

AFFIDAVIT OF CAROL E. WILLMAN
IN SUPPORT OF GOVERNMENT'S SENTENCING POSITION PAPER

Your Affiant, retired Special Agent Carol E. Willman of the Internal Revenue Service, being duly sworn according to the law, deposes and says:

1. Your affiant retired from the Internal Revenue Service (IRS) in December 2006. Your affiant was a Special Agent (SA) of the IRS – Criminal Investigation Division (CID) from August 1986 through December 2006. While an IRS Special Agent, your affiant primarily conducted criminal investigations of white collar crime violations, including but not limited to bankruptcy fraud, wire and mail fraud, interstate transportation of stolen property, tax fraud and evasion, structuring of financial transactions, and money laundering. Your affiant possesses an undergraduate degree in accounting and business administration with a Bachelor of Science from Old Dominion University, Norfolk, VA.

2. In December 2001, your affiant was assigned as the IRS case agent to investigate the criminal activities of defendants Howard Welsh (“WELSH”), Lee Hope Thrasher (“THRASHER”), and others, doing business as Living Your Sole Purpose (LYSP), and Awesome Power Financial Privacy Systems (Awe-Sys), located at Cranborne Court, Virginia Beach, Virginia. The investigation, which was a joint investigation between IRS-CID and the Federal Bureau of Investigation (FBI), Norfolk, targeted the defendants’ fraudulent Ponzi scheme. The scheme involved non-profit, tax-exempt religious entities referred to by the subjects of this investigation as "Corporation Soles". Information contained in the Affidavit is based upon investigation conducted by both the FBI and IRS-CID, as well as by other domestic and foreign law enforcement authorities, including those in the United Kingdom, Nigeria, Ghana, France and Canada.

3. Your affiant remained a case agent on the investigation until her retirement in December 2006, then returned to the case in April 2007 as a litigation expert under contract for the United States Attorney's Office. Your affiant's responsibilities as a litigation expert was to assist the Government in preparation for the defendants' sentencing by calculating restitution and loss figures attributed to the defendants' offenses. As a case agent and then litigation expert in the matter of U.S. v. Howard Welsh et. al., your affiant personally conducted the investigation and financial analysis, at times with support from other agents and analysts of the United States Government, as follows:

- interviewed over one hundred individuals located throughout the United States and abroad having various associations with the subjects of this investigation;
- reviewed statements of over two hundred victims of the fraudulent scheme;
- reviewed thousands of documents provided pursuant to subpoena duces tecums;
- reviewed documents and voluminous computer files seized during the execution of search warrants at locations in Virginia,
- reviewed documents and voluminous computer files seized from locations in the United Kingdom during the arrest of the defendants,
- reviewed financial documents and information provided by banks and law enforcement authorities in foreign countries in response to Mutual Legal Assistance Treaty requests;
- debriefed the defendants pursuant to the terms of their Plea Agreements;
- reviewed information provided by U.S. Government legal attachés located in Africa;
- reviewed a financial database prepared by FBI analysts comprised of bank account details for approximately 30 domestic and foreign bank accounts affiliated with the defendants' scheme;

and

- coordinated with domestic and international law enforcement and diplomatic authorities, including the Metropolitan Police New Scotland Yard.

4. This affidavit is submitted in support of the Government's Sentencing Position Paper, proposed Restitution Judgments, and proposed Preliminary Orders of Forfeiture. Your affiant has included relevant details of the criminal offenses, the pertinent investigative efforts to track the fraud proceeds, and a summary of the analysis of the bank records from which loss, restitution and forfeiture amounts have been calculated.

DETAILS OF THE SCHEME TO DEFRAUD RELATING TO SENTENCING ISSUES

A. Quotes from LYSP Promotional Literature

5. Living Your Sole Purpose (LYSP) and Awe-Sys promotional literature has been provided to the investigating agents by several victims of this scheme. That literature contained the following quotes:

"Living Your Sole Purpose are the administrators of the Awe-Sys membership."

"The thrust of our endeavors is to provide total and utter freedom for many sincere people who can actually handle this new freedom in a responsible manner. That is accomplished by the creation of a Corporation Sole, a divinely inspired 'mission' that behaves like a diocese, a church, a mission or assembly, with all the rights and privileges and responsibilities of such. This is the 'instrument' of your new way of life. When this process is legally done (we help and guide you) then you merge your assets into the Corporation Sole to create an endowment so that all transactions are done in the name of this office."

"I have asked five professional accountants whether they know what a Corporation Sole is - none of them had the slightest notion."

"This well kept secret of Royalty, Popes and the Financial Elite is not taught in law school and there is a 99.99% chance you have never heard of it."

"This is something centuries-proven, only recently uncovered, dusted off, and revitalized

for all awakening individuals at the dawn of the new millennium."

"Remember... Awe-Sys IS A PRIVATE BY-INVITATION-ONLY MEMBERSHIP".

