

James E. Evans, Va. Bar No. 83866

james.evans@ftc.gov

(202) 326-2026

Ian L. Barlow, D.C. Bar No. 998500

ibarlow@ftc.gov

(202) 326-3120

Federal Trade Commission

600 Pennsylvania Ave. NW, CC-8528

Washington, DC 20580

(202) 326-3395 (fax)

Thomas J. Syta, Cal. Bar No. 116286

tsyta@ftc.gov

(310) 824-4343

Local Counsel

Federal Trade Commission

10877 Wilshire Boulevard, Suite 700

Los Angeles, CA 90024

(310) 824-4380 (fax)

Attorneys for Plaintiff

Federal Trade Commission

**UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA**

Federal Trade Commission,

Plaintiff,

vs.

Aaron Michael Jones, et al.,

Defendants.

No. SACV17-00058 DOC (JCGx)

**Notice of Application and Application
for Default Judgment and Permanent
Injunction Against Ten Defendants**

Judge: Hon. David O. Carter

Date: May 8, 2016

Time: 8:30 AM

Courtroom: Courtroom 9D

Request to Waive Oral Argument

Pursuant to Fed. R. Civ. P. 55(b)(2), Plaintiff, the Federal Trade Commission (“FTC”) respectfully asks the Court to enter default judgment against the following ten defendants:

1. ***Aaron Michael Jones***, also known as Michael Aaron Jones, also known as Mike Jones, individually and as an owner, officer, or manager, or a *de facto* owner, officer, or manager of Allorei, Inc., Audacity LLC, Data World Technologies, Inc., Dial Soft Technologies, Inc., Digital Marketing Solutions, Inc., Local Lighthouse Corp., Savilo Support Services, Inc., Secure Alliance Corp., Velocity Information Corp., and World Access Media (“Mike Jones” or “Jones”);
 2. ***Allorei, Inc.***, a California corporation (“Allorei”);
 3. ***Audacity LLC***, a California limited liability company (“Audacity”);
 4. ***Data World Technologies, Inc.***, a California corporation (“DWT”);
 5. ***Dial Soft Technologies, Inc.***, a former Nevada corporation (“DST”);
 6. ***Digital Marketing Solutions, Inc.***, a California corporation (“DMS”);
 7. ***Savilo Support Services, Inc.***, a California corporation (“Savilo”);
 8. ***Secure Alliance Corp.***, a California corporation (“Secure Alliance”);
 9. ***Velocity Information Corp.***, a former California corporation (“Velocity”); and
 10. ***World Access Media***, a California corporation (“WAM”)
- (collectively, “Defaulting Defendants”).

The Clerk’s Office has entered defaults against all of these ten Defaulting Defendants. Nine of these Defaulting Defendants are corporations or limited liability companies that are not represented by counsel (the “Defaulting Corporate Defendants”). The details of each defendant’s default are summarized below:

Defendant	Served (Proof of Service)	Answer Due	Default Entered
Jones	Jan. 18 (ECF 35)	Feb. 8	Feb. 13 (ECF 44)
Allorei	Jan. 18 (ECF 36)	Feb. 8	Feb. 10 (ECF 44)
Audacity	Feb. 10 (ECF 73)	Mar. 3	Mar. 9 (ECF 74)

Defendant	Served (Proof of Service)	Answer Due	Default Entered
DWT	Feb. 1 (ECF 46)	Feb. 22	Mar. 6 (ECF 66)
DST	Feb. 1 (ECF 47)	Feb. 22	Mar. 6 (ECF 66)
DMS	Jan. 17 (ECF 37)	Feb. 7	Feb. 13 (ECF 42)
Savilo	Jan. 24 (ECF 48)	Feb. 14	Mar. 6 (ECF 66)
Secure Alliance	Jan. 17 (ECF 38)	Feb. 7	Feb. 10 (ECF 42)
Velocity	Jan. 17 (ECF 39)	Feb. 7	Feb. 10 (ECF 42)
WAM	Jan. 17 (ECF 40)	Feb. 7	Feb. 10 (ECF 42)

Table 1—Defaulting Defendants.

The FTC seeks permanent injunctive relief against all Defaulting Defendants and a monetary judgment of \$2.7 million in civil penalties, pursuant to 15 U.S.C. §45(m)(1), against Jones.

A Memorandum of Points and Authorities, the declaration required by Local Rule 55-1, other exhibits, and a proposed order accompany this application.

As set forth in the declaration required by L.R. 55-1, before filing this application, the FTC contacted Jones and requested a meet and confer, pursuant to L.R. 7-3. The meet and confer was held telephonically at 10:00 am Pacific on March 31, 2017. Jones retained an attorney to participate in the call, who informed the FTC that he was unsure whether Jones would oppose the application. A week later, on Friday, April 6, 2017, Jones's attorney sent an email to counsel for the FTC stating that:

Mr. Jones consents to the injunctive relief sought by the Commission in the Complaint. He reserves his rights to seek to participate in the proceeding with respect to the monetary judgment sought by the Commission.¹

¹ The attorney representing Jones is Mitchell N. Roth of Roth Jackson Gibbons Condlin PLC, a law firm with offices in Virginia. Mr. Roth has not entered an appearance in this litigation on Mr. Jones's behalf. It appears that Mr. Roth is not a member of the California bar. *See* <https://rothjackson.com/mitchell-n-roth-2/>. It is unclear to the FTC how or if Jones intends to participate.

1 The FTC could not confer with the remaining nine defaulted defendants
 2 pursuant to L.R. 7-3, because they are all corporations or limited liability
 3 companies that are not represented by counsel. *See, e.g.*, L.R. 83-2.2.2 (stating that
 4 a corporation may not appear pro se).

5 Because Jones has not stated that he opposes the FTC's motion for default
 6 judgment, and because the FTC has not been able to confer with any of the
 7 Defaulting Corporate Defendants, the FTC respectfully asks the Court to waive
 8 oral argument. Additional grounds for waiving oral argument are set forth in the
 9 accompanying motion.

10
 11 Respectfully submitted,

12 **David C. Shonka**
 13 Acting General Counsel
 14

15 Dated: April 10, 2017

/s/ Ian L. Barlow

16 **James E. Evans**, Va. Bar No. 83866
 17 **Ian L. Barlow**, D.C. Bar No. 998500
 18 **Federal Trade Commission**
 19 600 Pennsylvania Ave. NW, CC-8528
 20 Washington, DC 20580
 21 (202) 326-2026 / james.evans@ftc.gov
 22 (202) 326-3120 / ibarlow@ftc.gov
 23 (202) 326-3395 (fax)

24 **Thomas J. Syta**, Cal. Bar No. 116286
 25 Local Counsel
 26 **Federal Trade Commission**
 27 10877 Wilshire Boulevard, Suite 700
 28 Los Angeles, CA 90024
 (310) 824-4343 / tsyta@ftc.gov
 (310) 824-4380 (fax)

Attorneys for Plaintiff
Federal Trade Commission

James E. Evans, Va. Bar No. 83866

james.evans@ftc.gov

(202) 326-2026

Ian L. Barlow, D.C. Bar No. 998500

ibarlow@ftc.gov

(202) 326-3120

Federal Trade Commission

600 Pennsylvania Ave. NW, CC-8528

Washington, DC 20580

(202) 326-3395 (fax)

Thomas J. Syta, Cal. Bar No. 116286

tsyta@ftc.gov

(310) 824-4343

Local Counsel

Federal Trade Commission

10877 Wilshire Boulevard, Suite 700

Los Angeles, CA 90024

(310) 824-4380 (fax)

Attorneys for Plaintiff

Federal Trade Commission

**UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA**

Federal Trade Commission,

Plaintiff,

vs.

Aaron Michael Jones, et al.,

Defendants.

No. SACV17-00058 DOC (JCGx)

**Memorandum of Points and
Authorities in Support of the FTC's
Application for Default Judgment
and Permanent Injunction Against
Ten Defendants**

Judge: Hon. David O. Carter

Date: May 8, 2016

Time: 8:30 AM

Courtroom: Courtroom 9D

Table of Contents

I.	Summary of Requested Relief.....	1
II.	Procedural History	2
III.	Statement of Facts.....	2
A.	Introduction	2
B.	The Red Hill Robocall Enterprise	4
1.	The Structure of the Enterprise	4
a.	The Dialer Companies (Velocity, Allore, and DMS) and the Buffer Company (DST)	4
i.	Dialer Companies from 2010-June 2013	5
ii.	June 2013-June 2015: Dialer Companies Pay the Buffer Company, which Pays TelWeb.....	5
b.	ANI Contractors: DWT and Secure Alliance	7
c.	Data Provider: DWT.....	7
d.	Lead Generators and Telemarketers: Savilo and Secure Alliance	8
e.	Funding Jones' Extravagant Lifestyle: Allore, DMS, Secure Alliance	10
2.	Violations of the Telemarketing Sales Rule by the Red Hill Robocall Enterprise	10
C.	The Jones Home Robocall Enterprise	11
IV.	Argument	13
A.	The Clerk's Entry of Default Was Proper	13
B.	Default Judgments Should Be Entered Against All Defaulting Defendants.....	14

1	1.	The First <i>Eitel</i> Factor Weighs in Favor of Entering A	
2		Default Judgment, Because the FTC Will Suffer	
3		Prejudice if a Default Judgment is not Entered	15
4	2.	The Second and Third <i>Eitel</i> Factors Weigh in Favor of	
5		Granting a Default Judgment Because the FTC Has	
6		Stated a Claim on Which It May Recover and Produced	
7		Substantial Evidence Supporting that Claim	15
8	3.	The Fourth <i>Eitel</i> Factor Weighs in Favor of Default	
9		Judgment Against the Defendants Because the Requested	
10		\$2.7 Million Judgment Against Jones is Appropriate in	
11		Relation to His Conduct.....	19
12	4.	The Fifth <i>Eitel</i> Factor Weighs in Favor of Entering the	
13		Default Judgment Because No Factual Disputes Exist.....	19
14	5.	The Sixth <i>Eitel</i> Factor Weighs in Favor of Entering	
15		Default Judgments Because the Defaults Were Not Due	
16		to Excusable Neglect.....	20
17	6.	The Seventh <i>Eitel</i> Factor Does Not Preclude Entry of the	
18		Default Judgments.....	20
19	V.	The Requested Injunctive Relief Is Reasonable and Appropriate.....	21
20	VI.	The Requested \$2.7 Million Civil Penalty Is Reasonable and	
21		Appropriate Under the Statutory Factors Listed in the FTC Act	23
22	VII.	Conclusion	25

Table of Authorities

Cases	Page(s)
<i>Aldabe v. Aldabe</i> , 616 F.2d 1089 (9th Cir. 1980).....	14
<i>Eitel v. McCool</i> , 782 F.2d 1470 (9th Cir. 1986).....	14-15, 19-21
<i>Fair Housing of Marin v. Combs</i> , 285 F.3d 899 (9th Cir. 2002)	15-16
<i>FTC v. 1263523 Ontario, Inc.</i> , 205 F. Supp. 205 (S.D.N.Y. 2002)	15
<i>FTC v. A to Z Marketing, Inc.</i> , No. SA-CV-130919-DOC-RNBx, 2014 WL 12595332 (C.D. Cal. Oct. 17, 2014).....	14-15
<i>FTC v. Colgate-Palmolive Co.</i> , 380 U.S. 374 (1965).....	22
<i>FTC v. Grant Connect, LLC</i> , 827 F. Supp. 2d 1199 (D. Nev. 2011).....	21-22
<i>FTC v. Grant Connect, LLC</i> , 763 F.3d 1094 (9th Cir. 2014).....	21-22
<i>FTC v. H.N. Singer, Inc.</i> , 668 F.2d 1107 (9th Cir. 1982).....	21
<i>FTC v. Hope for Car Owners, LLC</i> , No. 2:12-cv-778-GEB-EFB, 2013 WL 322895 (E.D. Cal. Jan. 24, 2013)	22
<i>FTC v. INC21.com Corp.</i> , 745 F. Supp. 2d 975 (N.D. Cal. 2010).....	22
<i>FTC v. John Beck Amazing Profits LLC</i> , 888 F. Supp. 2d 1006 (C.D. Cal. 2012).....	22
<i>FTC v. National Lead Co.</i> , 352 U.S. 419 (1957)	22
<i>FTC v. Network Services Depot, Inc.</i> , 617 F.3d 1127 (9th Cir. 2010)	16
<i>FTC v. Pantron I Corp.</i> , 33 F.3d 1088 (9th Cir. 1994)	21
<i>FTC v. Ramsey</i> , No. 9:17-cv-80032-KAM (S.D. Fla. filed Jan. 10, 2017)	8
<i>FTC v. Ruberoid Co.</i> , 343 U.S. 470 (1952)	21
<i>Ho v. SSK Investment LLC</i> , No. SA-CV-160629-DOC-JCG, 2016 WL 5921864 (C.D. Cal. Sept. 14, 2016)	14-15
<i>Pepsico, Inc. v. California Security Cans</i> , 238 F. Supp. 2d 1172 (C.D. Cal. 2002).....	14-15, 19, 21
<i>Sears, Roebuck and Co. v. FTC</i> , 676 F.2d 385 (9th Cir. 1982).....	21
<i>TeleVideo Systems, Inc. v. Heidenthal</i> , 826 F.2d 915 (9th Cir. 1987).....	14

1	<i>Texas v. SCM Media</i> , No. A-09-cv-387-33 (W.D. Tex. April 6, 2011).....	2
2	<i>United States v. Commercial Recovery Systems, Inc.</i> , No. 4:15-CV-00036,	
3	2017 WL 1065137 (E.D. Tex. Mar. 21, 2017).....	24-25
4	<i>United States v. Cornerstone Wealth Corp.</i> , 549 F. Supp. 2d 811	
5	(N.D. Tex. 2008).....	24
6	<i>United States v. Lasseter</i> , No. 3:03-1177, 2005 WL 1638735	
7	(M.D. Tenn. June 30, 2005).....	24
8	<i>United States v. Versatile Marketing Solutions, Inc.</i> , No. 1:14-cv-10612	
9	(D. Mass. April 24, 2014).....	8
10	<i>Vogel v. Rite Aid Corp.</i> , 992 F. Supp. 2d 998 (C.D. Cal. 2014).....	14-15, 19-21
11		
12	Statutes, Rules, and Other Sources	Page(s)
13	15 U.S.C. § 45.....	1, 23, 25
14	15 U.S.C. § 53.....	21
15	15 U.S.C. § 57a.....	16
16	15 U.S.C. § 6102.....	16
17	Federal Civil Penalties Inflation Adjustment Act of 1990,	
18	Pub. L. 101-410, 104 Stat. 890.....	23
19	Fed. R. Civ. P. 8.....	14
20	Fed. R. Civ. P. 12.....	2, 13
21	Fed. R. Civ. P. 55.....	1, 13-14
22	FTC Rules of Practice, 16 C.F.R. Part 1	23
23	Telemarketing Sales Rule, 16 C.F.R. Part 310.....	16-18

Table of Exhibits

Exhibit Number	Abbreviation	Description
Investigational Hearing Transcripts		
DJ 1	Christiano Tr.	Transcript of Investigational Hearing of James B. Christiano, September 16, 2015
DJ 2	Fraley Tr.	Transcript of Investigational Hearing of Houston Fraley, October 19, 2016
DJ 3	Hall Tr.	Transcript of Investigational Hearing of Tyler Hall, October 14, 2016
DJ 4	Jones Tr.	Transcript of Investigational Hearing of Aaron Michael Jones, October 1, 2015
DJ 5	Oakley Tr.	Transcript of Investigational Hearing of Eric Oakley, September 8, 2016
DJ 6	Paik Tr.	Transcript of Investigational Hearing of Richard Paik, August 18, 2016
DJ 7	Stansbury Tr.	Transcript of Investigational Hearing of Richard Paik, September 24, 2015
DJ 8	Verallo Tr.	Transcript of Investigational Hearing of Raymund Verallo, October 18, 2016
DJ 9	Yoshioka Tr.	Transcript of Investigational Hearing of Andrew Yoshioka, July 19, 2016
FTC Declarations		
DJ 10	Barlow Dec.	Declaration of Ian Barlow, FTC Counsel, April 10, 2017
DJ 11	McAlvanah Dec.	Declaration of Patrick McAlvanah, Ph.D., FTC Economist, April 10, 2017
DJ 12	Sandler Dec.	Declaration of Ryan Sandler, Ph.D., FTC Economist, August 3, 2016
DJ 13	Wright Dec.	Declaration of Darren Wright, FTC Investigator, April 10, 2017
Other Exhibits		
DJ 14		Nevada Secretary of State Corporate Records for Dial Soft Technologies, Inc.

Note: This memorandum generally refers to exhibits by their Abbreviation.

MEMORANDUM OF POINTS AND AUTHORITIES

All of the Defaulting Defendants in this case were part of a massive, unlawful robocall operation, and they have all failed to timely answer the Complaint. Accordingly, pursuant to Fed. R. Civ. P. 55(b)(2), Plaintiff, the Federal Trade Commission (“FTC”) respectfully asks the Court to enter a default judgment against ten of the remaining defendants in this action: Aaron Michael Jones, also known as Michael Aaron Jones, also known as Mike Jones; Allorey, Inc. (“Allorey”); Audacity LLC (“Audacity”); Data World Technologies, Inc. (“DWT”); Dial Soft Technologies, Inc. (“DST”); Digital Marketing Solutions, Inc. (“DMS”); Savilo Support Services, Inc. (“Savilo”); Secure Alliance Corp. (“Secure Alliance”); Velocity Information Corp. (“Velocity”); and World Access Media, a California corporation (“WAM”) (collectively, “Defaulting Defendants”).¹

Jones was the ringleader of the two enterprises that ran the operation. On April 6, 2017, his attorney informed the FTC that: “Mr. Jones consents to the injunctive relief sought by the Commission in the Complaint. He reserves his rights to seek to participate in the proceeding with respect to the monetary judgment sought by the Commission.”

I. Summary of Requested Relief

The FTC asks the court to enter a permanent injunction barring all of the Defaulting Defendants from telemarketing and to Order additional relief the Court deems just and proper, as necessary to prevent future unlawful conduct. The FTC also asks the Court to enter a monetary judgment of \$2.7 million in civil penalties against Jones, but not the corporate entities, pursuant to 15 U.S.C. § 45(m).

¹ The Defaulting Defendants are named in full in the Notice of Application filed herewith. Defaulting defendant Steven Stansbury has signed a proposed Stipulation to resolve the FTC’s claims against him. That proposed Stipulation is in the process of being reviewed and voted on by the Commissioners of the FTC. Accordingly, the FTC requested a stay of its claims against Stansbury. The Court stayed the FTC’s claims against Stansbury until May 22, 2016. *See* ECF 77.

II. Procedural History

All defendants have been properly served, have failed to respond within 21 days of service as required by Fed. R. Civ. P. 12(a)(1)(A)(i), and have had defaults entered against them by the Clerk's Office, as summarized in Table 1 of the Notice of Application filed herewith.

III. Statement of Facts

A. Introduction

Jones is a recidivist robocaller² who has run and operated a series of illegal robocall enterprises from at least 2009 until May 2016.³ Jones testified that: "obviously, the underlying issue is the calls are illegal. We know that already."⁴

Several of the settling defendants also testified that the enterprise facilitated illegal telemarketing. For example, Defendant Raymund Verallo ("Verallo") was asked: "Did you commit any crimes working with Mike [Jones] and Eric [Oakley]?" Verallo responded: "Just the illegal dialing."⁵

The other nine Defaulting Defendants (the "Defaulting Corporate Defendants") are corporate shells that Jones' enterprises used to operate—contracting with dialers and other vendors, transferring money, and funding his elaborate lifestyle, which included a home leased for \$25,000 per month, leases for two Mercedes at the same time, and a personal chef.⁶

The defendants in this case operated two overlapping enterprises, the Red Hill Robocall Enterprise and the Jones Home Robocall Enterprise, depicted below.

² Compl. ¶ 56; *see also* Stipulated Order, ECF 83, *Texas v. SCM Media et al.*, No. A-09-cv-387-33 (W.D. Tex. April 6, 2011).

³ Compl. ¶2.

⁴ Jones Tr. 249:20-22.

⁵ Verallo Tr. 247:11-13; *see also, e.g.*, Hall Tr. 249; Fraley Tr. 272; Yoshioka Tr. 322-324.

⁶ *See* Section III.B.1.e, below.

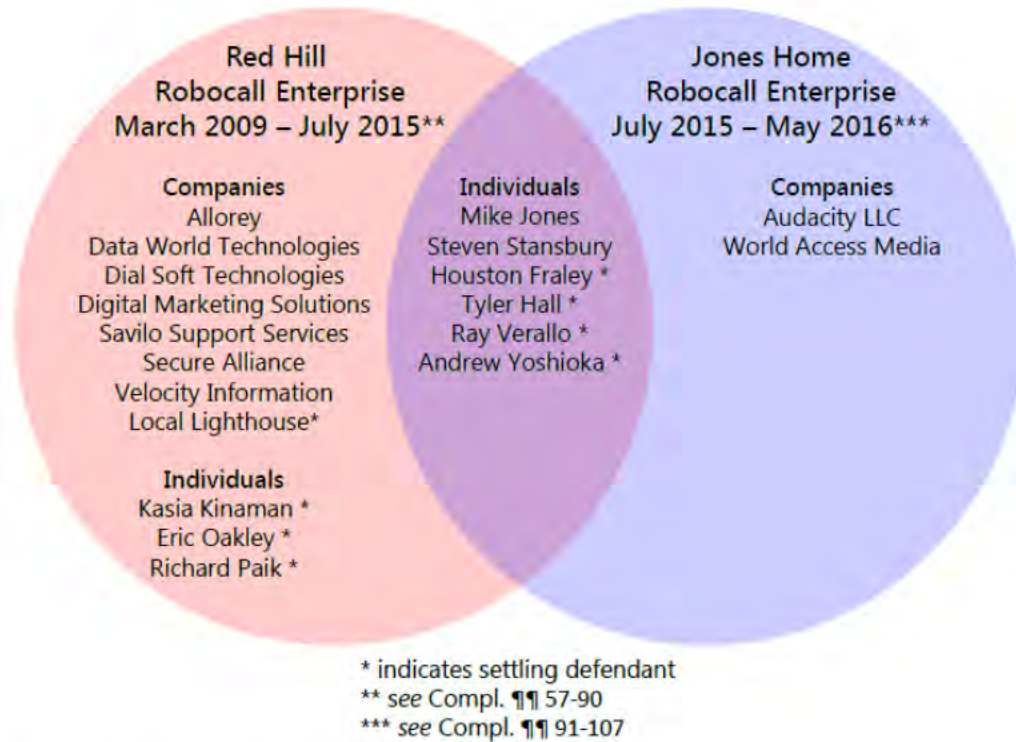


Figure 1—Jones’s Robocalling Enterprises.

Jones ultimately controlled all of the corporate entities that are defendants in this case, but he told his employees he “can’t have a company under his name” because “he had a lawsuit before” and because he “hasn’t filed tax returns in forever.”⁷ As a result, Jones and his chief lieutenant in the enterprise, settling defendant Richard Paik, paid other employees between \$500 and \$1,500 per month to serve as the legal owners of the various companies.⁸ Eight of the Defaulting Corporate Defendants were legally “owned” by one of the defendants in this case:

Corporate Defendant	Legal Owner
Allore	Settling Def. Verallo (<i>see, e.g.</i> , Compl. ¶¶ 29, 75)
Audacity	Settling Def. Yoshioka (<i>see, e.g.</i> , Compl. ¶¶ 30, 93)
DWT	Stayed Def. Stansbury (<i>see, e.g.</i> , Compl. ¶¶ 28, 61)
DST	Stayed Def. Stansbury (<i>see, e.g.</i> , Compl. ¶¶ 28, 84)

⁷ Paik Tr. 145:16-22; *see also* Jones Tr. 238:19-23 (Q: “But the primary person at the top of the pyramid is you?” A: “Correct.”).

⁸ *See* Sections III.B.1.a–d, below.

Corporate Defendant	Legal Owner
DMS	Settling Def. Kinaman (<i>see, e.g.</i> , Compl. ¶¶ 25, 88)
Secure Alliance	Settling Def. Hall (<i>see, e.g.</i> , Compl. ¶¶ 24, 81)
Velocity	Settling Def. Oakley (<i>see, e.g.</i> , Compl. ¶¶ 26, 65)
WAM	Settling Def. Yoshioka (<i>see, e.g.</i> , Compl. ¶¶ 30, 96)

The Ninth Defaulting Corporate Defendant, Savilo, was legally owned by Jones' deceased wife.⁹

B. The Red Hill Robocall Enterprise

1. The Structure of the Enterprise

The companies comprising the Red Hill Robocall Enterprise generally served one or more of the following six purposes. *First*, “dialers” or “dialer companies” resold access to an automated dialing platform—known as TelWeb—to lead generators and telemarketers. *Second*, a “buffer” company insulated the dialing platform from direct connections to the lead generators and telemarketers. *Third*, ANI contractors provided lead generators and telemarketers with Caller ID numbers. *Fourth*, a data provider sold lead generators and telemarketers lists of consumer telephone numbers to use in their outbound telemarketing calls. *Fifth*, the enterprise conducted its own lead generation and telemarketing to generate sales or sales leads for companies providing home security services and extended auto warranties. *Sixth*, several of the companies funded Jones' elaborate lifestyle.

a. The Dialer Companies (Velocity, Allore, and DMS) and the Buffer Company (DST)

The enterprise was the exclusive reseller of the TelWeb automated dialing platform used by lead generators and telemarketers to blast robocalls to consumers.¹⁰ TelWeb contracted directly with school systems and political polling

⁹ See Compl. ¶ 58.

¹⁰ Compl. ¶ 46.

