know who operates or controls
14 Shire Cryptocoin?

15 A. That's correct.

16 Q. The searches that you conducted for the United
17 States Attorney's Office -- as of March I think of this year,
18 right?

19 A. Yes.

20 Q. Had no addresses that were common to your notice
21 that was sent out Saturday, July 14, 2018, except for Shire
22 Cryptocoin, correct?

23 A. Yes.

24 Q. And as we sit here today in this courtroom, we
25 don't know if Shire Cryptocoin has anything to do with Ian

1 Freeman, right?

2 A. That's correct. I don't.

3 Q. Okay. Just a couple things.

4 You were commenting on the statute and the
5 guidance. Guidance certainly isn't a statute, just to start
6 with, right?

7 A. That's correct.

8 Q. I mean, you went to law school. You know what's
9 going on with that. They're completely different things.

10 A. Right, right.

11 Q. But there is a statute, and it came into fruition
12 shortly after 9-11, right?

13 A. Uh-huh.

14 Q. I mean, the purpose really was to keep an eye out
15 for -- one of the main purposes was to take a look at and
16 control terrorist money exchanging, right?

17 A. That's correct.

18 Q. Okay. And I think it came into effect in 2002?

19 A. Around that time, yes.

20 Q. Yeah. And in 2002 there wasn't even
21 cryptocurrency, right?

22 A. No.

23 Q. Right. And the purpose of the statute is to place
24 the public on notice as to what is legal and what's illegal,
25 right?

1 A. Generally, yes.

2 Q. I mean, that's why we have them?

3 A. Yep.

4 Q. And, in fact, there was no mention of
5 cryptocurrency, bitcoin, or the like in that particular
6 statute up until it was revised in January of 2021, correct?

7 A. That is correct. However, I mentioned the
8 definition of a money transmitter includes a virtual currency
9 exchanger.

10 The definitions and characterizations of MSBs were
11 put forth originally in 2001, and then in 2011 we redefined
12 the definition of MSBs, we had a final rule come out, and in
13 that final rule we made room for emerging technologies. For
14 example, cryptocurrency. And we redefined a money transmitter
15 by saying that it can be -- it can involve real currency or
16 any other type of currency that substitutes for it. So when
17 we're looking at that 2013 guidance that discusses what's
18 required of a virtual currency exchanger or administrator,
19 that's based upon the 2011 redefinition of a money
20 transmitter. So that's what we're looking at there.

21 Q. Okay. You're looking at the -- I hate getting in
22 the weeds like this, but you're looking at the 2013 reference
23 that you made during your direct examination, right?

24 A. Uh-huh. That's the guidance piece, but that refers
25 to the regulation that came out in 2011.

1 Q. Right. That doesn't say cryptocurrency either in
2 there, does it?

3 A. It didn't have to say cryptocurrency.

4 Q. Well, it doesn't, does it?

5 A. It does not. You're right. It does not actually
6 say cryptocurrency.

7 Q. All right. I just wanted to make sure.

8 You were talking about suspicious activity reports?

9 A. Yes.

10 Q. And how secret it is and all that?

11 A. Uh-huh.

12 Q. So you wouldn't know if banks that were dealing
13 with individuals that we've heard about today in this
14 courtroom were doing their job and making out suspicious
15 activity reports?

16 MS. MACDONALD: Your Honor, may we have a brief
17 sidebar on this issue?

18 THE COURT: Sure.

19 (SIDEBAR)

20 MS. MACDONALD: Your Honor, Mr. Vlahakis does know
21 the answer to the question, which is that there were SARs
22 filed on Mr. Freeman, but as his policy doesn't allow him to
23 discuss them -- he's willing to, but he would like the Court
24 to order him to discuss it if he's going to.

25 THE COURT: So to answer your question, if he wants

1 a court order I'm happy to do that.

2 You have no objection?

3 MR. SISTI: Well, first of all, the question has
4 nothing to do with Freeman.

5 MS. MACDONALD: You discussed entities that we have
6 discussed, and I think your wording was individuals we've
7 discussed.

8 MR. SISTI: They would have been the alleged
9 victims that you brought up that were exchanging large amounts
10 of money during transactions and were getting the large
11 amounts of money primarily, by the way, from the Bank of
12 America.

13 THE COURT: Right.

14 MS. MACDONALD: Well, that wasn't clear to me. I
15 guess if you clarify that question, if that's your question --

16 THE COURT: There's two ways to approach it. If
17 Mr. Sisti wants to clarify or narrow his question, he can, or
18 I can simply allow the witness to answer it as he understood
19 it. I don't have any problem either way.

20 MR. SISTI: I'm limiting it to the Bank of America
21 disclosures.

22 THE COURT: You should probably -- then why don't
23 you re-ask it that way.

24 (CONCLUSION OF SIDEBAR)

25 THE COURT: Okay.

1 MR. SISTI: Thank you, Judge.

2 THE COURT: By the way, I should say the
3 microphones at counsel table should be off. Are they off?
4 There you go. Go ahead, counsel. Rephrase.

5 MR. SISTI: Thank you. I appreciate it, Judge.

6 Q. Let me ask you this. We had a number of
7 individuals that were declared as, well, subjects of scams for
8 at least part of the trial this morning. They came from all
9 over the United States, okay?