"No accounting records need be kept because there is no reporting required of any kind."

"The compound bonus earnings in your Corp Sole's behalf follow standard but privileged banking practices - the finer details of which are somewhat proprietary and are not open to perfunctory inquiry, even on the part of the membership."

"This endowment plan is not something that is available 'off the shelf' at your local investment broker, nor can you find it in a typical mutual fund, nor it is really a true 'pension plan' but that's what we call it for lack of a better word."

"Some people will say '...if this is not a business what tells me that they won't take my money and run?' and you would be right to ask. In that case I would say - "Do you have enough faith to see this through for a year? If your answer is "Yes" then you will see your deposits triple within this year, you can then withdraw what you deposited to your Corporation Sole's account."

B. Members' Earnings

6. The LYSP promotional literature included a "Special Endowment Increase Opportunity" that explained that a \$50,000 minimum investment would earn 12% per month for the next ten months while the original principal would be returned "within 120 days".

7. The promotional literature also explained that a 2% monthly interest payment would be made to each member's account based upon the balance in the accounts of those individuals who were sponsored into the LYSP program by the member.

8. The promotional literature included a chart illustrating "a key financial principle formerly the exclusive territory of only the super-elite" in which a \$2,000 initial investment, compounded at 10% monthly, would be worth \$6,260 after Year 1, \$19,580 after Year 2, and \$1,880,580 after Year 6.

9. The repayment of members' investments later came to be referred to by the LYSP

managers as "alms disbursements".

C. Membership Application Process

10. The Awe-Sys Application and Agreement directed prospective members to register and pay a one-time \$1,500 membership fee. The \$1,500 membership was utilized by Awe-Sys as follows:

\$500 is paid in the form of a royalty fee to the sponsor of the new member. Upon entering the Awe-Sys program, the new member is entitled to the same royalty fee once they sponsor other individuals who, in turn, establish new Awe-Sys Corporation Sole membership.

\$200 is utilized to open a bank account with a corresponding debit card, also referred to as the "pension fund or growth fund", in order for the new member to implement their Corporation Sole's endowment plan of which the new member becomes the "overseer and administrator" of each account.

\$800 is used by Awe-Sys to cover processing costs, filing fees, bank account set-up fees, priority delivery charges, and to defray other administration and membership expenses.

11. After the initial \$1,500 membership fee was paid, and the appropriate paperwork had been completed, members could contribute any amount in increments of \$100 to their endowment plan to "reap the benefit of compound bonuses of 10% per month".

12. The Awe-Sys promotional literature explained that members' contributions were provided to a "senior private European philanthropist" who "wishes to remain anonymous, as you might suspect." The philanthropist, in turn, allowed the Awe-Sys directors to share in strategies and techniques called "Banking Arbitrage". The members' contributions were pooled in a collective endowment fund and utilized by "a financial trader who is loaning vast sums to World Banks at substantially greater profits than the 10% per month received by Awe-Sys."

D. Invitation to Participate

13. The Awe-Sys Application and Agreement directed prospective members as follows:

"Do not send cash or pay any individual directly. Payment will be accepted only by certified check, money order, or by wire transfer made payable to 'Living Your Sole Purpose'."

"Mail-in payments should only be sent by Express, or Priority, or Certified Mail, not ordinary snail mail. This serves as proof and notification of delivery. Please waive the habitual receipt signature."

"Once your payment is sent, call 757-865-8088 to obtain your own Awe-Sys ID number telling them that your payment has been sent or let your sponsor do this for you. Send an e-mail confirmation to your sponsor as appropriate."

"Go to a mall photo machine or photographer and have two color photographs taken, the size of passport photos. Prepare a sample of your signature on a single white sheet of paper."

"If you have not already submitted your draft framework of your own Corporation Sole on the internet by clicking in a link at the bottom of this site, this can be sent to you by mail or fax. This draft package includes background context and complete step-by-step instructions concerning the recommended ways to complete the form. When conducted by mail, you may return it via the pre-addressed, post-paid, overnight envelope provided."

"Awe-Sys will prepare the official Corporation Sole documents for you. Wait for these to arrive by mail. You need to sign at the proper places and affix your thumb print as a seal and have these papers also signed by your scribe and three witnesses. There will be instructions of where to send these completed papers."

"Awe-Sys retains all documents and items you sent to them. These are eventually needed to initiate the bank account in the name of your new Corporation Sole."

"Living Your Sole Purpose are the administrators of the Awe-Sys membership."

"The Awe-Sys address is:
Living Your Sole Purpose
c/o 1919 Cranborne Ct.
Virginia Beach [23456], Virginia, USA";

"The Phone Number is: (757) 468-0622"

"The FAX Number is: (757) 468-5510"

"The e-mail address is: info@21cac.com"

14. An on-line search conducted to determine the associated account billing information for internet domain 21cac.com revealed the host-master to be Valueweb.net, Ft. Lauderdale, Florida, and the technical point of contact to be Howard Welsh, doing business as 21st Century A-Connection, 1919 Cranborne Court, Virginia Beach, Virginia, telephone number (757) 468-0622, facsimile number (757) 468-5510.