1 companies, but TelWeb did not contract directly with commercial telemarketers.¹¹

2 **i. Dialer Companies from 2010-June 2013**

3 From 2010 until June 2013, the enterprise's Dialer Companies re-sold access
4 to TelWeb to lead generators and telemarketers, paid TelWeb, and kept the profit.
5 In 2010 and 2011, Velocity was the enterprise's dialer company.¹² From 2012 until
6 June 2013, Allorey was the dialer company.¹³

7 Velocity's legal owner was settling defendant Eric Oakley. Allorey's legal
8 owner was settling defendant Raymund Verallo. Both companies' profits, however,
9 went mostly to Jones, who received 70%. The remaining 30% percent of the profits
10 were split evenly between settling defendants Eric Oakley and Richard Paik. For
11 serving as Allorey's legal owner, Verallo was paid \$500-1,000/month.¹⁴

12 **ii. June 2013-June 2015: Dialer Companies Pay**
13 **the Buffer Company, which Pays TelWeb**

14 From June 2013 until January 2015, Allorey continued as the Dialer
15 Company.

16 From January 2015 until June 2015, DMS was the Dialer Company. DMS's
17 legal owner was settling defendant Kasia Kinaman, who was paid \$1,000/month
18 for serving as the legal owner.¹⁵ DMS's profits were divided as follows:

- 19 • Jones: 67%
- 20 • Settling Defendant Oakley: 15%
- 21 • Settling Defendant Paik: 7.5%
- 22 • Settling Defendant Yoshioka: 7.5%
- Settling Defendant Fraley: 3%¹⁶

23 After June 2013, the Dialer Companies continued re-selling access to

24 ¹¹ Compl. ¶ 50.

25 ¹² Paik Tr. 126-135.

26 ¹³ Paik Tr. 135.

27 ¹⁴ Paik Tr. 135-138.

28 ¹⁵ Paik Tr. 16-161.

¹⁶ Paik Tr. 164.

1 TelWeb to lead generators and telemarketers, but they stopped paying TelWeb
 2 directly. Instead, the Dialer Companies transferred money to the “Buffer
 3 Company,” DST, which then transferred all of that money to TelWeb.¹⁷

4 DST was incorporated in June 2013 after TelWeb’s owner, James B.
 5 Christiano, told Jones and Jones’ longtime business associate, Andy Salisbury, that
 6 he wanted to “create another barrier between the people doing the dialing” and
 7 TelWeb.¹⁸

8 DST served no business purpose other than taking money from the
 9 enterprise’s other companies—which had received money from lead generators and
 10 telemarketers—and funneling that money to TelWeb. For example, during the first
 11 quarter of 2015, DST had total revenue of \$796,065—at least 95% of which came
 12 from the Dialer Company, DMS.¹⁹ DST took that money from the Dialer Company
 13 and paid all of it to TelWeb.²⁰

14 DST was incorporated in Nevada on June 13, 2013. On June 24, 2013, DST
 15 entered into several contracts with the companies that comprised the TelWeb
 16 dialing platform.²¹ Settling Defendant Raymund Verrallo signed the contracts as the
 17 company’s President.

18 On June 27, 2013, settling defendant Raymund Verrallo became DST’s
 19 President, Treasurer, Secretary, and Director. His formal legal tenure, however,
 20 lasted only one day. On June 28, 2013, a different individual became DST’s
 21 President, Treasurer, Secretary, and Director. Finally, on September 9, 2013,
 22 Defendant Stansbury became DST’s sole President, Treasurer, Secretary, and
 23

24
 25 ¹⁷ Paik Tr. 148:9-151:10.

26 ¹⁸ Oakley, Tr. 54:12-15.

27 ¹⁹ Wright Dec. ¶ 17.

28 ²⁰ DST paid 99.9% of its revenue (\$793,060) to TelWeb. *See* Wright Dec. ¶ 18.

²¹ Christiano Tr., Exhibits 10-12 thereto.

1 Director.²²

2 **b. ANI Contractors: DWT and Secure Alliance**

3 In addition to reselling access to TelWeb to lead generators and
4 telemarketers, the Red Hill Robocall Enterprise also provided those same lead
5 generators and telemarketers with caller ID numbers to use for their robocalls. In
6 order to place outbound calls using TelWeb, lead generators and telemarketers
7 needed to enter Caller ID numbers that would be displayed to the people receiving
8 the calls. The Red Hill Robocall Enterprise purchased or licensed numbers to use
9 for this purpose and resold them to their clients at a mark-up. The enterprise
10 referred to the companies that provided this service as “ANI Contractors.”²³

11 Until December 2011, DWT was the enterprise’s ANI Contractor. Defendant
12 Steve Stansbury was the sole legal owner of DWT. Stansbury was the legal owner
13 of DWT, and he incorporated it in 2010.²⁴

14 From January 2012 until the Red Hill Robocall Enterprise disbanded in
15 2015, Secure Alliance was the enterprise’s ANI Contractor. Settling defendant
16 Tyler Hall was the legal owner of Secure Alliance. In exchange for serving as the
17 legal owner, Hall received monthly checks. This arrangement was made by Jones,
18 who told Hall it meant he had become a part of “the inner circle” and would have
19 an opportunity to make extra money.²⁵

20 **c. Data Provider: DWT**

21 In addition to serving as an ANI Contractor and entering into a contract with
22 TelWeb, DWT also functioned as a data provider.²⁶ Steve Stansbury was the legal
23

24 ²² Exhibit DJ 14, Nevada Secretary of State Corporate Records for Dial Soft
25 Technologies, Inc.

26 ²³ Paik Tr. 140-142.

27 ²⁴ Stansbury Tr. 52:13-17.

28 ²⁵ Hall Tr. 122-123.

²⁶ Jones Tr. 65-68; *see also* Paik Tr. 204.

1 owner of DWT,²⁷ but Mike Jones described it as a company that he owned jointly
2 with Steve Stansbury.²⁸

3 During much of its existence as a data provider, DWT had a single customer:
4 Justin Ramsey, a lead generator and telemarketer who has been sued by several
5 states and the FTC for illegal robocalls and calls to numbers listed on the DNC
6 Registry.²⁹ During the first quarter of 2015, all of DWT's revenue came from Justin
7 Ramsey's company, Prime Marketing, LLC. Jones testified: "Data World
8 Technology, we do home security with Justin Ramsey, and that's where the
9 majority of its profit comes from. The majority of the money it makes comes from
10 that."³⁰ The money Ramsey paid to DWT came from Alliance Security, Inc.,³¹ a
11 company that settled claims with the FTC for do not call violations in 2014.³²

12 Jones explained that DWT sold Ramsey data lists containing telephone
13 numbers of "someone who's more likely to buy,"³³ but that instead of sending the
14 data lists to Ramsey, Stansbury would send the data lists directly to Ramsey's
15 "predictive dialer."³⁴

16 **d. Lead Generators and Telemarketers: Savilo and**
17 **Secure Alliance**

18 The Red Hill Robocall Enterprise also had companies that generated leads
19 and conducted telemarketing sales. Inside the enterprise, these companies were
20 simply known as "lead generators," but they did more than just generate leads—

21 ²⁷ Compl. ¶61.

22 ²⁸ Jones Tr. 63:11-13

23 ²⁹ See, e.g. *FTC v. Ramsey, et al.*, No. 9:17-cv-80032-KAM (S.D. Fla. filed Jan.
24 10, 2017).

25 ³⁰ Jones Tr. 66:4-9.

26 ³¹ Jones Tr. 318-326.

27 ³² Stipulated Order, ECF 13, *United States v. Versatile Mktg. Solutions, Inc., et*
28 *al.*, No. 1:14-cv-10612 (PBS) (D. Mass. April 24, 2014).

³³ Jones Tr. 63:16-23.

³⁴ Jones Tr. 66.

1 they also has salespersons that solicited business for home security systems and
2 extended auto warranties.

3 From 2009 until 2012, Savilo was the enterprise's lead generator company.³⁵
4 In this capacity, Savilo used TelWeb to send place calls to consumers delivering
5 prerecorded messages.³⁶ Savilo was owned by Mike Jones' wife,³⁷ who is now
6 deceased.

7 In 2012, Secure Alliance became the enterprise's primary lead generator
8 company,³⁸ and Secure Alliance's primary customer—and only home security
9 system customer—was Alliance Security.³⁹ Justin Ramsey brokered the
10 arrangement between Secure Alliance and Alliance Security.⁴⁰

11 Secure Alliance's lead generation for Alliance Security generally worked as
12 follows: *First*, Secure Alliance used TelWeb to blast robocalls to consumers. These
13 robocalls instructed consumers to press 1 for more information about home
14 security systems. *Second*, consumers who pressed 1 were transferred to call center
15 agents who attempted to "prequalify" consumers. This meant asking them
16 questions such as "do you own your home" and "are you interested in a home
17 security system." During some time-periods, the prequalifying call center agents
18 were located in Secure Alliance's office at 15991 Red Hill Avenue. Settling
19 defendants Oakley and Fraley managed this call center. *Third*, consumers who
20 were prequalified were transferred directly to Alliance Security, which paid Secure
21 Alliance for this lead generation.⁴¹

23 ³⁵ Paik Tr. 119.

24 ³⁶ Paik Tr. 119.

25 ³⁷ Paik Tr. 147-148

26 ³⁸ Paik Tr. 144.

27 ³⁹ Oakley Tr. 88:21-90.

28 ⁴⁰ Oakley Tr. 88:21-89:9.

⁴¹ Oakley Tr. 84:24-90:20.

1 Secure Alliance also generated leads for extended auto warranty clients
2 through a call center in Guatemala.⁴²

3 **e. Funding Jones' Extravagant Lifestyle: Allorey, DMS,**
4 **Secure Alliance**

5 Jones and his associates used many of the companies in the Red Hill
6 Robocall Enterprise to fund Jones' extravagant lifestyle. Despite controlling all the
7 companies and enjoying the lion's share of the profits, Jones never drew a salary.

8 Before the Red Hill Robocall Enterprise disbanded in June 2015, Jones lived
9 in a house that he rented for \$25,000 per month.⁴³ For many years, the enterprise
10 paid Jones' rent from bank accounts of Allorey, DMS, and Secure Alliance.⁴⁴

11 Jones also drove two Mercedes Benz cars, one an S550, the other a fifteen
12 passenger Mercedes van. Both vehicles were leased by Jones' friend and longtime
13 business associate, Andy Salisbury.⁴⁵ Jones's son also had a car leased by settling
14 defendant Richard Paik.⁴⁶ The enterprise's companies even paid for Jones's
15 gambling at the Bellagio Casino⁴⁷ and his personal chef.⁴⁸

16 **2. Violations of the Telemarketing Sales Rule by the Red Hill**
17 **Robocall Enterprise**

18 In just the first quarter 2014, the Red Hill Robocall Enterprise assisted its
19 clients in placing more than 329 million outgoing telephone calls. Almost all of
20 these were "robocalls" that delivered prerecorded messages. Of these 329 million
21 telephone calls, approximately 32.9 million were made to phone numbers listed on
22

23 ⁴² Fraley Tr. 264-267.

24 ⁴³ Paik 156:18-21.

25 ⁴⁴ Paik 162:5-11.

26 ⁴⁵ Jones Tr. 152-153.

26 ⁴⁶ Paik Tr. 154:21-156:17.

27 ⁴⁷ Paik Tr. 161:22-162:4.

28 ⁴⁸ Paik Tr. 160:17-21.

1 the National DNC Registry.⁴⁹

2 In the first quarter of 2015, the Enterprise assisted its clients in making more
3 than 222 million outgoing telephone calls. Once again, most of these calls were
4 robocalls delivering prerecorded messages. Of these 222 million calls,
5 approximately 40.3 million were made to phone number listed on the National Do
6 Not Call Registry.⁵⁰

7 The Red Hill Robocall Enterprise actively assisted its clients in placing these
8 calls and avoiding detection from law enforcement authorities. For example, Jones
9 admitted at his investigational hearing that he sent TelWeb a list of telephone
10 numbers of FTC staff so that his clients would avoid calling the FTC with their
11 robocalls. He said he did this to avoid “compliance problems.”⁵¹

12 **C. The Jones Home Robocall Enterprise**

13 The Jones Home Robocall Enterprise simply assumed the operations of the
14 Red Hill Robocall Enterprise after the latter broke up, assisting many of the same
15 clients in placing the same kind and volume of calls. In this capacity, from June 1,
16 2015 until May 5, 2016, the Jones Home Robocall Enterprise assisted its clients in
17 placing over 150,000,000 calls to numbers listed on the DNC Registry.⁵²

18 During the Fall of 2016, Jones and his associates began a new social media
19 business, known as Social Haus and/or Social Media VIP. This business advertised
20 to consumers that it could increase their numbers of followers on their Instagram
21 social media platform.⁵³ Jones ran SocialHaus with assistance from settling
22 defendants Verallo and Yoshioka, and defaulted defendant Stansbury.⁵⁴

24 ⁴⁹ Sandler Dec. ¶ 11.

25 ⁵⁰ Sandler Dec. ¶ 12.

26 ⁵¹ Jones Tr. 248:12-22.

27 ⁵² McAlvanah Dec. ¶ 10.

28 ⁵³ Verallo Tr. 117-122.

⁵⁴ Verallo Tr. 119:20-23

1 Jones once again partnered with Justin Ramsey for the SocialHaus /
2 SocialMediaVIP robocalls. The FTC has received 432 complaints about unwanted
3 robocalls from consumers that specifically identified the name of the company
4 calling them as “socialmediavip.net.” Many of these consumers indicated that they
5 received a robocall message directing them to visit socialmediavip.net, which then
6 automatically redirected them to socialhaus.net. On March 31, 2017, FTC
7 investigator Darren Wright confirmed that when he typed socialmediavip.net into
8 his web browser, he was automatically redirected to socialhaus.net.⁵⁵

9 Mike Jones registered the SocialHaus.net website, and Justin Ramsey
10 registered the SocialMediaVIP.net website.⁵⁶ But Jones and Ramsey did not just
11 register the websites and run the business; Ramsey even used his own voice in the
12 prerecorded message blasted out to consumers.⁵⁷

13 In an ironic twist, one individual who received the SocialHaus /
14 SocialMediaVIP robocall was Jones’s former employee, settling defendant
15 Houston Fraley. Fraley testified that he received a voicemail with a robocall
16 pitching social media optimization services, and he recognized the voice in the
17 robocall message. At his investigational hearing Fraley played that robocall
18 message he received in his voicemail:

19 Hi. We're giving you a call today to let you know that if you
20 would like to grow your social media and boost your Web site
21 rankings, then visit www.socialmediavip.net. Once again, the
22 Web site's www.socialmediavip.net. Thank you, and have a
23 nice day.

24
25
26 ⁵⁵ Wright Dec. ¶¶ 10-11.

27 ⁵⁶ Wright Dec. ¶ 12, Attachment B.

28 ⁵⁷ Fraley Tr. 228:14-15.

1 Fraley testified that he was “1,000 percent sure” that the voice in that
 2 robocall message was Justin Ramsey’s voice.⁵⁸ Fraley also stated that the call went
 3 to his personal cell phone, which was listed on the DNC Registry.⁵⁹ The
 4 SocialHaus / SocialMediaVIP robocall to Fraley displayed as the Caller ID
 5 Number (518) 313-8013.⁶⁰ In the past year, the FTC has received 264 complaints
 6 from consumers about unwanted telephone calls with the same Caller ID
 7 Number.⁶¹

8 That Caller ID Number—(518) 313-8013—was licensed to a company
 9 called Magic Marketing, which is owned by Defendant Stansbury.⁶²

10 **IV. Argument**

11 The requested default judgments are appropriate because: (1) the Clerk’s
 12 Office properly entered defaults against all eleven of these defendants; (2) the
 13 individual defendant, Jones, is not incompetent or an infant, nor is he covered by
 14 the Servicemembers Civil Relief Act; and (3) the requested relief is reasonable and
 15 appropriate.

16 **A. The Clerk’s Entry of Default Was Proper**

17 Under Fed. R. Civ. P. 55(a), once it is established that a defendant has “failed
 18 to plead or otherwise defend” against the complaint, the Clerk of Court must enter
 19 a default against that defendant. Here, all of the non-settling defendants were
 20 properly served and failed to respond to the Complaint within twenty-one days, as
 21 required under Fed. R. Civ. P. 12(a)(1)(A)(i). Accordingly, the Clerk’s Office
 22 properly entered defaults against all ten non-settling defendants. The chart in the
 23 Notice of Application, filed herewith, summarizes the details of when each of the
 24

25 ⁵⁸ Fraley Tr. 228:14-15.

26 ⁵⁹ Fraley Tr. 228.

27 ⁶⁰ Fraley Tr. 230:12.

28 ⁶¹ Wright Dec. ¶ 13.

⁶² Wright Dec. ¶ 14, Attachment C.

1 ten Defaulting Defendants was served, their deadline for the filing of a responsive
2 pleading, and the Clerk's Office entry of default.

3 **B. Default Judgments Should Be Entered Against All Defaulting**
4 **Defendants**

5 After a clerk enters default against a defendant, granting default judgment
6 against that party is within the Court's sound discretion. Fed. R. Civ. P. 55(b);
7 *Aldabe v. Aldabe*, 616 F.2d 1089, 1092 (9th Cir. 1980); *Vogel v. Rite Aid Corp.*, 992
8 F. Supp. 2d 998, 1005 (C.D. Cal. 2014).

9 This Court is well versed in Ninth Circuit's seven factor test for determining
10 whether to grant a default judgment, set forth in *Eitel v. McCool*, 782 F.2d 1470,
11 1471-72 (9th Cir. 1986). As this Court has reiterated on numerous occasions, the
12 seven *Eitel* factors a district court may consider in determining whether to grant
13 default judgment are: (1) the possibility of prejudice to the plaintiff; (2) the merits
14 of plaintiff's substantive claim; (3) the sufficiency of the complaint; (4) the sum of
15 money at stake in the action; (5) the possibility of a dispute concerning material
16 facts; (6) whether the default was due to excusable neglect; and (7) the strong
17 policy underlying the Federal Rules of Civil Procedure favoring decisions on the
18 merits. *See, e.g., Ho v. SSK Inv. LLC*, No. SA-CV-160629-DOC-JCG, 2016 WL
19 5921864 (C.D. Cal. Sept. 14, 2016) (applying *Eitel* factors and granting application
20 for default judgment); *FTC v. A to Z Mktg., Inc.*, No. SA-CV-130919-DOC-RNBx,
21 2014 WL 12595332 (C.D. Cal. Oct. 17, 2014) (applying *Eitel* factors and granting
22 application for default judgment).

23 When considering the *Eitel* factors, "the factual allegations of the complaint,
24 except those relating to the amount of damages, will be taken as true." *TeleVideo*
25 *Sys., Inc. v. Heidenthal*, 826 F.2d 915, 917-918 (9th Cir. 1987); *Pepsico, Inc. v.*
26 *Cal. Sec. Cans*, 238 F. Supp. 2d 1172, 1175 (C.D. Cal. 2002); Fed. R. Civ. P.
27 8(b)(6). As demonstrated below, the application of the *Eitel* factors here warrants
28 the entry of default judgment against all of the Defaulting Defendants.

1. The First *Eitel* Factor Weighs in Favor of Entering A Default Judgment, Because the FTC Will Suffer Prejudice if a Default Judgment is not Entered

The first *Eitel* factor considers whether the FTC will suffer prejudice if a default judgment is not entered. Jones and the nine Defaulting Corporate Defendants have failed to answer the Complaint or otherwise defend the Commission's claims against the company. Absent default judgment, the FTC "will likely be without recourse for recovery." *Vogel*, 992 F. Supp. 2d at 1007. Moreover, "[c]ourts have found that government agencies, including the FTC, are prejudiced when they are forced to commit time, resources, and personnel to prosecute a lawsuit against absent defendants." *A to Z Mktg.*, 2014 WL 12595332, at *3 (citing *FTC v. 1263523 Ontario, Inc.*, 205 F. Supp. 205, 208-09 (S.D.N.Y. 2002)). "Here, the Defaulting Defendants have not filed answers to the complaint in a timely manner nor have they ... actively participated in the litigation. Therefore, the FTC would be prejudiced if the Court required it to continue litigating against defendants that refuse to participate in the litigation." *Id.*

Accordingly, the first *Eitel* factor weighs in favor of a default judgment against all of the Defaulting Defendants.

2. The Second and Third *Eitel* Factors Weigh in Favor of Granting a Default Judgment Because the FTC Has Stated a Claim on Which It May Recover and Produced Substantial Evidence Supporting that Claim

This Court "often consider[s] the second and third *Eitel* factors together." *Ho*, 2016 WL 5921864, at *2 (citing *PepsiCo*, 238 F. Supp. 2d at 1175) (further citation omitted). "The second and third *Eitel* factors look to whether Plaintiff's complaint has sufficiently stated a claim for relief. In its analysis of the second and third *Eitel* factors, the Court accepts as true all well-pleaded allegations regarding

1 liability. *Id.* (citing *Fair Hous. of Marin v. Combs*, 285 F.3d 899, 906 (9th Cir.
2 2002)).

3 Here, the Complaint properly states a claim against the Defaulting
4 Defendants on which the FTC may recover the requested relief. Moreover, the
5 FTC has provided significant, uncontroverted evidence supporting the allegations
6 of the Complaint.

7 The Complaint alleges that all defendants violated the TSR's prohibition
8 against assisting and facilitating abusive telemarketing acts or practices, in
9 violation of 16 C.F.R. §310.3(b). As alleged in the Complaint, all of the Defaulting
10 Defendants provided substantial assistance or support to telemarketers whom the
11 Defaulting Defendants knew, or consciously avoided knowing, were engaged in
12 conduct that violated 16 C.F.R. §310.4.⁶³ Further, because the companies and
13 individuals in each enterprise operated as a common enterprise, they are liable for
14 all of that enterprise's violations. *FTC v. Network Servs. Depot, Inc.*, 617 F.3d
15 1127, 1143 (9th Cir. 2010).

16 Jones and his two enterprises assisted their clients in violating several
17 aspects of 16 C.F.R. § 310.4.

18 *First*, they helped their clients "blast out billions of telemarketing
19 robocalls,"⁶⁴ which violates the TSR.⁶⁵ Specifically, the Red Hill Robocall
20 Enterprise's "dialer companies"—Velocity, Allorey, and DMS—provided their
21 clients with access to TelWeb to help their clients deliver prerecorded messages to
22 consumers pitching products such as "Tax settlement, debt settlement, auto
23

24
25 ⁶³ A violation of the TSR constitutes a violation of Section 5 of the FTC Act. *See*
26 15 U.S.C. § 6102(c); 15 U.S.C. § 57a(d)(3). Regarding Defendants' knowledge,
27 see, e.g. *supra* notes 4-5 and accompanying text.

28 ⁶⁴ Compl. ¶ 3.

⁶⁵ 16 C.F.R. § 310.4(b)(v) ("[I]t is unlawful to initiate, or cause the initiation of
"any outbound telephone call that delivers a prerecorded message.").

warranty, home security, mortgage, loans, [and] probably many, many others.”⁶⁶ In the first quarter of 2014, the Red Hill Robocall Enterprise assisted its clients with placing more than 329 million outbound telephone calls, most of which were robocalls delivering prerecorded messages.⁶⁷ In the first quarter of 2015, the Red Hill Robocall Enterprise assisted its clients with placing more than 222 million outbound telephone calls. Once again, these were mostly robocalls delivering prerecorded messages.⁶⁸

Later, when the Red Hill Robocall enterprise disbanded, the Jones Home Robocall Enterprise simply assumed the operations of the Red Hill Robocall Enterprise, assisting many of the same clients in placing the same kind and volume of calls.⁶⁹ From June 1, 2015 through May 5, 2016, the Jones Home Robocall Enterprise assisted its clients in placing over 700 million calls.⁷⁰

Second, Jones and his enterprises assisted their clients in placing calls to numbers listed on the DNC Registry,⁷¹ which violates the TSR.⁷²

In the first quarter of 2014, the Red Hill Robocall Enterprise was responsible for 32.9 million calls to numbers on the DNC Registry.⁷³ In the first quarter of 2015, the Red Hill Robocall Enterprise was responsible for 40.3 million calls to numbers on the DNC Registry.

From June 1, 2015 through May 5, 2016, the Jones Home Robocall Enterprise assisted its clients in placing over 150 million calls to numbers listed on

⁶⁶ Oakley Tr. 45:1-24.

⁶⁷ Compl. ¶ 102; *see also* Sandler Dec. ¶ 11.

⁶⁸ Compl. ¶102; *see also* Sandler Dec. ¶ 12.

⁶⁹ Compl. ¶103.

⁷⁰ McAlvanah Dec., Attachment C.

⁷¹ Compl. ¶¶ 3, 105, 107.

⁷² 16 C.F.R. §310(b)(iii)(B).

⁷³ *See* Compl. ¶ 105; *see also* Sandler Dec. ¶ 11.

1 the DNC Registry.⁷⁴

2 *Third*, Jones and his enterprises assisted their clients in placing calls that
 3 used spoofed Caller ID information (transmitting inaccurate Caller ID numbers),⁷⁵
 4 which also violates the TSR.⁷⁶

5 Jones and his robocall enterprises provided assistance to their clients in
 6 violating these sections of the TSR in several ways. The enterprises provided their
 7 clients with: access to the dialing platform that was used to place the calls; Caller
 8 ID numbers to use in those calls; and data lists of consumers to call. The
 9 enterprises also helped their clients turn off “automated features embedded in the
 10 dialing platform that would have prevented calls to numbers on the National Do
 11 Not Call Registry.”⁷⁷ And even more disturbingly, Jones and his robocall
 12 enterprises also helped their clients avoid detection by the FTC.⁷⁸

13 Calls facilitated by the Red Hill and Jones Home Robocall Enterprises have
 14 led consumers to file more than 30,000 complaints with the FTC and its
 15 enforcement partners, complaining about robocalls and receiving calls despite
 16 being on the National DNC Registry.⁷⁹

17 It is uncontested that all of the defendants provided this assistance to their
 18 clients while knowing or consciously avoiding knowing that their clients were
 19 violating the TSR’s prohibitions on robocalls and calls to numbers on the DNC
 20 Registry.⁸⁰

21
 22
 23 ⁷⁴ McAlvanah Dec. ¶ 10.