10 A. Okay.

11 Q. Were you asked to go into suspicious activity
12 reports, for instance, with regard to Mary Hurd?

13 A. No.

14 Q. Let me just go through a list to make sure. It
15 might be a partial list.

16 There was a Mary Hurd, and that's a no?

17 A. That's correct.

18 Q. An E. Swartz?

19 A. Same. No.

20 Q. I think it's a last name of Welton?

21 A. No.

22 Q. An R. Miller?

23 A. No.

24 Q. A Gene Burns?

25 A. No.

1 Q. A D. Davis?

2 A. No.

3 Q. A James Rossell?

4 A. No.

5 Q. Natasha Hand?

6 A. No.

7 Q. Evan Perro?

8 A. No.

9 Q. Steven Williams?

10 A. No.

11 Q. You wouldn't know if their banks were doing what
12 they were supposed to do, right?

13 A. I would not, no.

14 Q. And you weren't asked to take a look at that?

15 A. That's correct.

16 MR. SISTI: I have nothing further.

17 THE COURT: Redirect.

18 MS. MACDONALD: Briefly, your Honor.

19 Given that line of questioning, I think I would
20 like to ask that question, if you could instruct the witness
21 to answer it, that we discussed at sidebar.

22 MR. SISTI: That doesn't open up that line of
23 questioning.

24 THE COURT: Well, I don't think it's a matter of
25 opening the door. It's just a line of inquiry she wants to

1 undertake.

2 MR. SISTI: Well, that's a whole new thing. That's
3 going beyond my examination. It's a whole new inquiry.

4 THE COURT: That's true.

5 MR. SISTI: That just doesn't cut it. That's my
6 objection. I kept my questions limited and narrow for a
7 reason.

8 THE COURT: Is it your view that he opened the door
9 to this? I don't think he did. By rephrasing that very
10 question and by the rest of his examination, I don't think he
11 opened that door.

12 MS. MACDONALD: Okay.

13 THE COURT: If you have an argument that he did,
14 I'm listening.

15 MS. MACDONALD: I mean, I won't say he chose to ask
16 that specific question, but he did, you know, ask that about
17 the other folks that we talked about, and, you know, the
18 defendant was on the other side of those transactions.

19 THE COURT: I'm going to release the jury for the
20 day so we can work this issue out and you don't have to wait
21 for us to do that.

22 Ladies and gentlemen, we'll see you tomorrow at 9
23 o'clock. Remember my usual admonitions. No discussions with
24 each other or anybody else about this overnight and no
25 independent inquiry or research into the matter during the

1 recess. Thank you. We'll see you tomorrow morning.

2 (IN COURT - NO JURY PRESENT)

3 THE COURT: Actually, to protect the jury -- the
4 reason to protect the jury -- you can remove your masks. That
5 goes for everybody in the gallery. Go ahead.

6 All right. So, look, the opening the door doctrine
7 requires that the question and answer created a misleading
8 impression. So unless you can demonstrate to me that he
9 opened a misleading impression -- because he didn't go there
10 -- by restricting the question, he really didn't go there on
11 his cross. So by the rules of evidence you're really not
12 supposed to get into this area unless he created a misleading
13 impression.

14 MS. MACDONALD: I mean, my understanding, your
15 Honor, is that the question was: Did you search for whether
16 suspicious activity reports were filed on these specific
17 victims?

18 THE COURT: Yeah.

19 MS. MACDONALD: The way that suspicious activity
20 reports work, they may have been filed on those transactions,
21 but while Mr. Vlahakis did not search those individuals he did
22 search Mr. Freeman, and all I would ask is are you aware of
23 suspicious activity -- you know, did you search whether
24 suspicious activity reports were filed on Mr. Freeman, and the
25 answer would be yes.

1 THE COURT: Yeah, so you didn't do that on direct,
2 and nothing he did on cross opens that inquiry unless I'm
3 misunderstanding. Because if he had just answered the
4 question, for example, as actually asked and maybe he looked
5 to me -- and I would have allowed that, actually. I would
6 have given the instructions. But then counsel I think by your
7 tacit agreement restricted the question.

8 So I can't say that he created a misleading
9 impression the way the question was asked a second time. I
10 understand your point but --

11 MS. MACDONALD: Okay. That's fine.

12 THE COURT: It opens -- yeah, and you clearly
13 didn't intend to go there on your direct because you didn't go
14 there. So I can't allow it.

15 MS. MACDONALD: That's okay, your Honor.

16 THE COURT: It's a good faith effort, yeah.

17 All right. Anything else for the Court?

18 MR. SISTI: Nothing, Judge.

19 THE COURT: I'm going to ask you to confer before
20 tomorrow's evidence -- I'm not going to make you come early or
21 anything, but confer about tomorrow's exhibits because I don't
22 want to waste too much time on foundational stuff unless
23 there's real disputes over the admissibility, okay?

24 All right everybody.

25 (Jury trial adjourned at 4:50 p.m.)

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C E R T I F I C A T E

I, Susan M. Bateman, do hereby certify that the foregoing transcript is a true and accurate transcription of the within proceedings to the best of my knowledge, skill, ability and belief.

Submitted: 3-1-23 /s/ Susan M. Bateman
SUSAN M. BATEMAN, RPR, CRR