ANALYSIS OF TAX RETURNS AND RETURN INFORMATION

15. The Internal Revenue Service has been authorized to disclose tax return information relative to this investigation. A review of tax return and return information relative to Howard WELSH revealed that he has not filed a federal income tax return since 1993. Lee Hope THRASHER was employed as a victim witness coordinator for the city of Virginia Beach until 1998 and filed tax returns revealing her W-2 income at that time. THRASHER filed federal income tax returns for the tax years 1999 and 2000. These tax returns revealed \$30,000 gross income relative to a partnership called Heartsong. This was THRASHER's only source of income. Based upon a review of these tax return documents and return information it does not appear that either of the subjects of this investigation have any legitimate source of income.

16. Therefore, it is your affiant's opinion that the funds in the LYSP bank accounts are not from any sort of legitimate business activity. It further appears that all the funds in these bank accounts were obtained in a fraudulent fashion and are from investors/victims and not from any sort of legal business activity.

INTERVIEW OF SELECTED VICTIMS

17. During the course of the investigation, investigators learned that between 900 to

1,300 individuals "invested" with LYSP. Investigators have interviewed numerous individuals who invested with LYSP on the basis of representations made by WELSH, THRASHER, LYSP representatives, and/or LYSP literature and e-mails. The experience of just three of the victims provides a good representation of the nature of the fraud activities of WELSH, THRASHER and the other LYSP representatives.

18. On March 8, 2002, Witness 1 ("W-1"), from Alexandria, Virginia 22309, was interviewed by agents of the FBI and IRS-CID regarding her "investments" in LYSP. W-1 described her interactions with WELSH, THRASHER, and other representatives of LYSP, including details about their means of communications, the substance and nature of their communications, the dates and amounts of investment funds transferred to WELSH accounts, as well as the amounts of funds, or lack thereof, that were received by W-1 from the LYSP investments. The investigation of W-1's experience, to include the review of the corroborating documents and financial records, revealed a Ponzi scheme designed to defraud as follows:

a) On December 19, 2000, in response to a solicitation received by facsimile and after speaking to WELSH and another LYSP representative telephonically, W-1 wire-transferred \$50,000 from her Merrill Lynch account, Jacksonville, Florida, to U.S. Bank, NA, located at Tukwila, Washington, into the Sole Purpose account based upon a promise that her investment would be returned within 120 days. No interest payments were made to W-1; rather, more promotional materials were provided to her which enticed her to invest an additional \$50,000;

b) In January and February, 2001, after attending an LYSP seminar, W-1 began receiving LYSP promotional e-mails and facsimiles regarding an upcoming special endowment increase. On February 25, 2001, W-1 received an e-mail from internet address lysp-support@home.com promoting a "special endowment increase opportunity" wherein a \$50,000

minimum investment would be returned within 30 days plus a 100% increase.

c) On February 28, 2001, W-1 again wire-transferred \$50,000 from her Merrill Lynch account, Rockville, Maryland, to KeyBank, Tukwila, Washington, into the Sole Purpose account based upon another promise that her investment would be returned within 30 days;

d) On March 1, 2001, within days of receiving W-1's most recent investment, WELSH issued and mailed a check to W-1 in the amount \$5,000, from the Sovereign account at KeyBank. The remaining \$45,000 was combined with other investors' deposits in the Sole Purpose account at KeyBank.

e) On March 1, 2001, the funds were then wire-transferred on the same day in two separate transactions from the Sole Purpose account to Hong-Kong; one transfer for \$200,000 and a second transfer for \$1,000,000.

f) Not until the receipt of the February, 2001, investment from W-1 were any funds returned to W-1 and then it was a mere \$5,000 of her \$100,000 investment. Each promotion stressed a short deadline to invest, guaranteed a high rate of return, and guaranteed the return of the original principal in a very short period of time (120 and 30 days).

g) On October 4, 2001, W-1 received an e-mail from internet address adw922@msn.com that stated that due to changes in the banking industry resulting from the terrorist attacks, the banking industry had tightened up their controls and were requiring more information and no funds could be returned at that time. The e-mail further advised that "folks considering filing a law suit will only exacerbate the situation. We are so very close; those tactics could keep the funds from ever being disbursed. We are up to our ears here and if you can assist us with diffusing the fear of others it would be helpful." The e-mail was signed, "Love and Light; Lee-Hope". Account billing records received from Microsoft Corporation pursuant to

a subpoena duces tecum issued in this matter for records relating to the internet address adw922@msn.com revealed the account to be billed to Albert D. White, a known alias for WELSH, at 1919 Cranborne Court, Virginia Beach, Virginia 23456, telephone number (757) 468-0622.

h) W-1 has made repeated requests of THRASHER and another LYSP representative for the return of her investments since summer 2001, and has received numerous responses via telephone and e-mail providing only repeated excuses as to why her funds could not be returned. To date, no further meetings have been scheduled. W-1 advised that no bank account was ever established in her Corporation Sole's name.