24 ⁷⁵ Compl. ¶3

25 ⁷⁶ 16 C.F.R. §310.4(a)(8).

26 ⁷⁷ Compl. ¶ 107.

27 ⁷⁸ Compl. ¶ 107.

28 ⁷⁹ Compl. ¶106.

⁸⁰ Compl. ¶112.

3. The Fourth *Eitel* Factor Weighs in Favor of Default Judgment Against the Defendants Because the Requested \$2.7 Million Judgment Against Jones is Appropriate in Relation to His Conduct.

The fourth *Eitel* factor balances “the amount of money at stake in relation to the seriousness of the defendant’s conduct.” *Vogel*, 992 F. Supp. 2d at 1012 (quoting *Pepsico*, 238 F. Supp. 2d at 1175). Here, the FTC seeks a monetary judgment against Jones, but not against the Defaulting Corporate Defendants.

The FTC seeks entry of a civil penalty judgment of \$2.7 million against Jones, which is equal to the combined revenue of the dialer companies in Red Hill Robocall Enterprise during the first quarters of 2014 (Allorey) and 2015 (DMS).⁸¹ This penalty is appropriate given the number of violations Jones has committed and the potential fines for each of those violations. In addition, it is the same judgment agreed to by settling defendants Eric Oakley, Richard Paik, and Local Lighthouse (and approved by this Court).⁸² The FTC further justifies this monetary judgment below in Section VI which addresses the factors the Court must consider when imposing civil penalties.

4. The Fifth *Eitel* Factor Weighs in Favor of Entering the Default Judgment Because No Factual Disputes Exist

The fifth *Eitel* factor, the possibility of a dispute concerning material facts, *Vogel*, 992 F. Supp. 2d at 1012, favors entry of a default judgment as well. Upon entry of default, the factual allegations of the Complaint are taken as true. *Id.* Since the Commission’s factual allegations are presumed true (and are also verified by undisputed evidence), and the Defaulting Defendants have failed to defend this

⁸¹ Wright Dec. ¶ 16.

⁸² Those \$2.7 million judgments are partially suspended based on sworn financial disclosures by Oakley, Paik, and Local Lighthouse about their inability to pay. Jones has not provided any such disclosures, sworn or otherwise.

1 action, “no factual disputes exist that would preclude the entry of default
2 judgment.” *Id.* at 1013.

3 Further, the Defaulting Corporate Defendants are not represented by counsel
4 and are therefore unable to dispute the factual allegations.

5 Jones, too, appears to concede the allegations of the Complaint are true, as
6 he has indicated that he “consents to the injunctive relief sought by the
7 Commission in the Complaint.”

8 **5. The Sixth *Eitel* Factor Weighs in Favor of Entering Default**
9 **Judgments Because the Defaults Were Not Due to Excusable**
10 **Neglect**

11 The sixth *Eitel* factor considers whether the default was due to excusable
12 neglect. *Vogel*, 992 F. Supp. 2d at 1013. The FTC properly served all of the
13 defendants; they appear to have deliberately chosen not to answer.

14 Jones’s default is particularly egregious. On March 8, 2017, counsel for the
15 FTC sent Jones a letter informing him that the FTC intended to use excerpts from
16 the transcript of his investigational hearing in connection with the forthcoming
17 application for default judgment. Jones responded by email to ask what portions of
18 the transcript the FTC planned to use, but he never mentioned answering the
19 Complaint or contesting liability. Indeed, even after retaining an attorney (who
20 previously represented him at the investigational hearing), Jones still has not
21 moved to vacate his default or answer the complaint.

22 The defaults by the companies are also inexcusable. All have been properly
23 served. Moreover, eight of the nine Defaulting Corporate Defendants were owned
24 by Individual Defendants who have signed stipulations to settle this case.

25 **6. The Seventh *Eitel* Factor Does Not Preclude Entry of the**
26 **Default Judgments**

27 The seventh *Eitel* factor considers the policy that “cases should be decided
28 upon their merits whenever reasonably possible.” *Vogel*, 992 F. Supp. 2d at 1013

(quoting *Eitel*, 782 F.2d at 1472). “The mere enactment of Rule 55(b) indicates, however, that this preference, standing alone, is not dispositive” and does not preclude the entry of default judgment. *Id.* (internal quotation omitted). Here, the Defaulting Defendants’ “failure to answer [the] Complaint makes a decision on the merits impractical, if not impossible.” *Id.* (quoting *Pepsico*, 238 F. Supp. 2d at 1177). Accordingly, entry of default judgment is appropriate.

V. The Requested Injunctive Relief Is Reasonable and Appropriate

Section 13(b) of the FTC Act, 15 U.S.C. § 53(b), authorizes a court to issue a permanent injunction whenever a defendant violates any of the laws enforced by the Commission and is likely to continue to violate such laws. *FTC v. H.N. Singer, Inc.*, 668 F.2d 1107, 1111 (9th Cir. 1982); *FTC v. Pantron I Corp.*, 33 F.3d 1088, 1102 (9th Cir. 1994). To determine whether a defendant is likely to engage in similar violations in the future, courts may consider: (1) the deliberateness and seriousness of the present violation; (2) the defendant’s history of prior violations; and (3) the adaptability or transferability of the practice to other products. *Sears, Roebuck and Co. v. FTC*, 676 F.2d 385, 392 (9th Cir. 1982). “The more egregious the facts with respect to a particular element, the less important it is that another negative factor be present. In the final analysis, [courts] look to the circumstances as a whole and not to the presence or absence of any single factor.” *Id.* “The Court may deem a defendant’s ‘ready willingness to flout the law’ as ‘sufficient cause for concern regarding further, additional violations’ for which injunctive relief may be appropriate.” *FTC v. Grant Connect, LLC*, 827 F. Supp. 2d 1199, 1232 (D. Nev. 2011) (quoting *Sears, Roebuck & Co.*, 676 F.2d at 392), *aff’d in part, vacated in part & remanded on other grounds*, 763 F.3d 1094 (9th Cir. 2014).

As to the scope of injunctive relief, the FTC “is not limited to prohibiting the illegal practice in the precise form in which it is found to have existed in the past.” *Grant Connect*, 763 F.3d at 1105 (quoting *FTC v. Ruberoid Co.*, 343 U.S. 470, 473 (1952)). Rather, “those ‘caught violating’ the FTC Act ‘must expect some fencing

1 in.” *Id.* (quoting *FTC v. Nat’l Lead Co.*, 352 U.S. 419, 431 (1957)). “Accordingly,
 2 injunctive relief under the FTC Act may be framed ‘broadly enough to prevent
 3 respondents from engaging in similarly illegal practices in future advertisements.’
 4 The injunction will be upheld so long as it bears a ‘reasonable relation to the
 5 unlawful practices found to exist.’” *Id.* (quoting *FTC v. Colgate-Palmolive Co.*,
 6 380 U.S. 374, 394-95 (1965)). In some cases, the most appropriate form of fencing
 7 in relief is a complete ban on certain acts or practices. Numerous courts have
 8 imposed bans enjoining defendants from telemarketing.⁸³

9 Here, Jones is a brazen recidivist who “flout[s] the law.” *Grant Connect*,
 10 *LLC*, 827 F. Supp. 2d at 1232. Given Jones’s lengthy history, the proposed
 11 injunctive relief banning him from engaging in telemarketing or providing
 12 assistance to others engaged in telemarketing bears a “reasonable relation to
 13 [Jones’s] unlawful practices.” *Grant Connect, LLC*, 763 F.3d at 1105. The
 14 reporting, monitoring, and recordkeeping requirements set forth in the proposed
 15 order will help ensure Jones’s compliance with the injunctive provisions of the
 16 order. *See, e.g., FTC v. Hope for Car Owners, LLC*, No. 2:12-cv-778-GEB-EFB,
 17 2013 WL 322895, at *5 (E.D. Cal. Jan. 24, 2013) (finding monitoring and
 18 recordkeeping provisions appropriate in default judgment).

19 Further, Jones has indicated that he does not “contest the injunctive relief
 20 sought by the Commission in the Complaint.”

21 In addition to the ban on telemarketing, the proposed Order for Jones also
 22 includes standard monitoring and cooperation provisions similar to those already
 23 approved by the Court in settlements in this case.

24
 25 ⁸³ *See, e.g., FTC v. John Beck Amazing Profits LLC*, 888 F. Supp. 2d 1006, 1013-
 26 1015 (C.D. Cal. 2012) (ban on telemarketing and production or dissemination of
 27 any infomercial); *FTC v. INC21.com Corp.*, 745 F. Supp. 2d 975, 1010 (N.D. Cal.
 28 2010) (ban on telemarketing and billing customers by placing charges on telephone
 bills).

VI. The Requested \$2.7 Million Civil Penalty Is Reasonable and Appropriate Under the Statutory Factors Listed in the FTC Act

As explained in Section IV.B.3, above, the \$2.7 million judgment FTC requests is reasonable in comparison to Jones's unlawful activities. It is also an appropriate civil penalty assessed pursuant to 15 U.S.C. §45(m)(1), and it is consistent with other civil penalties imposed by federal courts.

Section 5(m)(1)(A) of the FTC Act, 15 U.S.C. § 45(m)(1)(A), as modified by Section 4 of the Federal Civil Penalties Inflation Adjustment Act of 1990, Pub. L. 101-410, 104 Stat. 890, as amended, and as implemented by 16 C.F.R. § 1.98(d), authorizes this Court to award monetary civil penalties. The allegations in the Complaint refer to violations occurring during 2014, 2015, and part of 2016. During that time, from 2014 until July 31, 2016, the Court was authorized to award a penalty of not more than \$16,000 for each violation of the TSR. *See* 16 C.F.R. § 1.98(d) (2009).

Jones is literally responsible for hundreds of millions, if not billions of violations.

In assessing civil penalties under 15 U.S.C. § 45(m)(1)(A), the Court must consider the defendant's:

1. degree of culpability;
2. history of prior such conduct;
3. ability to pay;
4. effect on ability to continue to do business; and
5. other matters as justice may require

Degree of Culpability. Here, Jones has high culpability as the ringleader of these enterprises. He also admits that he knew that much of enterprises' dialing was illegal. *See supra* note 4 and accompanying text.

History of Prior Conduct. Jones's history of prior conduct also indicates a significant fine is appropriate. Indeed, in 2011, Jones settled claims for unlawful

1 telemarketing filed against him by the State of Texas and agreed to pay a \$500,000
 2 judgment,⁸⁴ but this was not sufficient to deter him from continuing to violate
 3 telemarketing laws.

4 ***Ability to Pay.*** The FTC is unaware of Jones' current ability to pay.
 5 However, the \$2.7 million dollar penalty appears within his ability to pay based on
 6 his expenditures, which included a home rented for \$25,000 per month, driving
 7 two different Mercedes Benz vehicles, having a personal chef, and gambling at the
 8 Bellagio. Notably, the defendant's ability to pay is not "determinative" and an
 9 inability to pay a judgment "does not prevent the court from imposing a significant
 10 penalty, if the other factors so warrant." *United States v. Cornerstone Wealth Corp.*,
 11 549 F. Supp. 2d 811, 824 (N.D. Tex. 2008); *see also United States v. Lasseter*, No.
 12 3:03-1177, 2005 WL 1638735, at *6 (M.D. Tenn. June 30, 2005) (imposing
 13 \$56,000 civil penalty while defendant had pending Chapter 7 bankruptcy petition.)

14 ***Effect on Ability to Continue to do Business.*** This factor should not apply
 15 here, because Jones should be banned from continuing his previous telemarketing
 16 business. *See, e.g., Cornerstone Wealth*, 549 F. Supp. 2d at 824 (ability to continue
 17 doing business "has no bearing on the court's assessment of the proper amount of
 18 the civil penalty" where Court banned defendant from engaging in prior industry);
 19 *United States v. Commercial Recovery Sys., Inc.*, No. 4:15-CV-00036, 2017 WL
 20 1065137, at *3 (E.D. Tex. Mar. 21, 2017) ("Defendant's ability to continue to do
 21 business, is not an issue because Defendant ... has been ordered to cease all debt
 22 collection activity").

23 ***Other Matters as Justice May Require.*** Not only is Jones a recidivist, he
 24 also brazenly continued violating the TSR even after learning that he was under
 25 investigation for violating the TSR. On October 15, 2015, Jones flew Washington,
 26 DC and testified for eight hours at an investigational hearing in which he was
 27 represented by counsel. The entire investigational hearing focused on Jones's

28 ⁸⁴ *See supra* note 2.

1 robocall enterprise. At that investigational hearing, Jones testified that “obviously,
 2 the underlying issue is the calls are illegal. We know that already.”⁸⁵ Nevertheless,
 3 from April 21, 2016 through May 5, 2016, Jones assisted his clients in placing 13
 4 million calls to numbers listed on the DNC Registry.⁸⁶ Then, in the fall of 2016,
 5 Jones, his employees, and Justin Ramsey conducted the SocialHaus /
 6 SocialMediaVIP robocall campaigns.

7 The requested civil penalty judgment is also in line with recent civil penalty
 8 awards issued pursuant to 15 U.S.C. § 45(m)(1). Less than three weeks ago, a court
 9 in the Eastern District of Texas issued a civil penalty judgment of \$2,000,000
 10 against an individual responsible for violations of the Fair Debt Collection
 11 Practices Act, which, like the TSR, is currently subject to a maximum fine of
 12 \$40,654 per violation. *Commercial Recovery Sys.*, 2017 WL 1065137, at *2.
 13 Notably, in that case, the individual defendant was only responsible for 109,634
 14 violations of the FDCPA.

15 Justice also requires a strong penalty against Jones because he actively
 16 assisted his clients with avoiding detection by the FTC. Finally, a strong fine is
 17 also appropriate because the elaborate structure of Jones’s robocall enterprises was
 18 intentionally designed to help him: (1) avoid detection for violating the terms of his
 19 settlement with Texas; and (2) avoid detection by the IRS for not filing tax returns.

20 **VII. Conclusion**

21 For all of the reasons set forth above, the FTC respectfully asks the Court to
 22 enter the attached proposed Orders.

27 ⁸⁵ Jones Tr. 249:20-22.

28 ⁸⁶ McAlvanah Dec. ¶ 13.

Respectfully submitted,

David C. Shonka
Acting General Counsel

Dated: April 10, 2017

/s/ Ian L. Barlow

James E. Evans, Va. Bar No. 83866
Ian L. Barlow, D.C. Bar No. 998500
Federal Trade Commission
600 Pennsylvania Ave. NW, CC-8528
Washington, DC 20580
(202) 326-2026 / james.evans@ftc.gov
(202) 326-3120 / ibarlow@ftc.gov
(202) 326-3395 (fax)

Thomas J. Syta, Cal. Bar No. 116286
Local Counsel
Federal Trade Commission
10877 Wilshire Boulevard, Suite 700
Los Angeles, CA 90024
(310) 824-4343 / tsyta@ftc.gov
(310) 824-4380 (fax)

Attorneys for Plaintiff
Federal Trade Commission

CERTIFICATE OF SERVICE

I hereby certify that on April 10, 2017, I electronically filed the foregoing Notice of Application and Application for Default Judgment and Permanent Injunction Against All Defendants Remaining in Case with the Clerk of the Court using CM/ECF, and caused a copy to be served on all parties remaining in this lawsuit via U.S. Mail as follows:

Aaron Michael Jones
[home address redacted]
Irvine, CA

Steven Stansbury
[home address redacted]
Irvine, CA

Allorey, Inc.
c/o Raymund Verrallo, Registered Agent
2312 Park Ave. #123
Irvine, CA 92782

Audacity LLC
c/o Devin Fung, Registered Agent
[home address redacted]
Irvine, CA

Audacity LLC
c/o Andrew Yoshioka, Manager/Member
[home address redacted]
Irvine, CA

Data World Technologies, Inc.
c/o Steve Stansbury, Registered Agent
2701 Harbor Blvd. E2-204
Costa Mesa, CA 92626

Dial Soft Technologies, Inc.
c/o Steve Stansbury, President
P.O. Box 3540
Silver Springs, NV 89429

Digital Marketing Solutions, Inc.
c/o Legalzoom.com, Inc.,
Registered Agent
101 N. Brand Blvd., 11th Floor
Glendale, CA 91203

Savilo Support Services, Inc.
c/o Christina Lee, Registered Agent
15991 Red Hill Ave., Suite 202
Tustin, CA 92780

Secure Alliance Corp.
c/o Legalzoom.com, Inc.,
Registered Agent
101 N. Brand Blvd., 11th Floor
Glendale, CA 91203

Velocity Information Corp.
c/o Legalzoom.com, Inc.,
Registered Agent
101 N. Brand Blvd., 11th Floor
Glendale, CA 91203

World Access Media
c/o Legalzoom.com, Inc.,
Registered Agent
101 N. Brand Blvd., 11th Floor
Glendale, CA 91203

/s/ Ian L. Barlow

Ian L. Barlow

In the Matter of:

Allorey, Inc.

September 16, 2015
James Brian Christiano

Condensed Transcript with Word Index



For The Record, Inc.
(301) 870-8025 - www.ftrinc.net - (800) 921-5555

Christiano
#1058

Allorey, Inc.

9/16/2015

1				3			
I N D E X				P R O C E E D I N G S			
2	DEPOSITION OF JAMES BRIAN CHRISTIANO		PAGE	2	FEDERAL TRADE COMMISSION		
3	BY MR. BARLOW		08	3			
4	BY MR. EVANS		293	4	ALLOREY, INC.)		
5				5)		
6	E X H I B I T S			6) FTC File No. 1523152		
7	EXHIBIT	DESCRIPTION	MARKED	7)		
8	Exhibit 1	CID NetDotSolutions	09	8)		
9	Exhibit 2	CID SouthPoint, Inc.	09	9	-----)		
10	Exhibit 3	CID TeraMESH Networks	09	10			
11	Exhibit 4	CID VoiceINC.comCorp.	09	11	Wednesday, September 16, 2015		
12	Exhibit 5	CID NetDotSolutions 6/25/15	10	12			
13	Exhibit 6	Squire Patton Boggs Letter	101	13	Room 10104		
14	Exhibit 7a	Excel Spreadsheet	103	14	Federal Trade Commission		
15	Exhibit 8	Contact Listing	159	15	420 7th Street, SW		
16	Exhibit 9	NDS0000030 TO 39	144	16	Washington, DC 20024		
17	Exhibit 10	NDS0000056 TO 68	148	17			
18	Exhibit 11	NDS0000041 TO 44	150	18	The above-entitled matter came on for		
19	Exhibit 12	NDS0000045 TO 55	152	19	investigational hearing, pursuant to notice, at		
20	Exhibit 14	NDS0005089	177	20	11:00 a.m., before Kathy Savich, RPR, Certified		
21	Exhibit 15	NDS0001477	189	21	LiveNote Reporter and Notary Public in and for		
22	Exhibit 16	NDS0000200 + 2776	192	22	the District of Columbia.		
23	Exhibit 17	NDS0004916 (2 Pages)	187	23			
24				24			
25				25			

2				4			
E X H I B I T S				A P P E A R A N C E S :			
2	EXHIBIT	DESCRIPTION	MARKED	2			
3	Exhibit 18	NDS0000135 (2 Pages)	275	3	ON BEHALF OF THE FEDERAL TRADE COMMISSION:		
4	Exhibit 23	NDS0001644	239	4	IAN BARLOW, ESQUIRE		
5	Exhibit 27	NDS0003460	222	5	JAMES EVANS, ESQUIRE		
6	Exhibit 28	NDS0000496 (2 Pages)	240	6	Federal Trade Commission		
7	Exhibit 29	NDS0001938 (2 Pages)	210	7	601 New Jersey Avenue, NW		
8	Exhibit 31	NDS0007604 TO 7691	246	8	Washington, D.C. 20580		
9	Exhibit 33	NDS0005728	254	9			
10	Exhibit 41	NDS0005293 (5 Pages)	269	10	ON BEHALF OF JAMIE CHRISTIANO:		
11	Exhibit 57	NDS0003720 (2 Pages)	282	11	DEBORAH M. LODGE, ESQUIRE		
12				12	JESSICA HOKE VANDERMILLER, ESQUIRE		
13				13	Squire, Patton Boggs LLP		
14				14	2550 M Street, NW		
15				15	Washington, D.C. 20037		
16				16			
17				17			
18				18			
19				19			
20				20			
21				21			
22				22			
23				23			
24				24			
25				25			

1 (Pages 1 to 4)

5

PROCEEDINGS

MR. EVANS: We have a preamble that we are supposed to read under our internal operating procedures so I will go through that.

Good morning, everybody. This is the investigational hearing of NetDotSolutions, Incorporated, ShoutPoint, Incorporated, TeraMESH Networks Incorporated, and VoiceINC.com Corporation through their corporate representative, Mr. Jamie Christiano.

This investigational hearing is convened at 11:19 a.m., on Wednesday, September 16, 2015 at the offices of the Federal Trade Commission in the Constitution Center Building, 400 7th Street, Southwest, Washington, D.C.

Appearing for the Federal Trade Commission are myself, James Evans, as hearing officer, and Ian Barlow, as commission counsel. Appearing for NetDotSolutions, Incorporated, ShoutPoint Incorporated, TeraMESH Networks Incorporated, and VoiceINC.com Corporation and Mr. Christiano are Deborah Lodge and Jessica Hoke VanDerMiller of Squire Patton Boggs.

This proceeding is in relation to a

6

nonpublic commission investigation to determine whether certain -- I'm sorry if I'm going too fast -- certain telemarketers, sellers, or others assisting them have engaged in or are engaging in unfair or deceptive acts or practices in or affecting commerce in violation of Section 5 of the Federal Trade Commission act, 15 U.S.C., Section 45, as amended, and/or deceptive or abusive telemarketing acts or practices, in violation of the Commission's telemarketing sales rule, 16 C.F.R. Part 310 (as amended) including but not limited to the provision of substantial assistance or support to telemarketers engaged in unlawful practices.

The procedures which will be followed in this investigational hearing are outlined in the Commission's Rules of Practice, specifically Part 2, Non-Adjudicative Procedures, Subpart A, which pertain to investigations and investigational hearings, beginning with Section 2.1 through 2.14.

I would like to draw your attention particularly to Section 2.9 of the Commission's Rules which provide that any person compelled to appear and testify or produce documentary

7

evidence may be accompanied, represented, and advised by counsel according to Federal Trade Commission Rules. Representation by counsel in this hearing will be in accordance with those rules as described by Section 2.9, Subparts (b)(1) through (6).

I would also like to draw your attention to Title 2 of the Organized Crime Control Act of 1970, 18 U.S.C., Section 6001 to 6005. Under this Act, immunity from criminal prosecution can be ordered only after the witness claims his privilege against self-incrimination and the Attorney General approves the order of the Agency.

The purpose of this proceeding is to receive testimony under civil investigative demands duly served on NetDotSolutions, Incorporated, ShoutPoint Incorporated, TeraMESH Networks Incorporated, and VoiceINC.com Corporation through their counsel, Deborah Lodge.

Today is the original return date of those CIDs. Those CIDs were authorized and issued pursuant to the Federal Trade Commission resolution in File No. 0123145 dated April 11,

8

2011.

Almost done.

In order to facilitate reference during this hearing, I requested Commission counsel to place into the record as Commission Exhibits copies of the CIDs, including the Commission's resolution and attached classifications.

With these announcements made, I will turn this over to Mr. Barlow.

MR. BARLOW: Thank you.

Whereupon --

JAMES BRIAN CHRISTIANO

a witness, called for examination, having been duly sworn at the conclusion of the proceedings, was examined and testified as follows:

EXAMINATION

BY MR. BARLOW:

Q. Mr. Christiano, please state your full name and address for the record.

A. James B. Christiano, [REDACTED], Corona Del Mar, California, [REDACTED].

Q. As you heard, name is Ian Barlow. I'm an attorney with the Federal Trade Commission. Mr. Christiano, are you represented by counsel today?

<p style="text-align: right;">9</p> <p>1 A. Yes.</p> <p>2 MR. BARLOW: Counsel, would you</p> <p>3 identify yourself for the record.</p> <p>4 MS. LODGE: Yes. Deborah Lodge from</p> <p>5 Squire Patton Boggs and with me is Jessica</p> <p>6 VanDerMiller.</p> <p>7 (EXHIBIT 1 THROUGH 4 WERE MARKED FOR</p> <p>8 IDENTIFICATION.)</p> <p>9 BY MR. BARLOW:</p> <p>10 Q. As Mr. Evans has explained, this</p> <p>11 hearing is pursuant to four Civil Investigative</p> <p>12 Demands, or CIDs, as I may refer to them later,</p> <p>13 issued by the Federal Trade Commission on or</p> <p>14 about September 16th, 2015. Those CIDs,</p> <p>15 Exhibit 1 issued to NetDotSolutions, Exhibit 2</p> <p>16 issued to ShoutPoint, Exhibit 3 issued TeraMESH,</p> <p>17 and Exhibit 4 issued to VoiceINC.</p> <p>18 MR. BARLOW: Ms. Savich, you have</p> <p>19 copies of those exhibits?</p> <p>20 THE COURT REPORTER: Uh-huh.</p> <p>21 MR. BARLOW: Counsel, do you want to</p> <p>22 see them? Exhibits 1 through 4, do you need to</p> <p>23 see them?</p> <p>24 MS. LODGE: We have a copy.</p> <p>25 MR. BARLOW: Okay. Great.</p>	<p style="text-align: right;">11</p> <p>1 marking as Exhibit 5 a CID for documents issued</p> <p>2 to NetDotSolutions by the Federal Trade</p> <p>3 Commission on or about --</p> <p>4 MS. LODGE: June 29th?</p> <p>5 BY MR. BARLOW:</p> <p>6 Q. -- June 29th, 2015.</p> <p>7 MR. BARLOW: Here's Exhibit 4.</p> <p>8 MS. LODGE: That's Exhibit 5?</p> <p>9 MR. BARLOW: Yes.</p> <p>10 BY MR. BARLOW:</p> <p>11 Q. I may ask you certain questions about</p> <p>12 the documents your attorneys produced in</p> <p>13 response to that CID.</p> <p>14 Before we begin more formally, I want</p> <p>15 to go through some of the ground rules for</p> <p>16 today's investigational hearing, which is</p> <p>17 similar to a deposition in a civil litigation.</p> <p>18 You understand that your testimony</p> <p>19 today is under oath?</p> <p>20 A. Yes.</p> <p>21 Q. That means you have sworn or affirmed</p> <p>22 or declared that all of your answer to my</p> <p>23 questions are true and correct under penalty of</p> <p>24 perjury?</p> <p>25 A. Yes.</p>
<p style="text-align: right;">10</p> <p>1 MS. LODGE: And do you want to show it</p> <p>2 to Mr. Christiano? I'm sure you have another</p> <p>3 copy.</p> <p>4 MR. BARLOW: Sure. We're not</p> <p>5 referencing them at this time.</p> <p>6 MS. LODGE: We're not.</p> <p>7 MR. BARLOW: I'm just entering them</p> <p>8 into the record so I don't have -- if I have</p> <p>9 questions about them, in particular, I'll show</p> <p>10 them to you.</p> <p>11 BY MR. BARLOW:</p> <p>12 Q. Those CIDs, actually, Mr. Christiano,</p> <p>13 are just that you have to show up here today,</p> <p>14 so...</p> <p>15 And those CIDs all call for a witness</p> <p>16 to provide testimony. Are you here today to</p> <p>17 provide testimony requested in those CIDs?</p> <p>18 A. Yes, I am.</p> <p>19 Q. Have you discussed it with your</p> <p>20 lawyers?</p> <p>21 A. Yes.</p> <p>22 (EXHIBIT 5 WAS MARKED FOR</p> <p>23 IDENTIFICATION.)</p> <p>24 BY MR. BARLOW:</p> <p>25 Q. I'm also going to enter into the record</p>	<p style="text-align: right;">12</p> <p>1 Q. Now, you are answering yes verbally. I</p> <p>2 appreciate that. Just to be clear, since our</p> <p>3 testimony today is being transcribed by our</p> <p>4 court reporter, Ms. Savich, please verbalize</p> <p>5 your answers, continue to do so. I will do the</p> <p>6 same or I'll try.</p> <p>7 And also, because it's being</p> <p>8 transcribed, we need to try and -- not to speak</p> <p>9 over each other, so please let me finish my</p> <p>10 questions before answering, and I'll also try</p> <p>11 and let you finish answering before asking</p> <p>12 another question, but also ask counsel, if</p> <p>13 counsel has something to inter -- interject at</p> <p>14 some time, so please wait until my question is</p> <p>15 completed.</p> <p>16 If you don't understand any question I</p> <p>17 ask, please let me know. If you later realize</p> <p>18 that an answer you gave me earlier is not</p> <p>19 correct or complete, please let me know.</p> <p>20 And also, if, at any time, you feel you</p> <p>21 need to take a break, let me know. I will take</p> <p>22 a break as soon as I can, but not while a</p> <p>23 question is pending.</p> <p>24 Are you currently taking any</p> <p>25 medications, drugs, or alcohol that would</p>

13

1 prevent you from providing full, complete, and
2 truthful testimony today?

3 A. No, I'm not.

4 **Q. Is there any other reason why you would**
5 **not be able to give full, complete, and truthful**
6 **testimony today?**

7 A. No.

8 MR. BARLOW: Okay. And can we go off
9 the record for one minute.

10 (Discussion held off the record.)

11 BY MR. BARLOW:

12 **Q. Mr. Christiano, have you testified**
13 **under oath before?**

14 A. Yes.

15 **Q. How many times?**

16 A. Approximately four.

17 **Q. In criminal proceedings or civil?**

18 A. Civil.

19 **Q. What type of civil proceedings?**

20 A. Around real estate transactions.

21 **Q. What kind of real estate transactions?**

22 A. A dispute over an option agreement is
23 the one that comes to mind for now.

24 **Q. Were you a party or a witness? Let**
25 **me -- strike that.**

14

1 **Did you sue somebody in those cases?**

2 A. I think we -- I was -- I was kind of a
3 third -- I think I was a third party, but I
4 was -- I was -- I was helping the -- the -- I
5 was a witness for the -- the person being sued.

6 **Q. In all four cases?**

7 A. No, in the one -- in the option
8 agreement.

9 **Q. Do you know the name of that case?**

10 A. No. I don't remember.

11 **Q. Do you know where it was?**

12 A. It was in Orange County, California.

13 **Q. In the state court?**

14 A. I don't think it ever went to trial.

15 **Q. Let me ask you this: Who was the**
16 **friend or party you were testifying to help?**

17 A. My dad.

18 **Q. Second case? You said there were**
19 **approximately four times you testified. The**
20 **second time?**

21 A. The other one I can remember right now
22 had to do with a lawsuit that my dad filed
23 against Wells Fargo Bank on a first mortgage.

24 **Q. Do you know what year that was,**
25 **roughly?**

15

1 A. That was 2012.

2 **Q. What about the first time, the first**
3 **lawsuit?**

4 A. Early 2000s.

5 **Q. And then the other approximately two**
6 **cases?**

7 A. I think -- I think they might -- it
8 might be just multiple depositions for those.
9 There might be another one, but I'm not --

10 **Q. All right.**

11 A. -- it's not coming to mind.

12 **Q. Were you in court for those or were**
13 **they depositions?**

14 A. Just depositions.

15 **Q. Okay. Have you ever been arrested for**
16 **anything other than a traffic offense?**

17 A. No.

18 **Q. Involved in any other types of**
19 **litigation?**

20 A. Yes.

21 **Q. What kind?**

22 A. We have a pending patent lawsuit
23 between ShoutPoint and Broadnet.

24 **Q. Uh-huh.**

25 A. We're the defendant.

16

1 **Q. Do you know where that case is being --**

2 A. Denver.

3 **Q. -- is pending?**

4 **In federal or state court?**

5 A. I think it's federal.

6 **Q. Any other litigation you've been**
7 **involved in?**

8 A. No.

9 **Q. Are you named personally in that**
10 **ShoutPoint case or is it just --**

11 A. It's -- it's the company.

12 **Q. What are the other companies named?**

13 A. The other company named is Victory
14 Solutions.

15 **Q. Let me clarify. When I say "named," I**
16 **meant named --**

17 A. Oh.

18 **Q. -- as a defendant along with**
19 **ShoutPoint.**

20 A. Victory Solutions, but it's not a
21 company that I own. It's another -- so the
22 defendants are ShoutPoint and Victory Solutions.

23 **Q. Who owns Victory Solutions?**

24 A. I think -- I think Shannon Burns owns
25 it.

145

1 it, please.

2 MS. LODGE: Is there an Exhibit 8 or --
3 is that 7a?

4 MR. BARLOW: I'm going to go to 8
5 later, maybe.

6 THE WITNESS: No promises.

7 BY MR. BARLOW:

8 **Q. In the bottom right-hand corner this**
9 **exhibit is marked Exhibit 9, and underneath**
10 **there are bold numbers 1, 2, 3, 4, that's the**
11 **page numbering. At the top you will notice**
12 **there is -- the first page, it says NDS0000030,**
13 **I believe. It should be 0000030 at the end, the**
14 **next page is 31, the next page is 32, et cetera.**

15 I'll turn your attention just to
16 page 1. Do you recognize this document?

17 A. Yes.

18 **Q. Can you tell me what it is.**

19 A. It's a service order.

20 **Q. From?**

21 A. From ShoutPoint.

22 **Q. And who is ordering ShoutPoint**
23 **services?**

24 A. This is Data World Technologies is the
25 company.

146

1 **Q. And inside that little text box, do you**
2 **see where it says company name Data World**
3 **Technologies, Inc.?**

4 A. Yes.

5 **Q. It lists the billing contact of Steve**
6 **Stansbury; is that correct?**

7 A. Yes.

8 **Q. And the technical contact is also Steve**
9 **Stansbury; is that correct?**

10 A. Yes.

11 **Q. And it's signed at the bottom Steve**
12 **Stansbury/President; is that right?**

13 A. Yes.

14 **Q. And then you've signed this document**
15 **also; is that right?**

16 A. Yes.

17 **Q. Is that your signature on the left at**
18 **the bottom?**

19 A. Uh-huh, yes, it is.

20 **Q. And the date of Mr. Stansbury's**
21 **signature is August 8, 2012; is that correct?**

22 A. Yes.

23 **Q. Please turn to page 2. Do you**
24 **recognize that document?**

25 A. Yes.

147

1 **Q. Well, this is grouped as the same**
2 **exhibit, but these are actually two different**
3 **documents; is that right?**

4 A. Yes.

5 **Q. What is this page 2, what is that?**

6 A. This is a Master Service Agreement.

7 **Q. Is that a contract?**

8 A. Yes.

9 **Q. Between?**

10 A. This is between Data World
11 Technologies, Inc. and ShoutPoint, Inc.

12 **Q. If you turn to the last page, would you**
13 **do that for me.**

14 A. Yes.

15 **Q. Is that your signature on the last page**
16 **on behalf of ShoutPoint, Inc.?**

17 A. Yes, it is.

18 **Q. Okay. And who signed for Data World**
19 **Technologies?**

20 A. Steve Stansbury.

21 **Q. And he's the president?**

22 A. That's what it says.

23 **Q. August 8th, 2012 is the date; is that**
24 **right?**

25 A. Yes.

148

1 (EXHIBIT 10 WAS MARKED FOR
2 IDENTIFICATION.)

3 BY MR. BARLOW:

4 **Q. All right. I'm going to hand you**
5 **what's been -- I'll take that back. I'm going**
6 **to hand you what's been marked as Exhibit 10.**
7 **And can you look at Exhibit 10. Please, take a**
8 **moment. Are you familiar with this document?**

9 A. Let me get more familiar.

10 **Q. Oh, sure.**

11 Just for the record, this document is
12 labeled in the bottom bold Exhibit 10.
13 Underneath Exhibit 10 are page numbers. In the
14 top right-hand corner it says NDS0000056, and
15 the exhibit goes consecutively, and at the end
16 it's NDS0000068.

17 A. Yes, I'm familiar with this.

18 **Q. What is it on page 1?**

19 A. On page 1 it is a service order and
20 software license.

21 **Q. What's the date on that?**

22 A. June 24, 2013.

23 **Q. And who is the -- who is ordering the**
24 **service?**

25 A. Dial Soft Technologies, Inc.

37 (Pages 145 to 148)

149

1 **Q. Who is Dial Soft ordering the services**
2 **from?**

3 A. From NetDotSolutions, Inc.

4 **Q. And Dial Soft lists as its technical**
5 **contact Raymund Verallo; is that correct?**

6 A. Yes.

7 **Q. And it lists as the billing contact**
8 **Andy Salisbury; is that correct?**

9 A. Yes.

10 **Q. Why don't you turn to page 4. There's**
11 **a signature page. Do you see that signature**
12 **page?**

13 A. I do.

14 **Q. Do you know who signed on the right?**

15 A. I believe that's Raymund Verallo.

16 **Q. Okay. And it says president?**

17 A. Yes, it does.

18 **Q. Now, turn to page 5. Can you tell me**
19 **what that document is.**

20 A. This is a Master Service Agreement
21 between NetDotSolutions and Dial Soft
22 Technologies.

23 **Q. And what's the date on this agreement?**

24 A. June 24th, 2013.

25 **Q. If you turn to the end, to the last**

150

1 **page, who signed on behalf of Dial Soft**
2 **Technologies?**

3 A. Raymund Verallo.

4 **Q. With his title as?**

5 A. President.

6 **Q. What's the date on there?**

7 A. June 24th, 2013.

8 **Q. Okay. And you signed also on the left?**

9 A. I did.

10 **Q. On behalf of NetDotSolutions?**

11 A. Yes.

12 **Q. As the president?**

13 A. Yes.

14 (EXHIBIT 11 WAS MARKED FOR
15 IDENTIFICATION.)

16 BY MR. BARLOW:

17 **Q. Okay. I'll take that back from you.**
18 **And I'm handing you what's been marked as**
19 **Exhibit 11. Take a moment, please, and just**
20 **review it.**

21 **Okay. Can you tell me what page 1 is.**

22 A. This is a service order.

23 **Q. Oh, you know what, let me identify it**
24 **for the record. I think I neglected to do this.**
25 **Let's identify for the record, this is Exhibit**

151

1 **11, marked such at the bottom of the right-hand**
2 **corner, and at the top right-hand corner the**
3 **first page is Bates-labeled NDS0000041, and it**
4 **goes consecutively for four pages. The last**
5 **page is NDS0000044. And with that, I apologize**
6 **for interrupting you. Page 1 is?**

7 A. A service order.

8 **Q. Between?**

9 A. TeraMESH Networks and Dial Soft
10 Technologies.

11 **Q. And the technical contact for Dial Soft**
12 **Technologies is listed as Raymund Verallo?**

13 A. Yes.

14 **Q. And the billing contact is listed as**
15 **Andy Salisbury?**

16 A. Yes.

17 **Q. And at the bottom there's a signature**
18 **by the president? Do you know whose signature**
19 **that is?**

20 A. On which side?

21 **Q. The bottom right, I'm sorry, the**
22 **president of Dial Soft Technologies.**

23 A. I don't know that signature, but it
24 looks like its Raymund Verallo. It's illegible.

25 **Q. Yes, I will agree. The date?**

152

1 A. June 24th, 2013.

2 **Q. The signature on behalf of TeraMESH is**
3 **difficult to make out, but does that look like**
4 **your signature?**

5 A. It does.

6 **Q. Okay. And you're the president?**

7 A. Yes.

8 **Q. So you signed this?**

9 A. I did.

10 **Q. Okay. Would you turn to page 2, and**
11 **tell me what this is, please.**

12 A. This is a TeraMESH Network Terms of Use
13 Agreement?

14 **Q. Do you know who it's between?**

15 A. Between TeraMESH and Dial Soft
16 Technologies.

17 MR. BARLOW: For some reason, I don't
18 know what happened here. Go off the record for
19 a minute.

20 (Discussion held off the record.)

21 MR. BARLOW: Let's go back on the
22 record.

23 (EXHIBIT 12 WAS MARKED FOR
24 IDENTIFICATION.)

25 BY MR. BARLOW:

153

1 Q. I'm going to hand you what's been
2 marked as Exhibit 13 -- oh, sorry, Exhibit 12.
3 Pardon me. And Mr. Christiano, while you're
4 reading, I'll identify it for the record. It's
5 marked in the right-hand corner Exhibit 12,
6 sequentially numbered pages 1 through 11, and
7 the top right these documents are marked
8 NDS0000045, and then the last page is
9 NDS0000055.

10 Can you tell me what the first page is,
11 Mr. Christiano.

12 A. This is a service order for VoIP
13 termination.

14 Q. And who are the parties to that service
15 order?

16 A. Dial Soft Technologies as the
17 customer and VoiceINC.com.

18 Q. And Raymund Verallo is listed as the
19 technical contact for Dial Soft Technologies; is
20 that correct?

21 A. Yes.

22 Q. And Andy Salisbury is listed as the
23 billing contact for Dial Soft Technologies; is
24 that correct?

25 A. Yes, it is.

154

1 Q. And at the bottom on behalf of Dial
2 Soft Technologies, Raymund Verallo has signed as
3 president; is that correct?

4 A. It looks like that.

5 Q. You say it looks like it. That's
6 what's written; is that correct?

7 A. His name is written. There's a
8 signature that's illegible.

9 Q. Right.

10 A. It says his title is president.
11 Uh-huh.

12 Q. And the date on that is June 24th,
13 2013?

14 A. Yes.

15 Q. And then on the left you signed on
16 behalf of VoiceINC; is that correct?

17 A. Yes.

18 MR. BARLOW: Just to be clear, I want
19 to make sure Exhibits 10 -- 9, 10, 11 and 12 are
20 formerly entered into the record.

21 BY MR. BARLOW:

22 Q. Do you have an idea on average how many
23 calls per month Dial Soft was making using your
24 software?

25 A. Not off the top of my head.

155

1 Q. Do you have any estimate? Let me ask
2 you this, would it be more accurate --

3 A. You know what, the call logs we
4 provided have that.

5 Q. Right. Yeah. Let me ask -- this is
6 interesting -- which would be closer to
7 accurate, if we were to say in an average month
8 Dial Soft was doing 250 million calls or
9 4 billion would it be?

10 MS. LODGE: I object. He's already
11 said he doesn't know, and you've got the
12 documentation that would show that.

13 MR. BARLOW: Well, I am asking the
14 question because on the telephone you and
15 Ms. VanDerMiller represented that it was
16 4 billion calls per quarter for a total of
17 8 billion with a B for the two periods you gave
18 us records, and our analysis when we've opened
19 the log shows substantially less.

20 So I'm trying to ask the owner of the
21 four companies what he thinks is correct,
22 whether your representation on the telephone was
23 correct or what our analysts are seeing when
24 they open the .csv files. So I'm just trying
25 find out because we agreed to not take all the

156

1 records for the entire years based on your
2 statement to us on the telephone that it was
3 billions with a B of calls. But now that I'm
4 seeing 500million or 200 million, I want to ask
5 Mr. Christiano which comports better with his
6 understanding as the owner of these companies.

7 Is that a permissible topic for you?

8 MS. LODGE: Yeah, if he knows, that's
9 fine. And, you know, absolutely --

10 MR. BARLOW: Okay.

11 MS. LODGE: -- we could have been not
12 correct.

13 MR. BARLOW: So that's the basis for my
14 question.

15 MS. LODGE: That's fine.

16 BY MR. BARLOW:

17 Q. Which would you feel is more accurate,
18 that there 4 billion calls, with a B, per
19 quarter or something approximately 250 million,
20 with an M?

21 A. If I were speculating, it would be 250.

22 Q. And who is the best person at your
23 company to ask that?

24 A. There -- there are records that -- that
25 show that.

293

1 Soft?

2 A. Might have spoke to him once or twice
3 in 2014.4 **Q. This year?**

5 A. I don't think I talk to him this year?

6 MR. BARLOW: That's it for me.

7 Mr. Evans has some more questions to
8 ask you.

9 EXAMINATION

10 BY MR. EVANS:

11 **Q. Just a few technical questions. How**
12 **does wireless scrub work? How does a company**
13 **know what is or is not a wireless number?**14 A. We have a ported wireless database that
15 we're -- it's the source data for the ported
16 numbers.17 **Q. It comes from the national porting or**
18 **pooling database by new star?**

19 A. I think so. Yeah.

20 **Q. You said Baltimore Washington -- BWT is**
21 **CLEC. Are any of your other companies CLECs?**22 A. It's possible so we are registered CLEC
23 in many more regions, it could be VoiceINC or it
24 could be Baltimore-Washington that we're doing
25 it under.

294

1 **Q. Is InFone (phonetic) a CLEC?**2 A. InFone (phonetic) is really just
3 voicing.4 **Q. You used word "carrier and I think**
5 **Mr. Barlow also used word carrier in your mind**
6 **and we're just talking about your impression,**
7 **are any of your companies telephone carriers?**8 A. I believe NetDotSolutions and a
9 carrier, was a carrier and ShoutPoint is an
10 interconnected VoIP provider to certain
11 customers so they would be considered carriers
12 as well.13 **Q. So what in your mind makes a carrier?**14 A. We have to file 499 registration, we
15 have to pay the USF taxes, we have to operate as
16 a -- an interconnected VoIP provider which we
17 have some rules we have to follow.18 **Q. That's form 499 with the FCC?**

19 A. Correct.

20 **Q. Where on the spectrum of, up you know,**
21 **AT&T to a company where the PBX VoiceINC for**
22 **providing carrier services. I think VoiceINC**
23 **falls within?**24 A. I think VoiceINC falls within a tier of
25 being two or three tier VoIP provider. We're

295

1 mostly selling to a wholesaler. BinFone does a
2 mix of business so host of mix of wholesale and
3 retail.4 **Q. Are any other companies -- what other**
5 **companies are sort of in that same space or**
6 **level?**7 A. Ring Central. I can think of a bunch
8 of our carriers that are kind of in that same --
9 like, maybe ANI networks, they're --10 **Q. Okay. That's all I've got thank for**
11 **helping to clarify that. Did you have any**
12 **questions stemming from that?**13 MR. BARLOW: No, but we were going to
14 leave the record open; is that right?15 MR. EVANS: So we'll adjourn this
16 investigational hearing for today. We'll get
17 back in touch if anything more comes up, but we
18 don't anticipate -- we don't have an exact plan
19 to do that right now.20 MR. BARLOW: It appears that although I
21 asked you if your answers were under oath and
22 you agreed and that was like the sixth question
23 I asked you and I think Mr. Nelson may not have
24 formally sworn you under oath today.

25 And what we would like to do is do that

296

1 now. And I understand through you and your
2 counsel, Mr. Christiano that you would also
3 agree that all your prior testimony has been
4 given under penalty of perjury and under oath;
5 is that correct?

6 THE WITNESS: Did we agree to that?

7 MS. LODGE: Yes.

8 THE WITNESS: Okay.

9 (Witness Sworn at this time.)

Christiano IH, Ex. 10

SERVICE ORDER SOFTWARE LICENSE

This Service Order specifies the particular services ordered by "Customer" and agreed to be provided by NetDotSolutions, Inc. ("NDS") pursuant to the Master Service Agreement (MSA) between the parties dated June 24, 2013, and this Service Order. This Service Order replaces any prior Service Orders.

Company Name: Dial Soft Technologies, Inc. Address: 3843 S. Bristol Street, Suite 4982 Santa Ana, CA 92704 Billing Contact: Andy Salisbury Billing Email: Direct: Cell: (714) [REDACTED]	Technical Contact: Raymond Verallo Technical Email: Direct: Cell: (714) [REDACTED] Order Date: Install Date: TBD Term: 12 Months
--	---

Prepayment: Prepayment: All charges shall be prepaid via wire or PayPal. There is a 2.5% processing fee with the exception of cash (defined as ACH or wire) payments. These fees are subject to change. Billing increments shall be a minimum of six (6) seconds, and thereafter in six (6) second increments.

Fees	Connect Time Fee (per hour)	Log Record Charge	Monthly License Fee
Software License	\$0.24	N/A	\$8,000

1. **Software.** "Software" means the NDS Telephony Engine computer software, which contains the functionalities set forth in Exhibit "A" attached hereto and configured on the Effective Date; which may incorporate, contain, or otherwise utilize third party software. Notwithstanding the foregoing broad definition of "Software," Customer's "License" (defined in Section 2 below) of the Software shall be limited to object code only. As used in this Service Order, "Agreement" means the Master Services Agreement to which this Service Order relates and this Service Order.
2. **License.** NDS hereby grants to Customer and Customer hereby accepts a non-exclusive, non-transferable license to utilize the Licensed Software within the United States only solely (i) in object code, (ii) on the Customer Equipment, (iii) at the Customer Location and (iv) in conformity with this Agreement (collectively, the "License," and such licensed object code being the "Licensed Software"):
 - a. **General.** Customer acknowledges that the License is not a sale of the Software. The License governs Customer's commercial use of the Licensed Software, including subsequent modifications or upgrades made from time to time by NDS that may be provided by Company to Customer, in its sole discretion, as limited by the other terms of this Agreement. Customer expressly understands and agrees that it has not been granted any license or right to use or receive any source code of the Software.
 - b. **No Conveyance.** Customer shall not assign, transfer, license, sublicense, or otherwise convey the License or any aspect of this Agreement to any other person, by operation of law or otherwise, without NDS's prior written consent, which may be given or withheld in NDS's sole discretion. Customer will not (i) copy, distribute, release, sell, rent or publish

- the Software, or any portion thereof, (ii) create any program or documentation that is a derivative work of the Software or documentation associated with the Software, or any portion thereof, (iii) physically or electronically transfer the Software or associated documentation from the Customer Equipment or Customer Location, (iv) allow the Software to be used by any third party or use the Software to provide time-sharing, multi-user user or ASP services to third parties, or (v) modify, adapt, translate, reverse engineer, decompile or disassemble the Software. Customer may allow its customers ("End Users") to utilize the Licensed Software strictly through Customer's account, login and equipment. End Users are not intended to be third party beneficiaries of this Service Order or the Agreement. Customer is strictly and solely responsible for all persons accessing the Software through its account. Any breach or attempted breach of this provision shall be void and shall entitle NDS to immediately terminate this Agreement without any cure period.
- c. Software Ownership. As between the parties, the Software, including all functionalities, future upgrades and enhancements, is, and shall at all times remain, the sole and exclusive property of NDS, including all applicable rights to patents, copyrights, trademarks and trade secrets inherent therein and appurtenant thereto. Customer agrees that during the term of and after termination of this Agreement, Customer shall not directly or indirectly raise any objections to or questions concerning, or assist any third party in raising any objections to or questions concerning, the validity, enforceability or ownership of NDS's rights in the Software, in any judicial, governmental, or quasi-governmental suit or proceeding.
- d. Confidentiality; Other Disclosure. The Software is Confidential Information and is governed at all times by the terms of this Agreement. Customer agrees that it will not reconstruct in whole or in part the code or algorithms contained in the Software. Customer agrees to treat the Software with at least the same care as that with which it treats its own confidential or proprietary information, but in any event no less than a commercially reasonable degree of care. In addition, Customer shall use its best efforts to assist NDS in identifying and preventing any unauthorized use or disclosure of any aspect of the Software, or any of the algorithms or logic contained therein, by Customer's employees, agents, customers, vendors or other persons who may have obtained access to the Software through Customer. In addition, Customer shall advise NDS immediately in the event that Customer learns or has reason to believe that any person not bound in writing to the confidentiality obligations contained in this Agreement has or intends to disseminate Confidential Information to any third party; and Customer will, at Customer's expense, cooperate with NDS in seeking injunctive or other equitable relief against any such person.
- e. Embedded Third Party Software. The Software may contain and utilize software that is proprietary to third parties ("Third Party Software"). All Third Party Software utilized in the Software is used by NDS pursuant to valid licenses or is open source ("Third Party Licenses"). Customer acknowledges that the License is subject to the terms of the Third Party Licenses. For Customer's benefit and convenience, NDS shall maintain all Third Party Licenses during the term of this Agreement. In the event that it is no longer practical, in NDS's sole discretion, for NDS to maintain one or more Third Party Licenses, then NDS shall process the transfer of such Third Party Licenses to Customer; provided, however, that NDS shall retain all rights in Company Technology and Licensed Software.
- f. Other Software. If the Software functions or interacts with software that is not provided by NDS, Customer represents and warrants that it has obtained all necessary licenses for such software and must retain such licenses in order to utilize the Licensed Software.
3. Contact Person. Customer shall designate a contact person who is reasonably acceptable to

NDS, has substantial computer systems experience, and has the authority to make decisions for Customer concerning the Licensed Software, its maintenance and support.