19. On July 10, 2002, Witness 2 ("W-2"), from Richmond Hills, New York 11419, was interviewed by agents of the FBI and IRS-CID regarding her investments in LYSP. W-2 described her interactions with WELSH, THRASHER, and other representatives of LYSP, including details about their means of communications, the substance and nature of their communications, the dates and amounts of investment funds transferred to WELSH accounts, as well as the amounts of funds, or lack thereof, that were received by W-2 from the LYSP investments. The investigation of W-2's experience, to include the review of the corroborating documents and financial records, revealed a Ponzi scheme designed to defraud as follows:

a) On approximately October 3, 2000, W-2, who learned of LYSP through her sister's boyfriend, mailed two cashier's checks totaling \$204,000 to THRASHER at 1919 Cranborne Court, Virginia Beach, Virginia. W-2, through discussions with THRASHER, WELSH, and another LYSP representative, was told that any investment she made in LYSP would earn a 10 percent monthly rate of return. In addition, W-2 would receive a 2 percent fee for each new member that she sponsored into the LYSP program. On October 10, 2000, the

funds W-2 invested were deposited to the Sole Purpose account at U.S. Bank, NA, located at Tukwila, Washington. On October 25, 2000, \$400,000 was wire-transferred from that same account to the account of Uniworld Industries Limited at the Bank of Taiwan, Taipei, Taiwan, account number [REDACTED]-2445.

b) No interest payments were made to W-2; rather, more promotional materials were provided to her which enticed her to invest an additional \$42,000;

c) On January 25, 2001, W-2 again mailed two cashier's checks totaling \$42,000 to THRASHER at 1919 Cranborne Court, Virginia Beach, Virginia. The funds were deposited on January 30, 2001, to the Sole Purpose account at U.S. Bank, NA, located at Tukwila, Washington.

d) On February 1, 2001, within days of receiving W-2's most recent investment, WELSH issued and mailed a check to W-2 in the amount \$20,250. Not until the receipt of the January 2001, investment from W-2 were any funds returned to W-2 and then it was a mere fraction of her investment.

e) On February 8, 2001, \$269,000 was wire-transferred to the account of Robert Rideout at Canada Trust, New Brunswick, Canada, account number [REDACTED]8454.

f) W-2 never received any other interest payments other than the check for \$20,205 nor been reimbursed for any portion of her \$246,000 investment. Since the spring of 2001 and continuing until May, 2002, W-2 made repeated requests of THRASHER, and another LYSP representative for the return of her investment. THRASHER attempted to dissuade W-2 from contacting any law enforcement or consumer affairs agencies and led W-2 to believe that such contact would endanger the return of her investment.

20. During the investigation, a third victim ("W-3") from Rock Island, Illinois, who

died on March 27, 2002, was identified by the investigators. On April 19, 2002, W-3's husband was interviewed by agents of the FBI regarding his deceased spouse's investments in LYSP. The husband of W-3 described W-3's interactions with WELSH, THRASHER, and other representatives of LYSP, including details about their means of communications, the substance and nature of their communications, the dates and amounts of investment funds transferred to WELSH accounts, as well as the amounts of funds, or lack thereof, that were received by W-3 from the LYSP investments. The investigation of W-3's experience, to include the review of the corroborating documents and financial records, revealed a Ponzi scheme designed to defraud as follows:

a) On April 24, 2001, W-3 attended an LYSP seminar in Irving, Texas, regarding the formation of a Corporation Sole. The husband of W-3 provided a photograph and identified individuals depicted in the photograph, including two whom he believed were THRASHER and WELSH.

b) On July 11, 2001, W-3 obtained a loan from American Bank and Trust Company, Rock Island, Illinois, for \$2.5 million and subsequently wire-transferred the proceeds to U.S. Bank, NA, located at Tukwila, Washington, into the account of The Office of the Overseer of Zialogic Bank, account number [REDACTED]-4054.

c) According to the husband of W-3, WELSH requested additional funds from W-3 and subsequently received nearly eight million dollars, in total, prior to W-3's death. The husband of W-3 possessed a document which had been delivered to W-3 by WELSH, that was signed by THRASHER and WELSH, which purports to be an accounting of funds received by Zialogic from W-3 prior to her death. The husband of W-3 believed that WELSH had a bank account in Washington State called Zialogic Bank, and also owned some form of a banking

entity in London, England, called "A Zialogic Bank, PLC".

d) According to the husband of W-3, WELSH convinced W-3 to become a board member of an overseas bank based in London, England. Her capitalization in the bank would be approximately eight million dollars, with other board members providing additional funds, for a total capitalization of approximately sixty million dollars. WELSH had convinced W-3 that she would be able to multiply her investment while at the same time providing a humanitarian service through the work of the bank.