4. Customer's Acceptance. Within fifteen (15) days following with mutual execution of this Agreement, NDS shall install the Licensed Software on the Customer Equipment at the Customer Location (the "Installation Date"), and begin testing the Software with Customer. The Software shall be deemed to have been accepted by Customer upon the first to occur of the following (the "Acceptance Date"): (a) Customer's first commercial use of the Software in any manner other than testing as directed and supervised by NDS; or (b) fifteen (15) days following the Installation Date.
5. Technical Support. In order to support Customer's licensed use of the Software, during the term of this Service Order NDS shall provide technical and maintenance support services to Customer at an hourly rate of the higher of \$150.00 - \$250.00 depending on the service, or NDS's then current hourly rate for providing such services.
6. Term; Pricing.
 - a. Term. The term of this Service Order shall be for a period of one year.
 - b. Fees. The Fee for this Service Order shall be comprised of the following components. These fees relate solely to the License granted hereunder. Charges for interconnected VoIP will be calculated and billed according to a separate service order.
 - (1) Per Log Record Charge. If applicable, Customer shall pay transaction based license fees per Attempted Call (the "Per Log Record Charge"). For purposes of this Agreement, "Attempted Call" means any outbound call initiated by Customer using the Licensed Software. The Licensed Software shall automatically calculate and apply these charges after each Attempted Call is completed.
 - (2) Connect Time Fee. Customer shall pay transaction based license fees for usage in the amount set forth hereinabove (the "Connect Time Fee"). The Connect Time Fee will be determined based on the duration of each Connected Call. For purposes of this Agreement, "Connected Call" means any outbound call initiated by Customer that is reported as connected by the underlying carrier using the Licensed Software. The Licensed Software shall automatically calculate and apply these charges after each Connected Call is completed. Usage for each Connected Call will be calculated in the following increments: six (6) seconds for the initial period and six (6) second increments for subsequent periods. Call duration shall be rounded up to the next applicable billing increment. In addition to actual usage based charges, Invoices shall include all applicable taxes and surcharges. The Licensed Software shall automatically calculate and apply these charges after the call is completed.
 - (3) Monthly License Fee. Customer shall pay a recurring monthly license fee for access to the Licensed Software, regardless of the amount of usage (the "Monthly License Fee").
 - (4) Audit. NDS shall install the Software on Customer's equipment in a manner that allows NDS to remotely monitor the Licensed Software in order to determine the charges as set forth in Sections 6.b.(1-3) above (i.e., via IDRAC). Customer covenants that NDS, or NDS's designee, shall always have access to monitor Customer's usage in accordance with the preceding sentence, subject to the Agreement's confidentiality obligations. Customer shall maintain records of its usage of the Licensed Software for a period of three (3) years following such

usage. NDS shall have the right to audit Customer's records and equipment, pertaining to Customer's use of the Software, for the purpose of verifying the accuracy of the Fees charged under Section 6.b.(1-3) above. An audit may include any period not previously audited. If the Fees previously paid to NDS for any period shall be found to be inaccurate, there shall be an adjustment and one party shall pay to the other on demand such sums as may be necessary to reconcile the account. If an audit discloses an underpayment of five percent (5%) or more of License Fees, then, Customer shall bear the cost of the audit. NDS's acceptance of any payments shall be without prejudice to NDS's audit rights hereunder.

(5) Right to Cease Services. If NDS, its agents or employees, is ever denied, or otherwise unable to, access to Customer's computer systems, NDS may immediately terminate this Agreement "for cause" and pursue any and all available legal and equitable remedies. The parties acknowledge and agree that Customer's violation of Section 6.b may cause irreparable harm and the total amount of monetary damages for injury to such party will be impossible to calculate and, therefore, an inadequate remedy. Accordingly, in the event of such a violation, NDS may (a) seek injunctive relief, and (b) exercise any other rights and seek any other remedies to which the non-breaching party is entitled at law, in equity or under the Agreement.

7. Termination. Upon termination of this Service Order or the Master Services Agreement, Customer shall immediately stop using the Software and shall not have any right or license to use or access the Software, and within two business days Customer shall return to NDS all copies of the Software in Customer's possession without asserting any right of retention, it being understood that Customer hereby expressly waives any such right.
8. All capitalized terms used in this Service Order and not defined herein shall have the meanings set forth in the Master Services Agreement. In the event of a conflict between or among the terms of this Service Order and the Master Services Agreement, the terms of this Service Order shall control with respect to the Services ordered herein.

NDS:


NetDotSolutions, Inc.



Jamie Christlano, President

CUSTOMER:

Dial Soft Technologies, Inc.

By: 
Its: President

MASTER SERVICE AGREEMENT

This Master Service Agreement ("Agreement") between NetDotSolutions, Inc., a California corporation ("Company") and Dial Soft Technologies, a California corporation ("Customer"), is entered into and effective as of June 24, 2013 (the "Effective Date").

This Agreement states all the terms and conditions by which Company delivers and Customer accepts certain services provided by Company. The parties acknowledge that all services provided by Company under this Agreement shall be rendered solely in the United States and may only be utilized by Customer in the United States. Any use of the Company Network, Company Technology or Services by Customer outside the United States is strictly prohibited. If any terms and conditions set forth herein only apply to a service not ordered by Customer, then such terms shall have no application to Customer. The specific quantity, type and rate for services provided hereunder shall be set forth in one or more Service Orders submitted by Customer and accepted by Company. Upon proper execution of Service Orders by Customer and Company, each Service Order is automatically incorporated into this Agreement.

Certain Definitions:

"Company Network" means the Company's network and the connectivity between it and the Customer port on the Company equipment. The Company Network does not include equipment located at Customer's premises, whether or not provided by Company, telephone circuits or networks between a Company POP and Customer's location, inactive POP's, or any networks, network equipment, or telephone circuits other than described above that is not owned or controlled by Company.

"Company Point of Presence" "Company POP" or "POP" means a single defined location within the Company Network used in the provision of the Services.

"Company Technology" means Company's proprietary technology, including the Services, software tools, hardware designs, algorithms, software (in source and object forms), user interface designs, architecture, class libraries, objects and documentation (both printed and electronic), network designs, trade secrets and any related intellectual property rights throughout the world (whether owned by Company or licensed to Company from a third party) and also including any derivatives, improvements, enhancements or extensions of Company Technology conceived, reduced to practice, or developed during the term of this Agreement by either party.

"Cross Connect" means a VLAN, physical cable, wire, fiber optics or other such material or means that is used to connect a Customer Location with a Company POP when both are located in the same physical building.

"Customer Data" means all data that (i) Customer inputs into the Licensed Software for use of any Service hereunder, or (ii) is derived from Customer's use of any Service hereunder, with the specific exception of purely diagnostic data and data necessary for accurate billing for services, which Company may utilize in order to maintain, monitor, support and/or improve Company's Network and its Services.

"Customer Equipment" means the Customer's computer hardware, not including stored data, and other tangible equipment, as set forth on Schedule A attached hereto and incorporated herein.

"Customer Location" means the physical location of the Customer Equipment, initially at 6245 Grand Avenue, #1909, Los Angeles, California. The Customer Location may be amended from time to time with Company's prior written consent.

"Initial Term" means the minimum term for which Company will provide the Service to Customer, as indicated on the Service Order(s).

"Services" means the specific services provided by Company as described on the applicable Service Orders.

"Service Activation Date" means the earlier of: (i) the date on which the Company notifies Customer that the Services ready for use; or (ii) Customer's use of any Service.

1. Acceptance and Provision of Services; Terms; Fees.

a. Services. By executing this Agreement and any applicable Service Order, Customer accepts and agrees to pay for the Services during the Initial Term listed in the Service Order and for any Renewal Term. By executing this Agreement and any applicable Service Order, Company shall provide the Services during the Initial Term and for any Renewal Term.

b. Term. The term of each Service will commence on the Service Activation Date and shall continue through the Initial Term. This Agreement shall continue until termination of the last Service Order.

c. Renewal Term. The term of each Service Order will renew automatically for subsequent terms equal in length to the Initial Term (each a "Renewal Term") unless either party notifies the other in writing not less than thirty (30) calendar days prior to the end of the Initial Term (or Renewal Term, as applicable), that it wishes to terminate such Service. The termination of any individual Service or Service Order will not affect Customer's obligations to accept and pay for all other contracted Services.

d. Early Termination. In the event Company terminates this Agreement "For Cause" pursuant to Section 8.a. below, Customer shall pay Company as liquidated damages the recurring monthly fees owed by Customer to Company under any Service Order, if any, multiplied by the total number of months remaining in the current term.

2. Fees and Payment Terms.

a. Fees. Customer will pay all fees and expenses in accordance with applicable Service Orders.

b. Fee Adjustments. Unless a shorter period is set forth in this Agreement or the applicable Service Order (e.g., for VoIP termination or interconnected VoIP, which can be adjusted on 24-hours' notice), Company may change any of the fees it charges Customer for any Service, effective thirty (30) calendar days after Company provides written notice to Customer. If any change in fees causes a material and adverse effect to the terms of the Services provided to the Customer, then within ten (10) calendar days from the date of the foregoing notice from Company, Customer must provide written notice to Company that it rejects the changed fees. Within ten (10) calendar days thereafter, Company shall elect either to continue to provide the Services under the prior terms or terminate this Agreement, which decision shall be effective ten (10) calendar days after notice of same to Customer.

c. Payment Terms. Payment terms are as set forth in the applicable Service Order. If payment terms are not established in the Service Order, then all Services provided hereunder shall be prepaid.

d. Late Payments. Late payments shall incur a penalty of five percent (5%) of the late amount and shall incur interest at the rate of ten percent (10%) per annum or, if lower, the highest rate allowed by applicable law. For prepaid Services, all Services shall cease when Customer's account balance reaches zero (0). For non-prepaid Services, Company will notify Customer on the first occasion each calendar year that the account becomes delinquent and Customer shall have three (3) days to cure the payment default. In all other instances, Company may immediately terminate this Agreement and cease all Services provided hereunder and under any Service Order.

e. Taxes; Surcharges. Unless otherwise stated in an applicable Service Order, all fees charged for Services are exclusive of applicable taxes, surcharges (e.g., directory assistance, operator assistance, pay phones, etc.) and similar fees now in force, enacted or imposed in the future on the transaction or use or delivery of the Services, all of which Customer will be responsible for and will pay in full, except for taxes solely based on Company's net income.

f. Deposits. Company may require a Customer deposit ("Deposit") to secure Customer's financial obligations under this Agreement; including, without limitation the payment of all fees,

penalties, interest, indemnification obligations, and similar amounts. If a Deposit is required, it shall be set forth in the applicable Service Order and the payment of such Deposit shall be a condition precedent to Company's obligations hereunder.

3. Confidential Information; Intellectual Property Ownership; License Grants.

a. Confidential Information.

(i) Nondisclosure of Confidential Information. Each party acknowledges that it will have access to certain confidential information of the other party concerning the other party's business, plans, vendors, employees, customers, technology, products, and other information held in confidence by the other party (collectively, "Confidential Information"). Confidential Information will include all information in tangible or intangible form that is marked or designated as confidential or that, under the circumstances of its disclosure, should be considered confidential. Confidential Information includes all Company Technology, the terms and conditions of this Agreement and Customer Data (which data is owned by and always the Confidential Information of Customer). Each party agrees that it will not use in any way, for its own account or the account of any third party, except as expressly permitted by, or to the limited extent required to achieve the purposes of, this Agreement, nor disclose to any third party (except as required by law or to such party's attorneys, accountants and other advisors as reasonably necessary), any Confidential Information of the other party. Each party will take commercially reasonable precautions to protect the other party's Confidential Information, which are at least as stringent as it takes to protect its own Confidential Information.

(ii) Exceptions. Information will not be deemed Confidential Information if such information: (a) is known to the receiving party prior to receipt from the disclosing party directly or indirectly from a source other than one having an obligation of confidentiality to the disclosing party; (b) becomes known (independently of disclosure by the disclosing party) to the receiving party directly or indirectly from a source other than one having an obligation of confidentiality to the disclosing party; (c) becomes publicly known or otherwise ceases to be secret or confidential, except through a breach of this Agreement by the receiving party; or (d) is independently developed by the receiving party without use of or reference to the Confidential Information of the disclosing party. The receiving party may disclose Confidential Information pursuant to the requirements of a governmental agency or by operation of law, provided that it gives the disclosing party reasonable prior written notice sufficient to permit the disclosing party to contest such disclosure. The party asserting one of the foregoing exceptions has the burden of proving such exception.

b. Intellectual Property. Customer acknowledges that Company is the sole owner of all right, title and interest in and to Company Technology and that this Agreement does not transfer to Customer any Company Technology. Similarly, this Agreement does not transfer to Company any Customer Data, and the right, title and interest in and to Customer Data will remain the sole property of Customer. Company and Customer each agrees that it will not, directly or indirectly, reverse engineer, decompile, disassemble or otherwise attempt to derive source code or other trade secrets of the other party. Notwithstanding anything to the contrary in this Agreement, Company is not prohibited or enjoined at any time from utilizing any skills or knowledge of a general nature created by Company during the course of providing the Services, including, without limitation, information publicly known or available or that could reasonably be acquired in similar work performed for another customer of Company.

c. Licenses. Company agrees that, if in the course of accessing and using the Services, it is necessary for Customer to use certain items of Company Technology, then Customer is hereby granted a limited, nonexclusive, personal, royalty-free license, during the term of this Agreement, to use the Company Technology solely for purposes of accessing and using the Services. Customer shall have no right to use the Company Technology for any purpose other than accessing and using the Services in accordance with this Agreement and any applicable Service Order. Customer agrees that, if in the course of providing the Services and any related customer support, it is necessary for Company to access certain items of Customer Data, then Company is hereby granted a limited, nonexclusive, personal, royalty-free license, during the term of this Agreement, to access the Customer Data solely for such purpose. Company shall have no right to access or use the Customer Data for any purpose other than providing the Services and related customer support in accordance

with this Agreement. If any Service Order contains license provisions, then such Service Order shall govern anything to the contrary in this paragraph.

4. Company Representations and Warranties.

a. Authorities and Performance of Company. Company warrants that it has the legal right to enter into this Agreement and perform its obligations hereunder. In the event of a breach of the warranties set forth in this Section 4.a., Customer's sole remedy is termination of this Agreement pursuant to Section 8, and Section 1.d. shall not apply to such termination.

b. Service Level Warranty. Each Service Level Warranty, if any, is defined in the Schedule for each Service or in the applicable Service Order. EXCEPT FOR THE EXPRESS WARRANTIES SET FORTH THEREIN, THE SERVICES ARE PROVIDED ON AN "AS IS" BASIS, AND CUSTOMER'S USE OF THE SERVICES IS AT ITS SOLE RISK. COMPANY DOES NOT MAKE, AND HEREBY DISCLAIMS, ANY AND ALL OTHER EXPRESS AND IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, WARRANTIES OF MERCHANTABILITY, QUALITY, PERFORMANCE, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT, TITLE, AND ANY WARRANTIES ARISING FROM A COURSE OF DEALING, USAGE, OR TRADE PRACTICE. FURTHER, COMPANY DOES NOT WARRANT THAT THE SERVICES WILL BE UNINTERRUPTED, ERROR-FREE, OR SECURE.

c. Disclaimer of Third Party Actions. Company does not and cannot control (i) the flow of data to or from the Company Network or within any portion of the Internet, or (ii) the termination of VoIP telecommunications. Such flow and such telecommunication services depend in large part on the performance of services provided by third parties. As a result thereof, interruptions or outages may occur. Although Company will use commercially reasonable efforts to avoid, minimize and remedy such events, Company cannot guarantee that such events will not occur. Accordingly, Company disclaims any and all liability resulting from, or related to, such events.

5. Certain Laws; Customer Representations, Warranties and Other Obligations.

a. AWARENESS OF CERTAIN LAWS. PRIOR TO ACCESSING THE COMPANY NETWORK OR USING ANY OF THE SERVICES, CUSTOMER (INCLUDING, WITHOUT LIMITATION, EACH EMPLOYEE, CONTRACTOR, AGENT, CLIENT, OR OTHER PARTY ACCESSING THE COMPANY NETWORK OR USING THE SERVICES BY OR THROUGH CUSTOMER OR WITH CUSTOMER'S LOG-IN INFORMATION, WHETHER AUTHORIZED OR NOT, EACH BEING A "CUSTOMER PARTY") IS, AND SHALL REMAIN, AWARE OF THE LEGALITIES OF ALL INTENDED USES OF THE SERVICES. WITHOUT IN ANY WAY LIMITING THE GENERAL NATURE OF THE REPRESENTATIONS AND WARRANTIES SET FORTH BELOW OR THE COVENANT IN THE PRECEDING SENTENCE, CUSTOMER, FOR ITSELF AND EACH CUSTOMER PARTY, AGREES THAT IT IS AWARE OF THE LAWS AND REGULATIONS CONTAINED ON THE FOLLOWING WEBSITES OR OTHERWISE REFERENCED BELOW, INCLUDING, WITHOUT LIMITATION, THE FTC REGULATIONS THAT BECAME EFFECTIVE ON SEPTEMBER 1, 2009:

[HTTP://WWW.DONOTCALL.GOV](http://WWW.DONOTCALL.GOV) (DO NOT CALL REGISTRY)

[HTTP://WWW.FTC.GOV](http://WWW.FTC.GOV) (FEDERAL TRADE COMMISSION AND TELEMARKETING SALES RULE)

[HTTP://WWW.FCC.GOV](http://WWW.FCC.GOV) (FEDERAL COMMUNICATIONS COMMISSION AND THE TELEPHONE CONSUMER PROTECTION ACT)

VOICE RECORDING LAWS. IF CUSTOMER OR ANY CUSTOMER PARTY UTILIZES THE SERVICE'S CALL RECORDING FEATURES, THEN IN ADDITION TO ANY OTHER LEGAL REQUIREMENTS, CUSTOMER SHALL, AND SHALL CAUSE EACH CUSTOMER PARTY TO, START EACH CALL OR PORTION OF A CALL WITH A MESSAGE THAT THE CALL IS BEING RECORDED FOR QUALITY ASSURANCE PURPOSES OR OTHER LEGAL PURPOSE FOR WHICH SUCH CALL IS BEING RECORDED.

b. Representations and Warranties. Customer represents and warrants that (i) it has the legal right and authority to enter into this Agreement and perform its obligations hereunder; (ii) the performance of its obligations hereunder and use of the Services (by Customer and each Customer Party) will not violate any applicable laws or regulations; cause a breach of any agreements with any third parties; or unreasonably interfere with any third party's use of Company's services.

c. Compliance with Law. Customer shall use the Service(s) only for lawful purposes and in accordance with this Agreement. Customer will comply at all times with all applicable laws and regulations. Customer shall comply with such restrictions and, in the event of a failure to comply, Customer will be subject to immediate suspension or termination of Services. Notwithstanding any suspension or termination of the Service due to violation of this Section 5, Customer shall continue to pay all fees as set forth on all Service Orders. Customer will provide Company with twenty-four (24) hour contact information for notification of violations hereunder. Customer acknowledges that Company exercises no control over the content of the information passing through Customer's websites and that it is the sole responsibility of Customer to ensure that the information it and all Customer Parties transmit and receive complies with all applicable laws and regulations and this Agreement. Although Company does not have a policy of monitoring or recording its customers' use of the Services, Company reserves the right to monitor and/or record any aspect of Customer's use of the Services for quality assurance, and to ensure compliance with this Agreement and applicable laws.

d. Customer's Clients. Customer may use the Services directly or provide part or all of the Services to its own clients, which will each be considered a "Customer Party" as defined above. Regardless, Customer shall be completely liable for its and all Customer Parties' use and/or misuse of the Services. No client of Customer shall be a third party beneficiary of this Agreement and Company owes no obligations to Customer's clients.

e. Security. Customer is solely responsible for maintaining the confidentiality of its password and account information, and all actions of persons using such password and account information (each, being a "User"). Customer is solely responsible for the security, privacy, and protection of its network, hardware, software, firmware, and other similar items. Customer shall configure its systems in order to provide the maximum possible security and accountability. Company is not liable for any damage caused by such system configurations, regardless of whether such configurations have been requested, approved or authorized by Company. Customer shall promptly notify Company in writing of any instance that Customer discovers that this Agreement has been violated, including, without limitation, if anyone accesses the Services through Customer's account but without authorization. If Company notifies Customer of any violation of this Agreement or any unauthorized use of Customer's account, Customer shall promptly investigate such report and resolve such violation.

f. Breach. In the event of any breach of any of the warranties set forth in Section 5.b., 5.c., 5.d. and 5.e. above, in addition to any other remedies available at law, in equity, or elsewhere in this AGREEMENT, Company will have the right, in its sole reasonable discretion, to suspend immediately any of the Services if deemed reasonably necessary by Company to prevent harm to Company or its business.

6. Limitations of Liability. COMPANY SHALL NOT BE LIABLE FOR ANY DAMAGE TO, OR LOSS OF, ANY CUSTOMER EQUIPMENT, SOFTWARE, FIRMWARE OR DATA, RESULTING FROM ANY CAUSE OTHER THAN FROM THE WILLFUL MISCONDUCT OF COMPANY. UNDER NO CIRCUMSTANCES SHALL COMPANY BE LIABLE TO CUSTOMER OR ANY THIRD PARTY CLAIMING BY OR THROUGH CUSTOMER (INCLUDING ANY CLIENT OF CUSTOMER OR ANY OTHER PERSON ACCESSING THE SERVICES BY OR THROUGH CUSTOMER) FOR ANY PUNITIVE, INDIRECT, CONSEQUENTIAL, SPECIAL, OR OTHER SIMILAR DAMAGES; INCLUDING, BUT NOT LIMITED TO, LOST REVENUE, LOST PROFITS, REPLACEMENT GOODS, LOSS OF TECHNOLOGY, RIGHTS OR SERVICES, LOSS OF DATA, OR INTERRUPTION OR LOSS OF USE OF SERVICE OR EQUIPMENT, EVEN IF ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, WHETHER ARISING UNDER THEORY OF CONTRACT, TORT (INCLUDING NEGLIGENCE), STRICT LIABILITY OR OTHERWISE. COMPANY MAKES NO WARRANTIES HEREUNDER WITH RESPECT TO ITS GOODS, SERVICES OR OTHERWISE, AND, INCLUDING, WITHOUT LIMITATION, ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. COMPANY'S LIABILITY TO CUSTOMER FOR THE BREACH OF ANY TERM OR CONDITION CONTAINED HEREIN SHALL IN NO EVENT EXCEED THE CUMULATIVE AMOUNT OF FEES PAID BY CUSTOMER HEREUNDER DURING THE (THREE) 3-MONTH PERIOD IMMEDIATELY PRECEDING THE DATE SUCH CLAIM AROSE. THE PARTIES ACKNOWLEDGE THAT COMPANY HAS SET ITS PRICES AND ENTERED INTO THIS AGREEMENT IN RELIANCE UPON THE LIMITATIONS OF LIABILITY AND THE DISCLAIMERS OF WARRANTIES AND DAMAGES SET FORTH HEREIN, AND THAT THE SAME FORM AN ESSENTIAL BASIS OF THE BARGAIN BETWEEN THE PARTIES.

7. Indemnification. Customer shall indemnify and hold harmless Company and Company's affiliated entities, officers, directors, employees, and agents, and shall defend, at Customer's expense, and pay the cost of any damages, settlement or award (including reasonable attorneys' fees and all related costs) arising out of, or in connection with, any investigation, actual or threatened claim, suit, action or proceeding by any person or authority arising out of Customer's or any Customer Party's (i) violation, or alleged violation, of any representation, warranty or covenant contained herein, (ii) use of the Services, (iii) accessing the Company's Network, or (iv) other acts or omissions. If Customer fails to promptly investigate and defend or settle any claim of which Customer is notified, then Company has the right to take sole control over defense of the claim and all negotiations for its settlement or compromise, and Customer shall pay, as they become due, all of the reasonable costs and expenses (including reasonable attorneys' fees and related costs) reasonably incurred by Company in defending or negotiating settlement of the claim, and Customer shall satisfy any related settlement, award, or judgment.

In the event that Company, or any Company affiliate, is required to respond to a third party or law enforcement subpoena that relates to use of the Services by or through Customer's account or data generated pursuant thereto, Company may in its sole discretion require Customer to reimburse it for its reasonable expenses (including attorney's fees) associated with complying with such subpoena.