e) According to the husband of W-3, W-3 purchased an airline ticket for WELSH for a flight on January 23, 2002, from Dulles Airport, Washington, D.C., via British Airways Flight number 216, to Heathrow Airport, London, England. WELSH arrived in London on January 24, 2002, and using that same ticket, continued to Lagos, Nigeria, via British Airways Flight 2075. WELSH returned to London on January 30, 2002, via British Airways Flight 2074.

f) During that same time, W-3 was also in London until early February 2002. On January 31, 2002, W-3 directed her personal banking representative at American Bank and Trust Company, Rock Island, Illinois, to urgently wire-transfer \$250,000 to Citibank - London, 336 The Strand, London WC2R 1HB, account name FSB International Bank, in favor of General Supply Investment.

g) W-3's records further revealed that an additional \$104,231 was distributed directly from W-3's account to other LYSP members who had sought relief from financial hardships through the LYSP program. In addition, \$250,000 was wire-transferred directly to a Citibank, London, England, account on behalf of Zialogic. W-3 suffered gross losses in excess of approximately \$7,909,500, and net losses of approximately \$5,305,000.00. W-3's gross losses were reduced by the recovery of real estate in California.

INVESTIGATION IN UNITED KINGDOM

21. In August 2004, the investigation culminated in the 63 count indictment charging mail and wire fraud, as well as money laundering violations. Arrest warrants were subsequently issued for the defendants. On November 29, 2004, fugitives HOWARD WELSH and LEE HOPE THRASHER were arrested without incident by members of Scotland Yard's Extradition Unit and the West Mercia Police Constabulary in Shropshire, England. The arrests took place as WELSH and THRASHER were preparing to board a train at the Witchurch Railway Station. Following the arrests, the Scotland Yard arrest team went to the subjects' apartment located in Birmingham, England, and conducted a search of the premises. WELSH was living under the assumed name of Holmes Golden and THRASHER was living under the assumed name of Hope Morgan. That search resulted in the seizure of substantial records critical to this investigation as well as evidence of potential financial schemes devised by the defendants while in the United Kingdom. The documents contained evidence of potential financial schemes, lists of potential victims, bank documents and three laptop computers.

22. Pursuant to England's Extradition Treaty with the United States, documents seized relative to an extradition may be viewed by U. S. Investigators; however, neither the actual documents nor photocopies can be provided to investigators until the extradition process has been completed. Therefore in January 2005, the investigating agents and Assistant United States Attorneys Robert J. Seidel, Jr. and Kevin Comstock traveled to England to view evidence seized from the flat that WELSH and THRASHER had been sharing prior to their arrest. Among this evidence were three laptop computers. The agents did not attempt to turn these computers on at that time.

23. In June 2005, Assistant United States Attorney Blair C. Perez and your affiant traveled to England to pursue investigative leads related to the recovery of the proceeds of the fraud. During the visit, both AUSA Perez and your affiant viewed documents seized by the extradition team from WELSH and THRASHER's flat and interviewed a former inmate of WELSH regarding the whereabouts of the fraud proceeds wired from the LYSP accounts in the U.S. to foreign banks. The inmate informed your affiant and AUSA Perez that WELSH said over \$30 million dollars was transferred by diplomatic pouch to a secure warehouse in Accra, Ghana where it remained. The inmate further reported that WELSH indicated he had a business partner in Ghana whom he trusted to ensure the security of the cash. In addition to the interview, AUSA Perez also had an opportunity to view a limited amount of material on one of the defendants' laptop computers. This review was conducted while under the supervision of Scotland Yard and in compliance with British law and the provisions of the U.S./British Mutual Legal Assistance Treaty. Pursuant to the laws of the United Kingdom, a search warrant is not necessary to view data contained on a computer that was seized in connection with an arrest. The computer contained information relating to the movement and storage of large amounts of funds in overseas locations, including references to overseas accounts that received LYSP funds, as well as information about future and on-going plans for starting businesses.

24. In September 2005, FBI agent Jack Moughan traveled back to England and with the supervision of Scotland Yard was allowed a limited view of all three laptop computers and their content. The primary purpose of the computer review was to identify specific details about the location(s) of the fraud proceeds, including bank names, account numbers, account holder names, account balances, as well as potential names and addresses of contacts in Africa,

particularly Accra, Ghana. Agent Moughan determined the computers contained the following:

a) (PC10) Plantina M620UC S/N 000193383: This computer contained numerous subdirectories relating to victims of the schemes in the United States as well as new schemes since WELSH and THRASHER's departure. A large portion of information on this computer had been erased; however there were many references to foreign bank accounts and money in other countries.

b) (PC11) Dell Model PP01X S/N 24910642801: This computer appeared to be one used while WELSH and THRASHER were in the United States. Subdirectories indicated this computer had numerous references to the LYSP Ponzi scheme and victims of this scheme. The flyers used to lure investors are contained herein, as well as membership documents, thank you letters and investor spreadsheets.

c) (PC12) Toshiba S/N71232302PU: This computer appeared to have been used in the United States and later. There were many subdirectories relating to victims of the LYSP Ponzi scheme in the U. S., as well as new schemes in Ghana and Zambia, as well as references to deposits from W-3. There are letters to victims regarding "the agencies, Carol and Jack", which are references to the FBI and the IRS, the lead agencies investigating WELSH and THRASHER, and references to your affiant and Special Agent Moughan.

25. On July 14, 2006, Howard WELSH and Lee Hope THRASHER were returned to the United States per Order of the Home Secretary in the United Kingdom.

OVERVIEW OF FINANCIAL ANALYSIS FOR CALCULATING LOSS,
PROCEEDS AND INDIVIDUAL RESTITUTION AMOUNTS

26. During the course of the investigation, your affiant reviewed thousands of subpoenaed financial records to track the course of the funds as they were transferred from

investors/victims to the defendants' LYSP accounts, transferred between LYSP accounts, transferred to overseas third party accounts, and in some cases transferred back to investors/victims. After your affiant retired and returned to the case as a litigation expert, your affiant reviewed a financial database prepared by the FBI's Forfeiture Support Group (FSG). The FSG created a database to organize all of the bank detail information provided to the Government by the domestic and foreign banks involved with LYSP. Overall, the FSG entered deposit and withdrawal detail information for activity during the period of the conspiracy for 30 domestic and foreign bank accounts.

27. However, due to the enormous volume of bank activity involved in the LYSP scheme, the subpoenaed bank account information did not include details for every single deposit and withdrawal. For example, payor and payee details for transfers in amounts less than \$1,000 were not always subpoenaed and some details relating to the names of payors and payees were not always made available by the banks even when subpoenaed. Further, during the investigation it was discovered that many investors/victims pooled their money and gave it to one person to invest with LYSP on their behalf. Neither the bank records nor records seized from the defendants clearly detail these arrangements. Your affiant learned of these arrangements only through interviews of the victims and from petitions for remission filed by victims to recover property forfeited during the course of the investigation. Accordingly, the bank analysis as it relates to specific individual deposits or reimbursements is not complete as to each individual investor's amount, but is complete and accurate as to the total proceeds amount the defendants acquired through the course of the fraud.

28. The earliest bank accounts opened by WELSH and THRASHER used for Living

Your Sole Purpose were at the Bank of the Commonwealth in Virginia Beach, Virginia. Later accounts included First Union Bank, Crestar Bank and Wachovia Bank in Virginia Beach, Bank of America in Texas, and US Bank and Key Bank in Washington State. A total of 17 domestic bank accounts were analyzed to determine the amount of fraud proceeds acquired by the defendants during the course of the conspiracy. The accounts are identified below:

Bank of the Commonwealth Accounts:

Account Name	Account Number	Date of First Statement	Date of Last Statement
Heartsong Management Services/Lee Hope Thrasher	██████████1692	05/07/1999	03-26-2002
Living Your Sole Purpose Division of Dominion of H.O.P.E	██████████7130	10/13/1999	01/09/2002
Heartsong Management Services /Lee Hope Thrasher	██████████7149	10/18/1999	01/09/2002
Albert D. White Management Services	██████████1706	05/14/1999	01/13/2002

US Bank Accounts:

Account Name	Account Number	Date of First Statement	Date of Last Statement
Albert D. White Management Services	██████████3778	05/28/1999	08/31/2002,
Sole Purpose	██████████8918	11/18/1999	09/30/2002
The Sovereign	██████████8926	11/18/1999	09/30/2002
4-Truth	██████████8934	11/18/1999	09/30/2002
The Order of the Overseer of Zialogic	██████████4054	10/11/2000	09/30/2002

Crestar Bank Account:

Account Name	Account Number	Date of First Statement	Date of Last Statement
Dominion of Heaven on Planet Earth DBA Living Your Sole Purpose	██████████5940	10/08/1999	02/18/2000

First Union National Bank Accounts:

Account Name	Account Number	Date of First Statement	Date of Last Statement
4-Truth	██████████0406	12/14/1999	07/31/2000
Popular Assembly of Living Your Sole Purpose	██████████0406	03/03/2000	07/31/2000

Wachovia Bank Account:

Account Name	Account Number	Date of First Statement	Date of Last Statement
Living Your Sole Purpose AKA The Sovereign	██████████0656	03/02/2000	04/30/2000

Bank of America Account:

Account Name	Account Number	Date of First Statement	Date of Last Statement
Glastonbury Chapel Eleemosynary Trust	██████████2145	08/06/2001	02/28/2002

Key Bank Accounts:

Account Name	Account Number	Date of First Statement	Date of Last Statement
4-Truth	██████████6206	05/23/2000	04/30/2001
Sole Purpose	██████████6214	05/23/2000	05/01/2001
Sovereign	██████████6222	05/23/2000	07/31/2001