8. Termination.

a. For Cause. Either party may terminate this AGREEMENT if: (i) the other party breaches any material term or condition of this AGREEMENT and fails to cure such breach within thirty (30) calendar days after receipt of written notice of the same, except in the case of Customer's failure to pay fees, which must be cured within three (3) calendar days after receipt of written notice from Company on the first occasion each trailing 12-months (i.e., the second occurrence in any 12-month period shall subject Customer to immediate termination without notice or opportunity to cure); (ii) the other party becomes the subject of a voluntary petition in bankruptcy or any voluntary proceeding relating to insolvency, receivership, liquidation, or composition for the benefit of creditors, if such petition or proceeding is not dismissed within sixty (60) calendar days of filing; or (iii) the other party becomes the subject of an involuntary petition in bankruptcy or any involuntary proceeding relating to insolvency, receivership, liquidation, or composition for the benefit of creditors, if such petition or proceeding is not dismissed within sixty (60) calendar days of filing. If Customer terminates this AGREEMENT for cause for any of the reasons set forth in this Section 8.a., then Section 1.d. shall not apply to such termination.

b. Effect of Termination. Upon the effective date of termination of this AGREEMENT, Company will immediately cease providing the Services; and any and all payment obligations of Customer under this AGREEMENT for Services provided through the date of termination will immediately become due. If Customer fails to pay such amounts on the date due, then Company shall impose the late fees set forth in Section 2.d. Upon the written request of a party, the other party will promptly return, or certify the destruction of, all Confidential Information of the requesting party then in its possession, and will not make or retain any copies of such Confidential Information, except as required to comply with any applicable legal or accounting record keeping requirement.

c. Survival. Sections 1.d., 2 (to the extent that all such fees have not been paid upon termination), 3.a. and 3.b., 6, 7, 8, and 9 shall survive the expiration or earlier termination of this AGREEMENT.

9. Miscellaneous.

a. Force Majeure. Except for Customer's obligation to make payments to Company, neither party will be liable for any failure or delay in its performance under this Agreement due to any cause beyond its reasonable control, including acts of war, acts of God, terrorism, earthquake, flood, embargo, riot, sabotage, labor shortage or dispute, governmental act or failure of the Internet (not resulting from the acts or omissions of Company), provided that the delayed party: (i) gives the other party prompt notice of such cause, and (ii) uses commercially reasonable efforts to promptly correct such failure or delay in performance. If Company is unable to provide Service(s) for a period of thirty

(30) consecutive calendar days as a result of a continuing force majeure event, Customer may cancel the Services.

b. Marketing. Customer agrees that, during the term of this Agreement, Company may publicly refer to Customer, orally and in writing, as a customer of Company. Customer must receive expressed written permission from Company prior to publicly referring to Company as an entity supplying services to Customer.

c. Government Regulations. Customer will not export, re-export, transfer, or make available, whether directly or indirectly, any regulated item or information to anyone outside ~~Canada~~ in connection with this Agreement without first complying with all export control laws and regulations which may be imposed by applicable law.

d. Non-Solicitation. During the term of this Agreement and continuing through the first anniversary of the termination of this Agreement, Customer agrees that neither it nor any of its affiliates will, directly or indirectly, solicit or attempt to solicit for employment any persons employed by Company or contracted by Company to provide Services to Customer.

e. No Third Party Beneficiaries. Company and Customer agree that, except as otherwise expressly provided in this Agreement, there shall be no third party beneficiaries to this Agreement, including but not limited to the insurance providers for either party or the clients of Customer.

f. Governing Law. This Agreement is made under and will be governed by and construed in accordance with the internal laws of the State of California (without effect to this conflict of laws provisions). Any controversy, claim, or dispute arising under or relating to this Agreement, including the existence, validity, interpretation, performance, termination or breach thereof, shall finally be settled by a court of competent jurisdiction located in Orange County, California. The prevailing party in any such action shall be entitled to reimbursement of all of its related expenses (including reasonable attorneys' fees and costs) from the non-prevailing party.

g. Severability; Waiver. If any provision of this Agreement is held by a court of competent jurisdiction to be contrary to applicable law, then the remaining provisions of this Agreement will remain in full force and effect. The waiver of any breach or default of this Agreement will not constitute a waiver of any subsequent breach or default, and will not act to amend or negate the rights of the waiving party.

h. Assignment. Upon the prior written notice to Company, Customer may assign this Agreement in whole as part of a corporate reorganization, consolidation, merger, or sale of substantially all of its assets provided the assignee's financial condition and credit rating is comparable to or better than that of Customer and (as would be reasonably determined) the proposed assignee is not one of the Company's major competitors. Customer may not otherwise assign its rights or delegate its duties under this Agreement either in whole or in part without the prior written consent of Company, and any attempted assignment or delegation without such consent will be void. Company may assign this Agreement in whole or part as part of a corporate reorganization, consolidation, merger, or sale of substantially all of its assets. Company also may delegate the performance of certain Services to third parties, including Company's wholly owned subsidiaries, provided Company controls the delivery of such Services to Customer and remains responsible to Customer for the delivery of such Services. This Agreement will bind and inure to the benefit of each party's successors and permitted assigns.

i. Notice. Any notice or communication required or permitted to be given hereunder may be delivered by hand, deposited with an overnight courier, or mailed by registered or certified mail, return receipt requested, postage prepaid, in each case to the address of the receiving party as listed on the Service Order or at such other address as may hereafter be furnished in writing by either party to the other party. Such notice will be deemed to have been given as of the date it is delivered or delivery is refused.

j. Relationship of Parties. Company and Customer are independent contractors and this Agreement will not establish any relationship of partnership, joint venture, employment, franchise or agency between Company and Customer.

k. Entire Agreement; Counterparts; Originals This Agreement, including all attachments referenced herein (e.g., Service Orders), constitutes the complete and exclusive Agreement between the parties with respect to the subject matter hereof, and supersedes and replaces any and all prior or contemporaneous discussions, negotiations, understandings and Agreement's, written and oral, regarding such subject matter. Any additional or different terms in any purchase order or other response submitted to the Company by Customer shall be deemed objected to by Company without need of further notice of objection, and shall be of no effect or in any way binding upon Company. This Agreement may be executed (in person, via facsimile or by other electronic means) in two or more counterparts, each of which will be deemed an original, but all of which together shall constitute one and the same instrument. This Agreement may be changed only by a written document signed by authorized representatives of Company and Customer in accordance with this Section 9.k.

IN WITNESS WHEREOF, duly authorized representatives of Customer and Company have read the foregoing and all documents incorporated therein, and agree and accept such terms effective as of the date first written below.

"Company"

NetDotSolutions, Inc.

4695 MacArthur Ct., Suite 930
Newport Beach, CA 92660

Signature: _____

James B. Christiano
President

Date: _____

June 28, 2013

"Customer"

Dial Soft Technologies, Inc.

Signature: _____

Printed Name: Raymond Verillo

Title: _____

Date: _____

June 28, 2013

CONFIDENTIAL

NDST000068

SCHEDULE A

Customer Equipment

Christiano IH, Ex. 11

CONFIDENTIAL

NDS0000041

TERAMESH NETWORKS, LLC

SERVICE ORDER

This Service Order specifies the particular services ordered by "Customer" and agreed to be provided by TeraMESH Networks, LLC ("TeraMESH") pursuant to the "Terms of Use" attached hereto. This Service Order replaces all prior Service Orders between the parties.

Company Name: Dial Soft Technologies, Inc.	Technical Contact: Raymond Verallo
Address: 3843 S. Bristol Street, Suite 4992	Technical Email:
Santa Ana, CA 92704	Direct:
Billing Contact: Andy Salisbury	Cell: (714) [REDACTED]
Billing Email:	Order Date:
Direct: (714) [REDACTED]	Install Date:
Cell: (714) [REDACTED]	Term: 1 Year

Location. TeraMESH's collocation space at 6245 Grand Ave., #19C9, Los Angeles, California.

Payment. All Monthly Recurring Charges are due in total on the first day of each calendar month. All prices are based on a 1-year commitment. All payment will be made by wire transfer. Service may be terminated for Customer's failure to pay in accordance with the Terms of Use.

Item	Quantity	Unit Price	Monthly Price	1 Year Price
Network/Firewall Management, software patching, database maintenance, other routine system maintenance	1	\$6,000.00	N/A	\$6,000.00
100M Burstable Internet, 16 IP's, 20M Commit	20	\$9.00	N/A	\$180.00
Dell Chassis Slots	4	\$30.00	N/A	\$120.00
Rack Space (per RU)	3	\$30.00	N/A	\$90.00
208V Power (per Amp)	5	\$35.00	N/A	\$175.00
TOTAL:				\$6,565.00

95th Percentile Bandwidth Utilization. Customer is purchasing a minimum amount of committed bandwidth each month, with any excess charged based on "95th Percentile" utilization described as follows.

- Customer shall pre-pay its minimum committed bandwidth each month at the rate set forth above. TeraMESH's SNMP bandwidth monitoring will sample (i.e., record a data point evidencing how much bandwidth that the Customer is using at that instant) the inbound and outbound for each service connection every five (5) minutes and retain those samples for a period of one month.
- At the end of each month, all the data samples for the inbound and outbound are collected and sorted from the highest to the lowest individually. The highest five percent (5%) of each the inbound and outbound are discarded, and the next highest remaining data sample, whether inbound or outbound, is the "95th Percentile" number. This number is used as the basis for computing any additional charges for that particular month of service, over the prepaid minimum committed usage. If the 95th Percentile number is less than the minimum committed amount, then no additional charges will be assessed.

TeraMESH Networks, LLC:

Dial Soft Technologies, Inc.:

By: [Signature]
 Its: President
 Date: June 28, 2013

By: [Signature]
 Its: President
 Date: June 24, 2013

TeraMESH Networks, LLC
 -CONFIDENTIAL-
 4695 MacArthur Ct. Suite 930, Newport Beach, CA 92660
 Sales: 949-596-4600 Fax: 949-660-0531
 August 1, 2009

Exhibit DJ 1
 Christiano Tr.

Exhibit 11

TERAMESH NETWORKS, LLC

Terms of Use

Last Updated: June 18, 2013

1. General. These Terms of Use (this "Agreement") set forth the standards and conditions of Dial Soft Technologies, Inc., a California corporation ("Customer") using various services provided by TeraMESH Networks, LLC ("Company") pursuant to one or more Service Orders. All services shall be provided pursuant to a Service Order, which must be duly executed by Customer and accepted and duly executed by Company. By executing a Service Order or using the Service, Customer agrees to the terms and conditions of this Agreement. Company reserves the right, at any time, to modify, alter, or update the terms and conditions of this Agreement without prior notice. Modifications shall become effective immediately upon posting such modified terms on Company's website or providing other notice to Customer. Any use of the Service after amendments are posted (or Customer is otherwise notified) constitutes an acknowledgement and acceptance of this Agreement, as so modified. Thus, you should regularly check the Terms of Use for any updates. Except as provided in this paragraph, this Agreement may not be amended.

2. Description of Service; Necessary Equipment. Company provides Internet bandwidth via a cross-connect to Company's equipment, in an amount and at the location designated in the Service Order (the "Service"). Customer must (1) provide all equipment necessary for connection to Company's equipment and for use of the Services, and (2) pay all fees and costs related to the foregoing.

3. Use of Service.

a. Security. Customer is solely responsible for maintaining the confidentiality of its password and account information, and all actions of persons using such password and account information (each, being a "User"). Customer is solely responsible for the security, privacy, and protection of its network, hardware, software, firmware, and other similar items. Customer shall configure its systems in order to provide the maximum possible security and accountability. Company is not liable for any damage caused by such system configurations, regardless of whether such configurations have been requested, approved or authorized by Company. As between Customer and Company, Customer is solely responsible for all persons accessing Company's services by or through Customer's account or equipment.

b. Unauthorized Access; Interference. Customer shall not attempt to gain unauthorized access to, monitor, or attempt to interfere with, Company's or any third party network, system, facility, equipment or information.

c. Illegal Activity. Customer agrees to use the Services only for lawful purposes and otherwise in accordance with this Agreement and the Service Order. Customer shall not use the Services for the transmission, distribution, retrieval or storage of any information, data or other material in violation of any applicable law or regulation.

d. Notification. Customer shall promptly notify Company in writing of any instance that Customer discovers that this Agreement has been violated, including, without limitation, if anyone accesses the Services through Customer's account but without authorization. If Company notifies Customer of any violation of this Agreement or any unauthorized use of Customer's account, Customer shall promptly investigate such report and resolve such violation.

4. Service Level. The Service shall be accessible to Customer twenty-four (24) hours a day, seven (7) days a week, except for scheduled maintenance, required repairs, and during a Force Majeure Event (defined below). "Scheduled maintenance" means maintenance that Company notifies Customer of at least 24 hours in advance. Company shall use commercially reasonable efforts to perform scheduled maintenance during times of typically low usage. In the event of any loss or interruption of the Services, Customer's sole and exclusive remedy and Company's sole and exclusive liability for any such loss or interruption, shall be as follows: For loss or interruption of the Services that is due to causes other than scheduled maintenance, required repairs, or a Force Majeure Event, and which loss or interruption exceeds a continual period of one (1) hour Customer shall receive a credit for one (1) day's fees (i.e., 1/30th of Customer's monthly recurring charge). Company is not responsible for service issues concerning Customer's computer or related software, or for any of the other equipment or telecommunications elements that impact the Services or the delivery thereof.

5. Disclaimer of Warranties. TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, COMPANY MAKES NO REPRESENTATIONS OR WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, REGARDING THE USE OF THE SERVICES. COMPANY SHALL HAVE NO LIABILITY FOR ANY INTERRUPTIONS IN THE USE OF THE SERVICE OTHER THAN AS SET FORTH IN SECTION 4 ABOVE. COMPANY DISCLAIMS ALL WARRANTIES WITH REGARD TO THE SERVICE, INCLUDING THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, AND NON-INFRINGEMENT. SOME JURISDICTIONS DO NOT ALLOW THE EXCLUSION OF IMPLIED WARRANTIES, THEREFORE THE ABOVE PROVISIONS SHALL BE LIMITED TO THE MINIMUM DEGREE NECESSARY TO BE LEGAL IN SUCH JURISDICTIONS.

6. Limitation of Liability. TO THE GREATEST EXTENT PERMITTED BY APPLICABLE LAW, COMPANY'S LIABILITY TO ANY CUSTOMER SHALL BE LIMITED TO PROVEN DIRECT DAMAGES IN AN AMOUNT NOT EXCEEDING ONE MONTH'S MONTHLY RECURRING CHARGE. COMPANY SHALL NOT BE LIABLE FOR ANY SPECIAL, INDIRECT, CONSEQUENTIAL, OR INCIDENTAL DAMAGES, OR DAMAGES FOR LOST PROFITS, LOSS OF REVENUE, OR LOSS OF USE, ARISING OUT OF OR RELATED TO THE SERVICES, WHETHER SUCH DAMAGES ARISE IN CONTRACT, NEGLIGENCE, TORT, UNDER STATUTE, IN EQUITY, AT LAW, OR OTHERWISE, EVEN IF IT HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. SOME JURISDICTIONS

Exhibit DJ 1
Christiano Tr.

Exhibit 11

DO NOT ALLOW FOR THE LIMITATION OR EXCLUSION OF LIABILITY FOR INCIDENTAL OR CONSEQUENTIAL DAMAGES. THEREFORE THE ABOVE LIMITATIONS SHALL BE LIMITED TO THE MINIMUM DEGREE NECESSARY TO BE LEGAL IN SUCH JURISDICTIONS.

7. Indemnification. Customer agrees to indemnify, defend and hold Company, its parents, subsidiaries, affiliates, members, managers, officers, employees and agents, harmless from any claim or demand (including, without limitation, reasonable attorneys' fees and related costs) made due to or arising from (i) Customer's (or any other person accessing Company's services by or through Customer's equipment or account) use of the Company's service; (ii) violation of this Agreement; or (iii) infringement of any intellectual property or any other right of any person or entity. If Customer fails to promptly investigate and defend or settle any claim of which Customer is notified, then Company has the right to take sole control over defense of the claim and all negotiations for its settlement or compromise, and Customer shall pay, as they become due, all of the reasonable costs and expenses (including reasonable attorneys' fees and related costs) reasonably incurred by Company in defending or negotiating settlement of the claim, and Customer shall satisfy any related settlement, award, or judgment.

8. Termination of Service. Company may immediately terminate part or all of the Services in the following situations:

- a. In the event that Customer violates any obligation contained in Section 3 or 7 of this Agreement;
- b. In the event that Customer fails to make any payment due hereunder (or under any Service Order) within three (3) days after notice from Company;
- c. In the event that Customer violates any other provision of this Agreement or any Service Order and fails to cure such breach within thirty (30) days after notice from Company; and
- d. Upon thirty (30) days prior written notice.

9. Force Majeure. "Force Majeure Event" means an event beyond the reasonable control of Company; including, without limitation: acts of God; fire; flood; labor strike; sabotage; computer viruses; computer hacking; material shortages, utilities or telecommunications interruptions, or unavailability, interruption or failure of digital transmission links and Internet slow-downs or failures or other delay not resulting from Company's failure to timely place orders; lack of or delay in transportation; government codes, ordinances, laws, rules, regulations or restrictions; or war or civil disorder. If a Force Majeure Event continues uninterrupted for thirty (30) days or more, then either party may terminate this Agreement by providing written notice of termination to the other party.

10. Notices. All notices, consents, waivers, and other communications hereunder shall be in writing and shall be deemed to have been duly given when received (or refusal to accept delivery) if (i) delivered by hand (with written confirmation of receipt), (ii) deposited with the U.S. Postal Service, via certified or registered mail, return receipt requested, or (iii) sent by a nationally recognized express delivery service (which delivery is confirmed by tracking number), in each case to the appropriate address set forth for such party in the first paragraph above, or to such other address as a party may designate to the other party pursuant hereto.

11. Applicable Law; Attorneys Fees. This Agreement shall be construed and governed by the laws of the State of California without effect to its conflict of laws provisions. If a dispute arises under this Agreement, the prevailing party shall be entitled to recover its costs and reasonable attorneys' fees incurred in connection with such action. The parties agree on behalf of themselves and any persons claiming by or through them that the sole location and venue for any litigation or other action arising hereunder shall be in an appropriate federal or state court in Orange County, California.

12. Miscellaneous.

- a. Severability. If any provision of this Agreement shall be unlawful, void or unenforceable for any reason, the other provisions (and any partially-enforceable provision) shall not be affected thereby and shall remain valid and enforceable to the maximum possible extent.
- b. Assignment. Customer may not assign any portion of the Services or any rights or obligations under this Agreement without the prior written consent of Company.
- c. Final Agreement. This Agreement, including all Service Orders and other items referenced herein, evidences the complete understanding and agreement of the parties concerning the subject matter hereof and supercedes and merges any prior understandings or agreements.
- d. Waivers. No waiver or breach of any provision shall be deemed a waiver of any other provision, and no waiver shall be valid unless it is in writing and executed by the waiving party. No extension of time for performance of any obligation or act shall be deemed an extension of time for any other obligation or act.

Hardware Inventory Addendum

ITEM	Serial Number
Dell M710	DH3PGS1
Dell M620	G4W7RV1
Dell R610	3N1CHN1
Dell M610	5CBD5L1
Seagate 1TB SAS Drive	9XG2KA6H
Seagate 1TB SAS Drive	9XG2KFP8
Seagate 1TB SAS Drive	9XG2CMHT
Seagate 1TB SAS Drive	9XG2EM29
SAMSUNG 470 Series SSD	SOMSNEAZ801111
SAMSUNG 470 Series SSD	SOMSNEAZ801289
SAMSUNG 470 Series SSD	SOMSNEAZ802438
SAMSUNG 470 Series SSD	SOMSNEAZ801117
SAMSUNG 470 Series SSD	SOMSNEAZ801288
SAMSUNG 470 Series SSD	SOMSNEAZ802458
SAMSUNG 470 Series SSD	SOMSNEAZ801341
SAMSUNG 470 Series SSD	SOMSNEAZ801118
SAMSUNG 470 Series SSD	SOMSNEAZ801285
SAMSUNG 470 Series SSD	SOMSNEAZ801302
SAMSUNG 470 Series SSD	SOMSNEAZ802459
SAMSUNG 470 Series SSD	SOMSNEAB300720
SAMSUNG 470 Series SSD	SOMSNEAZ801352
SAMSUNG 470 Series SSD	SOMSNEAZ802440
SAMSUNG 470 Series SSD	SOMSNEAZ801313
SAMSUNG 470 Series SSD	SOMSNEAZ802541
SAMSUNG 470 Series SSD	SOMSNEAZ802536
SAMSUNG 470 Series SSD	SOMSNEAZ801053
SAMSUNG 470 Series SSD	SOMSNEAZ801044
SAMSUNG 470 Series SSD	SOMSNEAZ802529
SAMSUNG 470 Series SSD	SOMSNEAZ801735
SAMSUNG 470 Series SSD	SOMSNEAZ801798
SAMSUNG 470 Series SSD	SOMSNEAZ801041
SAMSUNG 470 Series SSD	SOMSNEAZ802434

Exhibit DJ 1
Christiano Tr.

Exhibit 11

Christiano IH, Ex. 12

SERVICE ORDER

VoIP Termination

This Service Order specifies the particular services ordered by "Customer" and agreed to be provided by Voicelnc.com Corporation ("Voicelnc") pursuant to the Master Service Agreement (MSA) between the parties dated of even date herewith. This Service Order replaces all prior Service Orders between the parties.

Company Name: Dial Soft Technologies, Inc.
Address: 3843 S. Bristol Street, Ste. 4982
 Santa Ana, CA 92704
Billing Contact: Andy Salisbury
Billing Email:
Direct:
Cell: 714- [REDACTED]

Technical Contact: Ray Verallo
Technical Email:
Direct:
Cell: 714- [REDACTED]
Order Date:
Install Date:
Term: 1 year

Prepayment: Prepayment: All charges shall be prepaid via wire or PayPal. There is a 2.5% processing fee with the exception of cash (defined as ACH, wire) payments. These fees are subject to change. Billing increments shall be a minimum of six (6) seconds, and thereafter in six (6) second increments in US and Canada. International billing increments shall be a minimum of thirty (30) seconds, and thereafter in six (6) second increments with the exception of Mexico, which shall be a minimum of sixty (60) seconds, and thereafter in sixty (60) second increments.

****VOIP Fee Adjustment Notification:** Notwithstanding Section 2.b. of the MSA, all "per minute" charges can be changed by Voicelnc on 24 hours notice to Customer. In the event of a price change hereunder, Customer shall have three (3) days to terminate the MSA and all related Service Orders.

USF Taxes: Customer's pricing includes Voicelnc remitting USF for the underlying telecommunications services, if any. All other taxes and surcharges are governed by Section 2.e. of the MSA.

Service Fees	Usage (minutes)
VoIP Termination**	.0065

See Exhibit A for additional services and surcharges.

Voicelnc.com Corporation

Dial Soft Technologies, Inc.

June 28, 2013
 Date

June 24, 2013
 Date

James Christiano
 Name

Raymond Verallo
 Name

[Signature]
 Signature/Title President

[Signature]
 Signature/Title President

Exhibit A		
VoIP Surcharges		
	VAR	Suggested Retail
<u>Surcharges Outbound</u>		
ANI: IJ (Indeterminate: invalid or non-working caller ID) & Intrastate Calls	0.01	0.02
ANI: Toll Free caller ID	0.002	0.005
Alaska	0.028	0.05
Caribbean	0.019	0.05
US Pacific	0.019	0.05
Directory Assistance	1	1.5
<u>Surcharges Inbound</u>		
Alaska Inbound Toll Free	0.155	0.16
Canada Inbound Toll Free	0.065	0.07
Local ANI-Domestic	0.013	0.015
Toll Free ANI- Domestic	0.025	0.03
<u>Phone Numbers</u>		
Local	MRC \$2/NRC \$2	MRC \$5/NRC \$10
Toll Free	MRC \$2/NRC \$2	MRC \$5/NRC \$10
Vanity/Port/Custom	MRC \$5/NRC \$25	MRC \$10/NRC \$30
Effective 6/01/13		
Voice Inc. Confidential		

MASTER SERVICE AGREEMENT

This Master Service Agreement ("Agreement") between VoiceInc.com Corporation, a California corporation ("Company") and Dial Soft Technologies, a California corporation ("Customer"), is entered into and effective as of June 24, 2013 (the "Effective Date").

This Agreement states all the terms and conditions by which Company delivers and Customer accepts certain services provided by Company. The parties acknowledge that all services provided by Company under this Agreement shall be rendered solely in the United States and may only be utilized by Customer in the United States. Any use of the Company Network, Company Technology or Services by Customer outside the United States is strictly prohibited. If any terms and conditions set forth herein only apply to a service not ordered by Customer, then such terms shall have no application to Customer. The specific quantity, type and rate for services provided hereunder shall be set forth in one or more Service Orders submitted by Customer and accepted by Company. Upon proper execution of Service Orders by Customer and Company, each Service Order is automatically incorporated into this Agreement.

Certain Definitions:

"Company Network" means the Company's network and the connectivity between it and the Customer port on the Company equipment. The Company Network does not include equipment located at Customer's premises, whether or not provided by Company, telephone circuits or networks between a Company POP and Customer's location, inactive POP's, or any networks, network equipment, or telephone circuits other than described above that is not owned or controlled by Company.

"Company Point of Presence" "Company POP" or "POP" means a single defined location within the Company Network used in the provision of the Services.

"Company Technology" means Company's proprietary technology, including the Services, software tools, hardware designs, algorithms, software (in source and object forms), user interface designs, architecture, class libraries, objects and documentation (both printed and electronic), network designs, trade secrets and any related intellectual property rights throughout the world (whether owned by Company or licensed to Company from a third party) and also including any derivatives, improvements, enhancements or extensions of Company Technology conceived, reduced to practice, or developed during the term of this Agreement by either party.

"Cross Connect" means a VLAN, physical cable, wire, fiber optics or other such material or means that is used to connect a Customer Location with a Company POP when both are located in the same physical building.

"Customer Data" means all data that (i) Customer inputs into the Licensed Software for use of any Service hereunder, or (ii) is derived from Customer's use of any Service hereunder, with the specific exception of purely diagnostic data and data necessary for accurate billing for services, which Company may utilize in order to maintain, monitor, support and/or improve Company's Network and its Services.

"Customer Equipment" means the Customer's computer hardware, not including stored data, and other tangible equipment, as set forth on Schedule A attached hereto and incorporated herein.

"Customer Location" means the physical location of the Customer Equipment, initially at 6245 Grand Avenue, #1909, Los Angeles, California. The Customer Location may be amended from time to time with Company's prior written consent.

"Initial Term" means the minimum term for which Company will provide the Service to Customer, as indicated on the Service Order(s).

"Services" means the specific services provided by Company as described on the applicable Service Orders.

"Service Activation Date" means the earlier of: (i) the date on which the Company notifies Customer that the Services ready for use; or (ii) Customer's use of any Service.

1. Acceptance and Provision of Services; Terms; Fees.

a. Services. By executing this Agreement and any applicable Service Order, Customer accepts and agrees to pay for the Services during the Initial Term listed in the Service Order and for any Renewal Term. By executing this Agreement and any applicable Service Order, Company shall provide the Services during the Initial Term and for any Renewal Term.

b. Term. The term of each Service will commence on the Service Activation Date and shall continue through the Initial Term. This Agreement shall continue until termination of the last Service Order.

c. Renewal Term. The term of each Service Order will renew automatically for subsequent terms equal in length to the Initial Term (each a "Renewal Term") unless either party notifies the other in writing not less than thirty (30) calendar days prior to the end of the Initial Term (or Renewal Term, as applicable), that it wishes to terminate such Service. The termination of any individual Service or Service Order will not affect Customer's obligations to accept and pay for all other contracted Services.

d. Early Termination. In the event Company terminates this Agreement "For Cause" pursuant to Section 8.a. below, Customer shall pay Company as liquidated damages the recurring monthly fees owed by Customer to Company under any Service Order, if any, multiplied by the total number of months remaining in the current term.

2. Fees and Payment Terms.

a. Fees. Customer will pay all fees and expenses in accordance with applicable Service Orders.

b. Fee Adjustments. Unless a shorter period is set forth in this Agreement or the applicable Service Order (e.g., for VoIP termination or interconnected VoIP, which can be adjusted on 24-hours' notice), Company may change any of the fees it charges Customer for any Service, effective thirty (30) calendar days after Company provides written notice to Customer. If any change in fees causes a material and adverse effect to the terms of the Services provided to the Customer, then within ten (10) calendar days from the date of the foregoing notice from Company, Customer must provide written notice to Company that it rejects the changed fees. Within ten (10) calendar days thereafter, Company shall elect either to continue to provide the Services under the prior terms or terminate this Agreement, which decision shall be effective ten (10) calendar days after notice of same to Customer.

c. Payment Terms. Payment terms are as set forth in the applicable Service Order. If payment terms are not established in the Service Order, then all Services provided hereunder shall be prepaid.

d. Late Payments. Late payments shall incur a penalty of five percent (5%) of the late amount and shall incur interest at the rate of ten percent (10%) per annum or, if lower, the highest rate allowed by applicable law. For prepaid Services, all Services shall cease when Customer's account balance reaches zero (0). For non-prepaid Services, Company will notify Customer on the first occasion each calendar year that the account becomes delinquent and Customer shall have three (3) days to cure the payment default. In all other instances, Company may immediately terminate this Agreement and cease all Services provided hereunder and under any Service Order.

e. Taxes; Surcharges. Unless otherwise stated in an applicable Service Order, all fees charged for Services are exclusive of applicable taxes, surcharges (e.g., directory assistance, operator assistance, pay phones, etc.) and similar fees now in force, enacted or imposed in the future on the transaction or use or delivery of the Services, all of which Customer will be responsible for and will pay in full, except for taxes solely based on Company's net income.

f. Deposits. Company may require a Customer deposit ("Deposit") to secure Customer's financial obligations under this Agreement; including, without limitation the payment of all fees,

penalties, interest, indemnification obligations, and similar amounts. If a Deposit is required, it shall be set forth in the applicable Service Order and the payment of such Deposit shall be a condition precedent to Company's obligations hereunder.

3. Confidential Information; Intellectual Property Ownership; License Grants.

a. Confidential Information.

(i) Nondisclosure of Confidential Information. Each party acknowledges that it will have access to certain confidential information of the other party concerning the other party's business, plans, vendors, employees, customers, technology, products, and other information held in confidence by the other party (collectively, "Confidential Information"). Confidential Information will include all information in tangible or intangible form that is marked or designated as confidential or that, under the circumstances of its disclosure, should be considered confidential. Confidential Information includes all Company Technology, the terms and conditions of this Agreement and Customer Data (which data is owned by and always the Confidential Information of Customer). Each party agrees that it will not use in any way, for its own account or the account of any third party, except as expressly permitted by, or to the limited extent required to achieve the purposes of, this Agreement, nor disclose to any third party (except as required by law or to such party's attorneys, accountants and other advisors as reasonably necessary), any Confidential Information of the other party. Each party will take commercially reasonable precautions to protect the other party's Confidential Information, which are at least as stringent as it takes to protect its own Confidential Information.

(ii) Exceptions. Information will not be deemed Confidential Information if such information: (a) is known to the receiving party prior to receipt from the disclosing party directly or indirectly from a source other than one having an obligation of confidentiality to the disclosing party; (b) becomes known (independently of disclosure by the disclosing party) to the receiving party directly or indirectly from a source other than one having an obligation of confidentiality to the disclosing party; (c) becomes publicly known or otherwise ceases to be secret or confidential, except through a breach of this Agreement by the receiving party; or (d) is independently developed by the receiving party without use of or reference to the Confidential Information of the disclosing party. The receiving party may disclose Confidential Information pursuant to the requirements of a governmental agency or by operation of law, provided that it gives the disclosing party reasonable prior written notice sufficient to permit the disclosing party to contest such disclosure. The party asserting one of the foregoing exceptions has the burden of proving such exception.

b. Intellectual Property. Customer acknowledges that Company is the sole owner of all right, title and interest in and to Company Technology and that this Agreement does not transfer to Customer any Company Technology. Similarly, this Agreement does not transfer to Company any Customer Data, and the right, title and interest in and to Customer Data will remain the sole property of Customer. Company and Customer each agrees that it will not, directly or indirectly, reverse engineer, decompile, disassemble or otherwise attempt to derive source code or other trade secrets of the other party. Notwithstanding anything to the contrary in this Agreement, Company is not prohibited or enjoined at any time from utilizing any skills or knowledge of a general nature created by Company during the course of providing the Services, including, without limitation, information publicly known or available or that could reasonably be acquired in similar work performed for another customer of Company.

c. Licenses. Company agrees that, if in the course of accessing and using the Services, it is necessary for Customer to use certain items of Company Technology, then Customer is hereby granted a limited, nonexclusive, personal, royalty-free license, during the term of this Agreement, to use the Company Technology solely for purposes of accessing and using the Services. Customer shall have no right to use the Company Technology for any purpose other than accessing and using the Services in accordance with this Agreement and any applicable Service Order. Customer agrees that, if in the course of providing the Services and any related customer support, it is necessary for Company to access certain items of Customer Data, then Company is hereby granted a limited, nonexclusive, personal, royalty-free license, during the term of this Agreement, to access the Customer Data solely for such purpose. Company shall have no right to access or use the Customer Data for any purpose other than providing the Services and related customer support in accordance

with this Agreement. If any Service Order contains license provisions, then such Service Order shall govern anything to the contrary in this paragraph.

4. Company Representations and Warranties.

a. Authorities and Performance of Company. Company warrants that it has the legal right to enter into this Agreement and perform its obligations hereunder. In the event of a breach of the warranties set forth in this Section 4.a., Customer's sole remedy is termination of this Agreement pursuant to Section 8, and Section 1.d. shall not apply to such termination.

b. Service Level Warranty. Each Service Level Warranty, if any, is defined in the Schedule for each Service or in the applicable Service Order. EXCEPT FOR THE EXPRESS WARRANTIES SET FORTH THEREIN, THE SERVICES ARE PROVIDED ON AN "AS IS" BASIS, AND CUSTOMER'S USE OF THE SERVICES IS AT ITS SOLE RISK. COMPANY DOES NOT MAKE, AND HEREBY DISCLAIMS, ANY AND ALL OTHER EXPRESS AND IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, WARRANTIES OF MERCHANTABILITY, QUALITY, PERFORMANCE, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT, TITLE, AND ANY WARRANTIES ARISING FROM A COURSE OF DEALING, USAGE, OR TRADE PRACTICE. FURTHER, COMPANY DOES NOT WARRANT THAT THE SERVICES WILL BE UNINTERRUPTED, ERROR-FREE, OR SECURE.

c. Disclaimer of Third Party Actions. Company does not and cannot control (i) the flow of data to or from the Company Network or within any portion of the Internet, or (ii) the termination of VoIP telecommunications. Such flow and such telecommunication services depend in large part on the performance of services provided by third parties. As a result thereof, interruptions or outages may occur. Although Company will use commercially reasonable efforts to avoid, minimize and remedy such events, Company cannot guarantee that such events will not occur. Accordingly, Company disclaims any and all liability resulting from, or related to, such events.

5. Certain Laws: Customer Representations, Warranties and Other Obligations.

a. AWARENESS OF CERTAIN LAWS. PRIOR TO ACCESSING THE COMPANY NETWORK OR USING ANY OF THE SERVICES, CUSTOMER (INCLUDING, WITHOUT LIMITATION, EACH EMPLOYEE, CONTRACTOR, AGENT, CLIENT, OR OTHER PARTY ACCESSING THE COMPANY NETWORK OR USING THE SERVICES BY OR THROUGH CUSTOMER OR WITH CUSTOMER'S LOG-IN INFORMATION, WHETHER AUTHORIZED OR NOT, EACH BEING A "CUSTOMER PARTY") IS, AND SHALL REMAIN, AWARE OF THE LEGALITIES OF ALL INTENDED USES OF THE SERVICES. WITHOUT IN ANY WAY LIMITING THE GENERAL NATURE OF THE REPRESENTATIONS AND WARRANTIES SET FORTH BELOW OR THE COVENANT IN THE PRECEDING SENTENCE, CUSTOMER, FOR ITSELF AND EACH CUSTOMER PARTY, AGREES THAT IT IS AWARE OF THE LAWS AND REGULATIONS CONTAINED ON THE FOLLOWING WEBSITES OR OTHERWISE REFERENCED BELOW, INCLUDING, WITHOUT LIMITATION, THE FTC REGULATIONS THAT BECAME EFFECTIVE ON SEPTEMBER 1, 2009:

[HTTP://WWW.DONOTCALL.GOV](http://WWW.DONOTCALL.GOV) (DO NOT CALL REGISTRY)

[HTTP://WWW.FTC.GOV](http://WWW.FTC.GOV) (FEDERAL TRADE COMMISSION AND TELEMARKETING SALES RULE)

[HTTP://WWW.FCC.GOV](http://WWW.FCC.GOV) (FEDERAL COMMUNICATIONS COMMISSION AND THE TELEPHONE CONSUMER PROTECTION ACT)

VOICE RECORDING LAWS. IF CUSTOMER OR ANY CUSTOMER PARTY UTILIZES THE SERVICE'S CALL RECORDING FEATURES, THEN IN ADDITION TO ANY OTHER LEGAL REQUIREMENTS, CUSTOMER SHALL, AND SHALL CAUSE EACH CUSTOMER PARTY TO, START EACH CALL OR PORTION OF A CALL WITH A MESSAGE THAT THE CALL IS BEING RECORDED FOR QUALITY ASSURANCE PURPOSES OR OTHER LEGAL PURPOSE FOR WHICH SUCH CALL IS BEING RECORDED.

b. Representations and Warranties. Customer represents and warrants that (i) it has the legal right and authority to enter into this Agreement and perform its obligations hereunder; (ii) the performance of its obligations hereunder and use of the Services (by Customer and each Customer Party) will not violate any applicable laws or regulations; cause a breach of any agreements with any third parties; or unreasonably interfere with any third party's use of Company's services.

c. Compliance with Law. Customer shall use the Service(s) only for lawful purposes and in accordance with this Agreement. Customer will comply at all times with all applicable laws and regulations. Customer shall comply with such restrictions and, in the event of a failure to comply, Customer will be subject to immediate suspension or termination of Services. Notwithstanding any suspension or termination of the Service due to violation of this Section 5, Customer shall continue to pay all fees as set forth on all Service Orders. Customer will provide Company with twenty-four (24) hour contact information for notification of violations hereunder. Customer acknowledges that Company exercises no control over the content of the information passing through Customer's websites and that it is the sole responsibility of Customer to ensure that the information it and all Customer Parties transmit and receive complies with all applicable laws and regulations and this Agreement. Although Company does not have a policy of monitoring or recording its customers' use of the Services, Company reserves the right to monitor and/or record any aspect of Customer's use of the Services for quality assurance, and to ensure compliance with this Agreement and applicable laws.

d. Customer's Clients. Customer may use the Services directly or provide part or all of the Services to its own clients, which will each be considered a "Customer Party" as defined above. Regardless, Customer shall be completely liable for its and all Customer Parties' use and/or misuse of the Services. No client of Customer shall be a third party beneficiary of this Agreement and Company owes no obligations to Customer's clients.

e. Security. Customer is solely responsible for maintaining the confidentiality of its password and account information, and all actions of persons using such password and account information (each, being a "User"). Customer is solely responsible for the security, privacy, and protection of its network, hardware, software, firmware, and other similar items. Customer shall configure its systems in order to provide the maximum possible security and accountability. Company is not liable for any damage caused by such system configurations, regardless of whether such configurations have been requested, approved or authorized by Company. Customer shall promptly notify Company in writing of any instance that Customer discovers that this Agreement has been violated, including, without limitation, if anyone accesses the Services through Customer's account but without authorization. If Company notifies Customer of any violation of this Agreement or any unauthorized use of Customer's account, Customer shall promptly investigate such report and resolve such violation.

f. Breach. In the event of any breach of any of the warranties set forth in Section 5.b., 5.c., 5.d. and 5.e. above, in addition to any other remedies available at law, in equity, or elsewhere in this AGREEMENT, Company will have the right, in its sole reasonable discretion, to suspend immediately any of the Services if deemed reasonably necessary by Company to prevent harm to Company or its business.

6. Limitations of Liability. COMPANY SHALL NOT BE LIABLE FOR ANY DAMAGE TO, OR LOSS OF, ANY CUSTOMER EQUIPMENT, SOFTWARE, FIRMWARE OR DATA, RESULTING FROM ANY CAUSE OTHER THAN FROM THE WILLFUL MISCONDUCT OF COMPANY. UNDER NO CIRCUMSTANCES SHALL COMPANY BE LIABLE TO CUSTOMER OR ANY THIRD PARTY CLAIMING BY OR THROUGH CUSTOMER (INCLUDING ANY CLIENT OF CUSTOMER OR ANY OTHER PERSON ACCESSING THE SERVICES BY OR THROUGH CUSTOMER) FOR ANY PUNITIVE, INDIRECT, CONSEQUENTIAL, SPECIAL, OR OTHER SIMILAR DAMAGES; INCLUDING, BUT NOT LIMITED TO, LOST REVENUE, LOST PROFITS, REPLACEMENT GOODS, LOSS OF TECHNOLOGY, RIGHTS OR SERVICES, LOSS OF DATA, OR INTERRUPTION OR LOSS OF USE OF SERVICE OR EQUIPMENT, EVEN IF ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, WHETHER ARISING UNDER THEORY OF CONTRACT, TORT (INCLUDING NEGLIGENCE), STRICT LIABILITY OR OTHERWISE. COMPANY MAKES NO WARRANTIES HEREUNDER WITH RESPECT TO ITS GOODS, SERVICES OR OTHERWISE, AND, INCLUDING, WITHOUT LIMITATION, ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. COMPANY'S LIABILITY TO CUSTOMER FOR THE BREACH OF ANY TERM OR CONDITION CONTAINED HEREIN SHALL IN NO EVENT EXCEED THE CUMULATIVE AMOUNT OF FEES PAID BY CUSTOMER HEREUNDER DURING THE (THREE) 3-MONTH PERIOD IMMEDIATELY PRECEDING THE DATE SUCH CLAIM AROSE. THE PARTIES ACKNOWLEDGE THAT COMPANY HAS SET ITS PRICES AND ENTERED INTO THIS AGREEMENT IN RELIANCE UPON THE LIMITATIONS OF LIABILITY AND THE DISCLAIMERS OF WARRANTIES AND DAMAGES SET FORTH HEREIN, AND THAT THE SAME FORM AN ESSENTIAL BASIS OF THE BARGAIN BETWEEN THE PARTIES.

7. Indemnification. Customer shall indemnify and hold harmless Company and Company's affiliated entities, officers, directors, employees, and agents, and shall defend, at Customer's expense, and pay the cost of any damages, settlement or award (including reasonable attorneys' fees and all related costs) arising out of, or in connection with, any investigation, actual or threatened claim, suit, action or proceeding by any person or authority arising out of Customer's or any Customer Party's (i) violation, or alleged violation, of any representation, warranty or covenant contained herein, (ii) use of the Services, (iii) accessing the Company's Network, or (iv) other acts or omissions. If Customer fails to promptly investigate and defend or settle any claim of which Customer is notified, then Company has the right to take sole control over defense of the claim and all negotiations for its settlement or compromise, and Customer shall pay, as they become due, all of the reasonable costs and expenses (including reasonable attorneys' fees and related costs) reasonably incurred by Company in defending or negotiating settlement of the claim, and Customer shall satisfy any related settlement, award, or judgment.

In the event that Company, or any Company affiliate, is required to respond to a third party or law enforcement subpoena that relates to use of the Services by or through Customer's account or data generated pursuant thereto, Company may in its sole discretion require Customer to reimburse it for its reasonable expenses (including attorney's fees) associated with complying with such subpoena.

8. Termination.

a. For Cause. Either party may terminate this AGREEMENT if: (i) the other party breaches any material term or condition of this AGREEMENT and fails to cure such breach within thirty (30) calendar days after receipt of written notice of the same, except in the case of Customer's failure to pay fees, which must be cured within three (3) calendar days after receipt of written notice from Company on the first occasion each trailing 12-months (i.e., the second occurrence in any 12-month period shall subject Customer to immediate termination without notice or opportunity to cure); (ii) the other party becomes the subject of a voluntary petition in bankruptcy or any voluntary proceeding relating to insolvency, receivership, liquidation, or composition for the benefit of creditors, if such petition or proceeding is not dismissed within sixty (60) calendar days of filing; or (iii) the other party becomes the subject of an involuntary petition in bankruptcy or any involuntary proceeding relating to insolvency, receivership, liquidation, or composition for the benefit of creditors, if such petition or proceeding is not dismissed within sixty (60) calendar days of filing. If Customer terminates this AGREEMENT for cause for any of the reasons set forth in this Section 8.a., then Section 1.d. shall not apply to such termination.

b. Effect of Termination. Upon the effective date of termination of this AGREEMENT, Company will immediately cease providing the Services; and any and all payment obligations of Customer under this AGREEMENT for Services provided through the date of termination will immediately become due. If Customer fails to pay such amounts on the date due, then Company shall impose the late fees set forth in Section 2.d. Upon the written request of a party, the other party will promptly return, or certify the destruction of, all Confidential Information of the requesting party then in its possession, and will not make or retain any copies of such Confidential Information, except as required to comply with any applicable legal or accounting record keeping requirement.

c. Survival. Sections 1.d., 2 (to the extent that all such fees have not been paid upon termination), 3.a. and 3.b., 6, 7, 8, and 9 shall survive the expiration or earlier termination of this AGREEMENT.

9. Miscellaneous.

a. Force Majeure. Except for Customer's obligation to make payments to Company, neither party will be liable for any failure or delay in its performance under this Agreement due to any cause beyond its reasonable control, including acts of war, acts of God, terrorism, earthquake, flood, embargo, riot, sabotage, labor shortage or dispute, governmental act or failure of the Internet (not resulting from the acts or omissions of Company), provided that the delayed party: (i) gives the other party prompt notice of such cause, and (ii) uses commercially reasonable efforts to promptly correct such failure or delay in performance. If Company is unable to provide Service(s) for a period of thirty

(30) consecutive calendar days as a result of a continuing force majeure event, Customer may cancel the Services.

b. Marketing. Customer agrees that, during the term of this Agreement, Company may publicly refer to Customer, orally and in writing, as a customer of Company. Customer must receive expressed written permission from Company prior to publicly referring to Company as an entity supplying services to Customer.

c. Government Regulations. Customer will not export, re-export, transfer, or make available, whether directly or indirectly, any regulated item or information to anyone outside Canada in connection with this Agreement without first complying with all export control laws and regulations which may be imposed by applicable law.

d. Non-Solicitation. During the term of this Agreement and continuing through the first anniversary of the termination of this Agreement, Customer agrees that neither it nor any of its affiliates will, directly or indirectly, solicit or attempt to solicit for employment any persons employed by Company or contracted by Company to provide Services to Customer.

e. No Third Party Beneficiaries. Company and Customer agree that, except as otherwise expressly provided in this Agreement, there shall be no third party beneficiaries to this Agreement, including but not limited to the insurance providers for either party or the clients of Customer.

f. Governing Law. This Agreement is made under and will be governed by and construed in accordance with the internal laws of the State of California (without effect to this conflict of laws provisions). Any controversy, claim, or dispute arising under or relating to this Agreement, including the existence, validity, interpretation, performance, termination or breach thereof, shall finally be settled by a court of competent jurisdiction located in Orange County, California. The prevailing party in any such action shall be entitled to reimbursement of all of its related expenses (including reasonable attorneys' fees and costs) from the non-prevailing party.

g. Severability; Waiver. If any provision of this Agreement is held by a court of competent jurisdiction to be contrary to applicable law, then the remaining provisions of this Agreement will remain in full force and effect. The waiver of any breach or default of this Agreement will not constitute a waiver of any subsequent breach or default, and will not act to amend or negate the rights of the waiving party.

h. Assignment. Upon the prior written notice to Company, Customer may assign this Agreement in whole as part of a corporate reorganization, consolidation, merger, or sale of substantially all of its assets provided the assignee's financial condition and credit rating is comparable to or better than that of Customer and (as would be reasonably determined) the proposed assignee is not one of the Company's major competitors. Customer may not otherwise assign its rights or delegate its duties under this Agreement either in whole or in part without the prior written consent of Company, and any attempted assignment or delegation without such consent will be void. Company may assign this Agreement in whole or part as part of a corporate reorganization, consolidation, merger, or sale of substantially all of its assets. Company also may delegate the performance of certain Services to third parties, including Company's wholly owned subsidiaries, provided Company controls the delivery of such Services to Customer and remains responsible to Customer for the delivery of such Services. This Agreement will bind and inure to the benefit of each party's successors and permitted assigns.

i. Notice. Any notice or communication required or permitted to be given hereunder may be delivered by hand, deposited with an overnight courier, or mailed by registered or certified mail, return receipt requested, postage prepaid, in each case to the address of the receiving party as listed on the Service Order or at such other address as may hereafter be furnished in writing by either party to the other party. Such notice will be deemed to have been given as of the date it is delivered or delivery is refused.

j. Relationship of Parties. Company and Customer are independent contractors and this Agreement will not establish any relationship of partnership, joint venture, employment, franchise or agency between Company and Customer.

CONFIDENTIAL

NDS0000054

k. Entire Agreement; Counterparts; Originals. This Agreement, including all attachments referenced herein (e.g., Service Orders), constitutes the complete and exclusive Agreement between the parties with respect to the subject matter hereof, and supersedes and replaces any and all prior or contemporaneous discussions, negotiations, understandings and Agreement's, written and oral, regarding such subject matter. Any additional or different terms in any purchase order or other response submitted to the Company by Customer shall be deemed objected to by Company without need of further notice of objection, and shall be of no effect or in any way binding upon Company. This Agreement may be executed (in person, via facsimile or by other electronic means) in two or more counterparts, each of which will be deemed an original, but all of which together shall constitute one and the same instrument. This Agreement may be changed only by a written document signed by authorized representatives of Company and Customer in accordance with this Section 9.k.

IN WITNESS WHEREOF, duly authorized representatives of Customer and Company have read the foregoing and all documents incorporated therein, and agree and accept such terms effective as of the date first written below.

"Company"

"Customer"

VoiceInc.com Corporation

Dial Soft Technologies, Inc.

4695 MacArthur Ct., Suite 930
Newport Beach, CA 92660

Signature: _____

James B. Christiano
President

Date: _____

June 28, 2013

Signature: _____

Printed Name: _____

Title: _____

Date: _____

Raymond Vercillo
Pres. Asst.
June 24, 2013

SCHEDULE A

Customer Equipment

In the Matter of:

Allorey, Inc.

October 19, 2016

Houston Fraley

Condensed Transcript with Word Index



For The Record, Inc.

(301) 870-8025 - www.ftrinc.net - (800) 921-5555

Allorey, Inc.