29. Your affiant's analysis included a review of all deposits and withdrawals relating to these accounts. The subpoenaed detail information, as well as the FSG database summaries, are too voluminous to attach to this affidavit; however, they can be made available to the Court if requested and a spreadsheet your affiant prepared summarizing the amount of deposits and withdrawals for each account is attached to this Affidavit. (See attached "Bank Analysis".) All transfers between the defendants' accounts have been accounted for in the deposit analysis to ensure that deposits were not double counted. Due to the fact that WELSH and THRASHER had no other source of income during the period of the conspiracy, the deposits constitute funds received from potential investors and are a result of the defendants' fraud scheme.

30. As detailed in the Attachment, the total amount of funds acquired by the defendants from investors/victims through the scheme is approximately \$43,729,367.01. At least \$6,453,127.40 has been positively identified as funds that were returned to investors/victims. There is an additional \$3,733,086.16 of withdrawals from these accounts for which specific payee details are listed as "missing" or "unidentifiable". In reviewing the amounts of these withdrawals, it is a very real possibility that these too represent funds that have been returned to potential investors/victims. Although such reimbursements are consistent with the operation of a Ponzi scheme and help the defendants persuade future investors to send money, monies returned to victims or monies that the Government cannot show were not returned to victims have been deducted from the total proceeds figure. Therefore, a total amount of invested funds which have not been returned to investors by the defendants during the course of the conspiracy is approximated at \$33,543,153.45. This is the amount of fraud proceeds attributable to the defendants' offenses, as well as the total amount of loss sustained by the

victims for which restitution is owed.

31. Early analysis of the bank records indicated that approximately \$31 million was transferred out of the defendants' accounts to accounts not held by investors/victims, thus reflecting the Government's initial calculation of a loss amount. Those transfers are listed in the overt actions section of the Indictment. Your affiant's recent review of the bank records and FSG database indicates the more accurate loss amount is \$33,543,153.45. Further, the recent review also indicates the amount of fraud proceeds that were transferred to third- party overseas accounts is approximately \$31,000,000.

32. In addition to calculating a total amount of loss attributable to the defendants' offenses, your affiant also analyzed records to identify the amount of loss attributable to each victim. For purposes of calculating restitution figures for individual victims, your affiant reviewed the FSG bank records listing the names of the payees or Corporate Soles and the amounts they were paid from each of the defendants' accounts. The overseas accounts were also reviewed for evidence of transfers to victims. Because a large portion of the deposits and withdrawals were listed in the bank records under Corporation Sole account names, it was necessary to research each and every person's Corporation Sole name and match the individuals to the approximately 1,300 known Corporation Sole accounts in order to be able to identify what money belonged to whom.

33. As described above, the payee details were not available for every transfer nor were the names of those who pooled money. Consequently, your affiant relied on petitions for remission submitted by victims to recover forfeited property to provide reliable documentation of investments and loss amounts. Approximately 245 victims filed petitions to date, as reflected in

Attachment A to the Restitution Judgment. Based on the documentation and verified representations provided in the petitions, your affiant could link the 245 victims to approximately \$15,221,499 in deposits to the defendants' accounts. Furthermore, your affiant could link approximately \$921,700 of LYSP reimbursements to those victims. Therefore, \$14,299,799 in restitution is owed to the individuals identified in the Restitution Judgment Attachment A in the amounts reflected in the attachment.

34. The bank records link an additional \$17,560,738 in proceeds and \$5,768,724 in LYSP reimbursements to specific investors, but those individuals did not file petitions. Without the documentation and verified statements provided in the petitions, your affiant is not able to confirm the exact loss amounts for those investors. The list of investors for whom exact loss amounts could not be verified are listed in Attachment B to the Restitution Judgment. The inability to attribute specific loss amounts to specific investors does not in any way compromise or impact the total proceeds and loss calculation of \$33,543,153.45.

FORFEITURE

35. During the course of the investigation, prior to the arrest of the defendants, your affiant and investigators located four domestic bank accounts belonging to WELSH with a total value in excess of \$1 million. Your affiant is informed by Assistant United States Attorney Perez of the following forfeiture related details:

- a) Three accounts were administratively forfeited by the FBI and one was judicially forfeited by the United States.
- b) In December 2002, the FBI sent notices of the forfeiture with requests for petitions for remission to all known LYSP investors/victims. Approximately 120

individuals responded with petitions for remission, all of which were investigated by the FBI, reviewed by the United States Attorney's Office, and then reviewed for final decisions by the FBI HQ and the Asset Forfeiture Money Laundering Section (AFMLS) of the Department of Justice. Based on the findings of AFMLS and FBI HQ, the forfeited property was disbursed pro rata to the individuals whose petitions were granted.

36. During the course of the investigation, your affiant and investigators discovered that the defendants gave approximately \$2.5 million of LYSP fraud proceeds to an individual named Roy Overton. Roy Overton was indicted in June 2004 on charges related to his activities involving the money, including money laundering, in violation of 18 U.S.C. §1957, making a false declaration before the grand jury, in violation of 18 U.S.C. §1623, obstruction of justice, in violation of 18 U.S.C. § 1503, and removal of assets to prevent seizure, in violation of 18 U.S.C. § 2232(a). (See United States v. Roy Overton, Criminal No. 2:04cr111.) Prior to his arrest, your affiant and investigators found real property, a bank account, and three vehicles that belonged to Overton or were traceable to the LYSP fraud proceeds. Your affiant is informed by Assistant United States Attorney Perez of the following forfeiture related details:

a) The United States filed a civil judicial forfeiture action against the Overton property.

b) Following the civil judicial forfeiture of the property, valued at approximately \$1 million, a second wave of notices of forfeiture were sent to all of the investors/victims of LYSP. The United States Attorney's Office sent the notices in December 2004 and that more than 200 victims have responded with petitions for remission. The FBI investigated the petitions, the U.S. Attorney's Office reviewed them,

and they are currently pending final review at AFMLS.

c) Once the equity from the sale of the Overton property is disbursed to the victims whose petitions are granted, a total of \$2,077,423.60 will have been returned to approximately 245 victims through the forfeiture process. However, additional petitions are being received by the Government almost every week which will increase the number of victim petitioners.

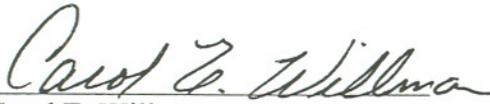
POST ARREST INVESTIGATIVE EFFORTS

37. Following WELSH and THRASHER's entry of guilty pleas and pursuant to the terms of their Plea Agreements, they were debriefed by your affiant and Special Agent Moughan. AUSA Blair Perez was present at some of the debriefs. The primary purpose of the debriefs was to derive truthful and complete information from the defendants in order to locate and recover the more than \$31,000,000 in fraud proceeds that they wire transferred out of the LYSP domestic accounts to overseas third-party accounts. The third-party accounts were located across the world in at least 14 countries, including France, Switzerland, Taiwan, Hong Kong, Nigeria, Canada, Montenegro and Lebanon. Mutual Legal Assistance Treaty (MLAT) requests for bank information to the countries with which the United States had treaties provided account information for approximately 10 accounts, but the information indicated that the majority of the foreign accounts were closed and that the proceeds were almost immediately transferred upon receipt to multiple unidentified third-party accounts in additional foreign countries. The MLAT process, which customarily takes 1-2 years for each request, was too slow and was not available for purposes of following the money trail to the countries beyond the first round of overseas transfers. Therefore, information and assistance from the defendants' was absolutely essential

for recovery of the proceeds for the victims.

38. During the course of the debriefs, WELSH stated the proceeds received from investors are located in a diplomatic pouch in a warehouse in Accra, Ghana. WELSH stated he personally observed the money, in the form of U.S. currency, stored in the warehouse, but could not retrieve it without paying a Ghanaian tax to release the money. Due to the lack of specific information WELSH is able to provide, the Government has been unable to confirm key elements of WELSH's statement, including but not limited to the following details: the fact that a diplomatic pouch with millions in U.S. currency was delivered to WELSH's partner in Accra, the existence or address of the Accra warehouse where the money is allegedly stored, the true identity of WELSH's Ghanaian partner or a current address for the man, the identity of two alleged Nigerian accomplices, and the involvement of an employee of the Nigerian Central Bank. In fact, investigation by FBI legal attaches in Lagos, Nigeria and the Diplomatic Security Service in Accra, Ghana to follow up on the details that WELSH could provide, revealed that deliveries of diplomatic pouches in Ghana are limited to embassies and do not include currency; such deliveries never go to warehouses or commercial business; items stored in Ghanaian government warehouses are not subject to a release tax; advanced fee scams and the use of aliases are prevalent in Ghana and Nigeria. The investigation also revealed that contrary to WELSH's statement, there is no Femi Coker identified as an employee of the Nigerian Central Bank. Further, when showed a photo obtained from the Department of State, Bureau of Consular Affairs, Lagos, Nigeria of an individual purporting to be "Femi Coker", WELSH stated that he had never met this person and could not identify this person. Additionally, numerous attempts to initiate contact with Nigerians and Ghanians utilizing phone numbers provided by WELSH have

had negative results; and, references to Nigerians/Ghanians identified by WELSH are contained in law enforcement databases as suspected participants in illegal financial transactions or criminal fraud schemes. Also, WELSH's inability to identify locations of government warehouse and offices/residences of individuals he dealt with in Nigerian and Ghana have proven problematic at best. This has resulted in the inability to further any investigative leads within the Nigerian and Ghanaian governments.

 6-28-07

Carol E. Willman
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U.S. v. Howard Welsh