10/19/2016

72

1 FEDERAL TRADE COMMISSION
2
3
4
5 INVESTIGATIONAL HEARING)
6 RE: ALLOREY, INC.) Matter No. 1523152
7 _____)
8
9
10 Wednesday, October 19, 2016
11
12
13 Ronald Reagan Federal Building and
14 U.S. Courthouse
15 411 West Fourth Street
16 Room 9031
17 Santa Ana, California 92701
18
19
20 The above-entitled matter came on for
21 investigational hearing, pursuant to notice, at
22 9:08 a.m.
23
24
25

73

1 APPEARANCES:
2 ON BEHALF OF THE FEDERAL TRADE COMMISSION:
3 JAMES E. EVANS, Attorney
4 Federal Trade Commission
5 600 Pennsylvania Avenue, N.W.
6 Mail Drop CC-8528
7 Washington, DC 20580
8 (202) 326-2026
9 james.evans@ftc.gov
10
11 (HEARING OFFICER)
12 IAN BARLOW, Attorney
13 Federal Trade Commission
14 600 Pennsylvania Avenue, N.W.
15 Mail Drop CC-8528
16 Washington, DC 20580
17 (202) 326-3120
18 ibarlow@ftc.gov
19
20 ON BEHALF OF THE WITNESS:
21 (PRO SE)
22 HOUSTON FRALEY
23 [REDACTED]
24 Irvine, California [REDACTED]
25 [REDACTED]

74

1 FEDERAL TRADE COMMISSION
2 I N D E X
3
4 WITNESS: EXAMINATION:
5 HOUSTON FRALEY
6 BY MR. EVANS 79
7
8
9 EXHIBITS DESCRIPTION FOR ID
10 Number 61 Civil Investigative Demand 79
11 Number 218 E-mail dated 8/20/13, 9:40:05 PM 259
12 Number 232 E-mail chain dated 6/16/15, 11:29:02 282
13 Number 236 E-mail chain dated 4/17/13, 11:36:18 252
14 Number 255 E-mail chain dated 9/13/11, 207
15 4:23:42 PM
16 Number 318 Stipulated Final Order for Permanent 84
17 Injunction and Civil Penalty Judgment
18 as to Defendant Houston Fraley
19 Number 319 FTC Telemarketing Sales Rule 16 CFR 84
20 Part 310
21 Number 320 E-mail chain dated 10/26/11, 212
22 12:40:06 PM
23 Number 321 E-mail chain dated 11/17/11, 13:18:21 232
24 Number 322 E-mail chain dated 4/11/12, 235
25 3:50:01 AM

75

1 FEDERAL TRADE COMMISSION
2 I N D E X
3 (Continued)
4
5 EXHIBITS DESCRIPTION FOR ID
6 Number 323 E-mail chain dated 6/12/12, 242
7 4:47:57 PM
8 Number 324 E-mail chain dated 7/9/12, 14:09:11 246
9
10 Number 325 E-mail chain dated 4/17/13, 14:01:50 256
11 Number 326 E-mail dated 6/16/14, 8:07:40 PM, 261
12 with attachment
13
14 Number 327 E-mail chain dated 4/28/15, 278
15 10:49:14 AM
16 Number 328 E-mail chain dated 4/8/11, 14:01:10 292
17 Number 329 Three e-mails/e-mail chains 296
18 referencing opt in records
19 Number 330 E-mail dated 10/1/12, 8:13:52 PM 301
20
21
22
23
24
25

1 (Pages 72 to 75)

76

PROCEEDINGS

Whereupon--

HOUSTON FRALEY

a witness, called for examination, having been first duly sworn, was examined and testified as follows:

MR. EVANS: Okay. As we get started, Mr. Barlow is the hearing officer and will read a preamble required by the FTC rules.

MR. BARLOW: Good morning, Mr. Fraley. You just swore to the oath a moment ago?

THE WITNESS: Uh-huh. Yes, sir.

MR. BARLOW: And spell your name for me.

THE WITNESS: H-o-u-s-t-o-n, F-r-a-l-e-y.

MR. BARLOW: Okay. What's your date of birth?

THE WITNESS: [REDACTED]

MR. BARLOW: Okay. So, Mr. Fraley, this is the continued investigational hearing of Houston Fraley. Today's session continues the investigational hearing first convened on September 22, 2015.

This investigation hearing is convened at 9:08 a.m. on October 19, 2016, at the Ronald Reagan Federal Building and U.S. Courthouse, 411 West Fourth Street in Santa Ana, California.

Appearing for the Federal Trade Commission,

77

myself -- I am Ian Barlow, and I am the hearing officer today -- and James Evans as the Commission counsel.

Mr. Fraley is not represented by counsel today.

As noted when this investigational hearing was originally convened, this proceeding is in relation to a nonpublic Commission investigation to determine whether certain telemarketers, sellers, or others assisting them have engaged in, or are engaging in, unfair deceptive acts or practices in or affecting commerce in violation of Section 5 of the Federal Trade Commission Act, 15 USC Section 45, as amended, and/or, two, deceptive or abusive telemarketing acts or practices in violation of the Commission's Telemarketing Sales Rule, 16 CFR Part 310, as amended, including, but not limited to, the provision of substantial assistance or support to telemarketers engaged in unlawful practices.

The procedures which will be followed in this investigational hearing are outlined in the Commission's Rules of Practice, specifically Part 2, Nonadjudicated Procedures, Subpart A, which pertain to investigations and investigational hearings, beginning with Section 2.1 through 2.14.

I would like to draw -- to draw your attention particularly to Section 2.9 of the Commission's rules, which provides that any person compelled to appear and

78

testify or produce documentary evidence may be accompanied, represented, and advised by counsel according to Federal Trade Commission rules.

Representation by counsel in this hearing would be in accordance with those rules as prescribed by Section 2.9, Subparts B1 through 6.

Mr. Fraley, you understand you have the right to an attorney today if you had chosen --

THE WITNESS: Yes, sir.

MR. BARLOW: -- one correct?

THE WITNESS: Yes, sir.

MR. BARLOW: But you want to go forward anyway with that --

THE WITNESS: Yes.

MR. BARLOW: -- understood?

I would like -- the purpose of this proceeding is to receive testimony under a Civil Investigative Demand duly served on Mr. Fraley. This CID was authorized and is issued pursuant to the Federal Trade Commission Resolution in File No. 012 3145, dated April 11, 2011.

In order to facilitate reference during this hearing, I have asked Commission counsel to place into the record as a Commission exhibit a copy of the CID, including the Commission's Resolution and the attached

79

specifications.

With those announcements made, I will turn this proceeding over to Mr. Evans.

Off the record.

(An off-the-record discussion was held.)

EXAMINATION

BY MR. EVANS:

Q Okay. Good morning, Mr. Fraley.

And as Mr. Barlow mentioned, you are here further to a Civil Investigative Demand issued by the FTC on August 27, 2015; is that correct?

A Correct.

Q So this has been actually previously marked in a previous investigational hearing as Exhibit 61. You know what? I'll just write on here. I'll show you this.

(Whereupon, the document referred to was marked Exhibit 61 for identification.)

BY MR. EVANS:

Q And that is the Civil Investigative Demand that convened this investigational hearing; correct?

A Yes.

Q Or at least convened it on September 22, and we're continuing that today; is that correct?

A Yes, sir.

80

1 Q Okay. And if you can just set that aside.
2 We'll have a pile for the court reporter.

3 Other than that time we got together here last
4 September, have you ever given testimony under oath
5 before?

6 A Yes. Probably, I think. Yes.

7 Q Was that in a courtroom or in a deposition
8 hearing like this?

9 A Yes.

10 Q Which one?

11 A I think I had a depo before, yes.

12 Q What was that about?

13 A It was an accident of a previous employee. It
14 was the last one I had to give.

15 Q So it was like a workplace injury?

16 A For her -- her, it was an accident. A school
17 bus hit her.

18 Q Okay.

19 A So they -- she missed a lot of work when I was
20 at the Local Lighthouse, and she had me come in and
21 test -- and give a deposition on that.

22 Q So other than the fact that it was an employee,
23 it wasn't related to the work that you were doing?

24 A No.

25 Q Any other times you've given testimony under

81

1 oath?

2 A Yes.

3 Q What were those times?

4 A 2002, I got in trouble.

5 Q So a long time ago?

6 A Yes.

7 Q Any other times?

8 A No.

9 Q Okay. The incident in 2002, did it have
10 anything to do with marketing or telemarketing?

11 A No.

12 Q Okay. So I'm still going to go over a few
13 background rules just to make sure we're all on the same
14 page.

15 A Sure.

16 Q Do you understand that the oath that you just
17 took requires you to provide full, complete, and
18 truthful answers to my questions?

19 A Yes.

20 Q And that it's the same oath you would take in
21 front of a judge in a courtroom next door in this very
22 building?

23 A Yes.

24 Q As you know, the court reporter is recording
25 everything that we say here. And because she can only

82

1 record our words, I'm going to ask you to please answer
2 each question with a verbal response and using "Yes" or
3 "No" instead of just sounds like "Uh-huh," because those
4 don't transcribe very well.

5 Do you understand?

6 A Yes, sir.

7 Q And also, the court reporter can only take down
8 what one of us says at a time. So please wait until I
9 finish each question before you answer, and I'll wait
10 until you finish your answer before I ask a question.
11 Okay?

12 A Okay.

13 Q If you don't understand a question that I ask
14 you, please let me know before you respond, and I'll
15 explain or rephrase it. Otherwise, if you answer my
16 question, I will assume that you understood it.

17 Do you understand that?

18 A Yes.

19 Q If you're not sure of an answer or don't have a
20 complete answer based on your own knowledge, please
21 still answer the question to the extent you can and tell
22 us what you don't know. Okay?

23 A Yes, sir.

24 Q I have to ask, are you sick, or have you taken
25 or do you intend to take any medication, drugs, or

83

1 alcohol that could affect your ability to testify
2 accurately and truthfully today?

3 A No.

4 Q And so you will agree to give me full, fair,
5 and truthful answers to my questions?

6 A Yes, sir.

7 Q What, if anything, did you do to prepare for
8 today's investigational hearing?

9 A Nothing really.

10 Q That's fine.

11 A Yes.

12 Q Did you talk to anybody about testifying today?

13 A No.

14 Can I rephrase?

15 Q Yeah.

16 A Somebody did ask me if I was coming, when I was
17 coming. I told them I was coming today.

18 Q Who was that?

19 A That was Ray.

20 Q Ray Verallo?

21 A Correct. And Ty -- and Tyler knew I was coming
22 today. Sorry.

23 Q No problem.

24 A But as far as discussing it, no.

25 Q Okay. That's perfectly fine.

3 (Pages 80 to 83)

Allorey, Inc.

10/19/2016

224

1 **Q The contract was with OnPoint?**
 2 A Well, I want to say it's with Mike. I don't
 3 know the contract. I've never seen a contract from
 4 TelWeb.
 5 **Q Okay. Had you ever heard that TelWeb cut Mike**
 6 **off in May of this year?**
 7 A I did.
 8 **Q Did they sent him a letter terminating their**
 9 **contract?**
 10 A Yes.
 11 **Q Who did you hear that from?**
 12 A Mike.
 13 **Q Did you see the letter?**
 14 A No.
 15 **Q And then you had mentioned while we were off**
 16 **the record that you were aware of another dialer that a**
 17 **lot of people are using these days.**
 18 A Yes.
 19 **Q What's that called?**
 20 A I don't know the name of the dialer, but the
 21 person's name is Mike, and the company, I believe, is
 22 GlobeX.
 23 **Q And you have Mike's phone number?**
 24 A I would like to give that to you. Yes.
 25 **Q Sure.**

225

1 A His number is [REDACTED].
 2 **Q And I don't mean to intrude, but I think you're**
 3 **reading that off a text message?**
 4 A I am.
 5 **Q Who texted that to you?**
 6 A He did.
 7 **Q Why were you texting with him?**
 8 A He -- I'll read the text.
 9 **Q Sure.**
 10 A "Hello. Justin gave me your contact info.
 11 Please add me on Skype. Mike.GlobeX."
 12 MR. BARLOW: Please preserve that text message
 13 and forward it to --
 14 THE WITNESS: I'll screenshot it, and I will
 15 e-mail it to you.
 16 MR. EVANS: Sure.
 17 MR. BARLOW: Thank you.
 18 THE WITNESS: Uh-huh.
 19 BY MR. EVANS:
 20 **Q Other than TelWeb and this possible new outfit,**
 21 **are you aware of any other dialers in operation?**
 22 A Dialer dot -- dialers -- Dialers.com. I
 23 believe that's the only one that I know of.
 24 **Q That's the one that Local Lighthouse used**
 25 **after -- after TelWeb?**

226

1 A Yes.
 2 **Q Have you ever heard of a Web site and a dialer**
 3 **called Dialer.to?**
 4 A No.
 5 **Q Have you heard of Michael Montes?**
 6 A No.
 7 **Q Have you heard of Mike Mardaresco?**
 8 A Yes.
 9 **Q Who is Mike Mardaresco?**
 10 A Mardaresco dialed with Mike Jones. He has a
 11 home security office.
 12 **Q A client of Mike Jones's?**
 13 A Yes.
 14 **Q And what was the name of that company?**
 15 A I honestly don't know the name of his company.
 16 **Q Does Secure One sound familiar?**
 17 A That does sound familiar.
 18 **Q And do you know Kathy McDonald?**
 19 A No.
 20 **Q While we're on current affairs and you have**
 21 **your phone out --**
 22 A Sure.
 23 **Q -- you mentioned you got a robocall recently?**
 24 A I did.
 25 **Q And it was advertising social media**

227

1 optimization or something to that extent?
 2 A Yes.
 3 **Q And you said -- you told us off the record that**
 4 **you recognized the voice; is that right?**
 5 A Correct.
 6 **Q Whose voice was it?**
 7 A Justin Ramsey.
 8 **Q And why don't we go ahead and listen to that**
 9 **voice mail and put that into the record as well.**
 10 (Prerecorded message was played as follows:)
 11 "Hi. We're giving you a call today to let you
 12 know that if you would like to grow your social media
 13 and boost your Web site rankings, then visit
 14 www.socialmediavip.net. Once again, the Web site's
 15 www.socialmediavip.net. Thank you, and have a nice
 16 day."
 17 MR. EVANS: Good.
 18 BY MR. EVANS:
 19 **Q And that was Justin Ramsey's voice reading**
 20 **that?**
 21 A Correct.
 22 **Q Have you heard other robocalls recorded by**
 23 **Justin Ramsey?**
 24 A I have. It has been a while. Yes.
 25 **Q What products were those for?**

39 (Pages 224 to 227)

228

1 A Security. Home security.
 2 MR. BARLOW: I think you told Mr. Evans you met
 3 Justin Ramsey in person three times.
 4 THE WITNESS: Correct.
 5 MR. BARLOW: How many times have you talked to
 6 him on the phone?
 7 THE WITNESS: Quite a few.
 8 MR. BARLOW: More than ten?
 9 THE WITNESS: Yes.
 10 MR. BARLOW: More than 20?
 11 THE WITNESS: Over the years probably, yes.
 12 MR. BARLOW: You feel confident that's his
 13 voice?
 14 THE WITNESS: I'm 1,000 percent sure that's
 15 Justin Ramsey's voice.
 16 MR. BARLOW: And that prerecorded message was
 17 delivered to your cell phone; correct?
 18 THE WITNESS: To my cell phone.
 19 MR. BARLOW: And what's the cell phone number?
 20 THE WITNESS: [REDACTED].
 21 MR. BARLOW: And that cell -- your cell phone
 22 number is listed on the National Do Not Call Registry;
 23 correct?
 24 THE WITNESS: Yes, it is.
 25 MR. BARLOW: And how long has it been listed on

229

1 the Do Not Call Registry?
 2 THE WITNESS: Probably since I got the phone
 3 number, probably at least ten years, eight years.
 4 MR. BARLOW: You didn't give Justin Ramsey your
 5 express written consent to place a robocall to you, did
 6 you?
 7 THE WITNESS: I did not.
 8 MR. BARLOW: Do you have a preexisting business
 9 relationship with an Instagram or social media presence
 10 company?
 11 THE WITNESS: I do not.
 12 BY MR. EVANS:
 13 **Q And do you use that phone line for business**
 14 **purposes? You said earlier you have a Google Voice line**
 15 **for that?**
 16 A I do not use this for business purposes.
 17 **Q Okay.**
 18 MR. BARLOW: Oh, what date did you receive that
 19 robocall on?
 20 THE WITNESS: The date is 9/16/2016.
 21 MR. BARLOW: And are you able to forward me and
 22 Mr. Evans that voice mail?
 23 THE WITNESS: Yes, I am.
 24 MR. BARLOW: Okay. And you have our e-mail
 25 address. In addition to being contact with us before,

230

1 we've given you our business cards. Will you do that?
 2 THE WITNESS: Yes, I will.
 3 MR. BARLOW: And do you also have still on your
 4 call log on your cell phone the caller ID number showing
 5 where that call came from?
 6 THE WITNESS: I do.
 7 MR. BARLOW: Okay. And would you take a
 8 screenshot of that and e-mail us that as well?
 9 THE WITNESS: I will.
 10 MR. EVANS: And also if you could just tell us
 11 now the number.
 12 THE WITNESS: The caller ID was (518) 313-8013.
 13 MR. BARLOW: And is there a name that appeared
 14 with the caller ID number?
 15 THE WITNESS: There is no name. It's from
 16 Colonie, New York.
 17 MR. BARLOW: While we're still on contemporary
 18 questions, what is the name of the dialer that Tony
 19 Tseng uses?
 20 THE WITNESS: Ooh. I haven't heard that name
 21 in a long time. I don't recall.
 22 MR. BARLOW: Is it Connect Dynamics?
 23 THE WITNESS: I don't think so.
 24 MR. BARLOW: Connexus?
 25 THE WITNESS: No. I've never heard of those.

231

1 MR. BARLOW: Okay. Tony Tseng used to be a
 2 business partner with Mike Jones and Nick Long and Andy
 3 Salisbury; right?
 4 THE WITNESS: I believe he was a dialing
 5 partner of some sort.
 6 MR. BARLOW: Do you think it's possible that
 7 his separate dialer is actually just TelWeb under
 8 another name and another Web site?
 9 THE WITNESS: It doesn't look like TelWeb.
 10 I've seen it a long time ago.
 11 MR. BARLOW: Oh, okay.
 12 THE WITNESS: I don't think that's -- I don't
 13 remember the name of it. But I have seen it once. And
 14 it was way long -- it was probably before Local
 15 Lighthouse.
 16 MR. BARLOW: Okay. All right.
 17 MR. EVANS: Okay.
 18 THE WITNESS: Sorry. I can't recall that name.
 19 MR. BARLOW: That's fine.
 20 THE WITNESS: But it could have been a lay over
 21 of some sort a new design. It's possible.
 22 BY MR. EVANS:
 23 **Q Okay. Well, let's -- let's go back in time**
 24 **again and see if anything else shakes up new great**
 25 **information.**

40 (Pages 228 to 231)

232

1 **You can set aside No. 320, and we'll mark 321.**
 2 **(Whereupon, the document referred to was marked**
 3 **Exhibit 321 for identification.)**
 4 BY MR. EVANS:
 5 **Q So Exhibit 321 is labeled NDS 1040 and is a**
 6 **e-mail chain from November 15 to 17 of 2011 --**
 7 A Uh-huh.
 8 **Q -- starting with an e-mail from you, which it**
 9 **doesn't say in the line, but we can assume it went to**
 10 **support@shoutpoint.com because that's who replied to**
 11 **you.**
 12 **What's support@shoutpoint.com?**
 13 A That would be the support e-mail for the
 14 dialer.
 15 **Q And it's coming from your Savilo account;**
 16 **correct?**
 17 A It is.
 18 **Q And you're complaining about significant dead**
 19 **air issues. What does that mean?**
 20 A That would mean where one of our agents would
 21 answer the line and then nobody would be on the other
 22 line speaking. So we would call that dead air.
 23 **Q Okay. And there's a list of phone numbers.**
 24 **What were those phone numbers?**
 25 A These telephone numbers, speaking about dead

233

1 air, would be the numbers that came in that were
 2 probably the dead air calls.
 3 **Q So this would be the caller ID of the person**
 4 **who was on the other end of the line that never got**
 5 **connected?**
 6 A Correct.
 7 **Q Not a number that was used to send outgoing**
 8 **robocalls?**
 9 A No. That would be the number of the person
 10 that we tried to call.
 11 **Q Okay. What would cause something like this?**
 12 A Usually some sort of a technical difficulty
 13 with the dialer.
 14 **Q And was it part of your job to address that**
 15 **with the dialer?**
 16 A Not usually. But in here, I guess I did.
 17 **Q This was early. So maybe did -- is this**
 18 **something you addressed in the early days of Local**
 19 **Lighthouse?**
 20 A Usually I would e-mail them over to Ray, is how
 21 we usually handled that, and he would do that.
 22 **Q So what would ShoutPoint do to address this**
 23 **problem?**
 24 A I honestly don't know once it got past me --
 25 **Q Okay.**

234

1 A -- or past Ray, whoever did that. They would
 2 analyze the lines, I'm assuming, and see what the issue
 3 was.
 4 **Q And there's a reply from Mihai Marinescu. What**
 5 **was his job?**
 6 A Mihai was like a technical support guy, as far
 7 as I know.
 8 **Q And his e-mail address is @netdotsolutions.com.**
 9 A Uh-huh.
 10 **Q What's NetDotSolutions?**
 11 A I thought NetDotSolutions was a dialer.
 12 **Q It was a -- along with ShoutPoint and TelWeb?**
 13 A I believe it was, yes.
 14 **Q Were those -- you earlier described a**
 15 **difference between a robocall side and a predictive**
 16 **side.**
 17 A Correct.
 18 **Q But overall for the dialer, were those three**
 19 **names pretty much interchangeable?**
 20 A Yes.
 21 **Q Have you ever heard of a company called**
 22 **Voiceinc.com, Incorporated?**
 23 A No.
 24 **Q Or TeraMesh Networks, Incorporated?**
 25 A TeraMesh sounds familiar.

235

1 **Q Where does it sound familiar from?**
 2 A Probably from Mike or Justin, I would guess.
 3 TeraMesh.
 4 **Q As related to the dialer?**
 5 A I believe it is.
 6 **Q Okay. I think that's it for this one.**
 7 **This will be Exhibit 322.**
 8 **(Whereupon, the document referred to was marked**
 9 **Exhibit 322 for identification.)**
 10 BY MR. EVANS:
 11 **Q As you heard me mentioning, I think this is a**
 12 **really interesting one. So let's run through this.**
 13 A Okay.
 14 **Q It's marked P&O 945. And let's just start at**
 15 **the last page with the page marked 05. This starts with**
 16 **an e-mail from Rob Feldman to mikej@savilo.com --**
 17 A Uh-huh.
 18 **Q -- on March 27, 2012. And it mentions a**
 19 **discussion they had about mortgage telemarketing.**
 20 A Uh-huh.
 21 **Q And you mentioned mortgage in general. What**
 22 **was the mortgage telemarketing for?**
 23 A When I screened leads, usually it was a loan
 24 modification of some sort.
 25 **Q So they were trying to find consumers who were**

41 (Pages 232 to 235)

260

1 remember a change in location?

2 A The only thing know about LA is One Wilshire.

3 Q And One Wilshire is a telco hotel?

4 A Basically, yes.

5 Q And it's also called a colocation facility?

6 A Colocation. Yes.

7 Q And what does that mean?

8 A I believe that's where the servers are.

9 Q That's where the servers that run TelWeb are
10 physically located?

11 A Yes.

12 Q What makes that building special?

13 A I think it's where most everybody's located.

14 Q Everybody's got their servers there?

15 A Yes.

16 Q So does this mean anything to you to have all
17 these references to "back in LA"?

18 A It does not.

19 Q Do you know where they were before LA?

20 A I don't.

21 Q Tyler opens the e-mail up by mentioning
22 countering "possible issues from today," and later he
23 says, "I think these were our 3 biggest," slash,
24 "noticeable hurdles today."

25 What was going on on that day that was

261

1 momentous for the dialer?

2 A It looks like the dialer -- the -- probably you
3 couldn't access it and it was not letting you log in, if
4 I had to guess.

5 Q Okay. But do you remember August 20, 2013?

6 A No, I don't. Huh-uh.

7 Q Okay. All right. We can set that aside.

8 A Sorry. I don't know.

9 Q Sure. That was three years ago.

10 We'll mark this next one as 326.

11 (Whereupon, the document referred to was marked
12 Exhibit 326 for identification.)

13 BY MR. EVANS:

14 Q This is an e-mail on June 16, 2014, from
15 Houston Lewis to Hugo Vignolo, Esteban Morales, Jose
16 Valiente, and Herbert Carranza, and let me just stop
17 there.

18 Those four gentlemen, are they all in
19 Guatemala?

20 A They are.

21 Q And also Andy Salisbury, Justin Ramsey, and
22 Mike Jones.

23 Now, we mentioned this earlier. Who is Houston
24 Lewis?

25 A That was a name we put on the e-mail address.

262

1 And this is like a Eric Oakley e-mail.

2 Q So you -- you're saying Eric Oakley actually
3 sent this e-mail?

4 A Yes.

5 Q And is that because it says, "Thank you, E," at
6 the bottom?

7 A Yes.

8 Q Why would Eric Oakley send an e-mail from
9 Houston Lewis?

10 A It was an e-mail that we used if we had to
11 communicate with Guatemala.

12 Q Did anybody else use that e-mail?

13 A I don't believe so.

14 Q Why did you and Eric need an e-mail address
15 with a special name to communicate with Guatemala?

16 A He wanted to use it. We created one to use for
17 telemarketing, and I didn't want my last name on it. So
18 I told him not to put my last name on it.

19 Q Apparently Eric didn't want any part of his
20 name on it; is that right?

21 A No, he doesn't. He never did.

22 Q He didn't want his name on anything?

23 A No. To do with this, no.

24 Q And this had to do with telemarketing through
25 the Guatemala call center for specifically auto warranty

263

1 in this case?

2 A Auto warranty. Uh-huh.

3 Q So why not e-mail -- sorry. Strike that.
4 So Eric didn't want his name on anything?

5 A Uh-huh.

6 Q And you didn't want your last name on it. Why
7 was it that?

8 A Didn't really want auto warranty around me.

9 Q Why did you leave your first name on it?

10 A Because I had to talk to them.

11 Q Did they know that this was two different
12 people?

13 A Probably. I thought that, yes, they knew it
14 was Eric.

15 Q They knew that this in particular was Eric?

16 A Yes.

17 Q So they -- in Guatemala, they knew that there
18 was no such person as Houston Lewis?

19 A Yes.

20 Q And Lewis is not your middle name; right?

21 A No.

22 Q Where'd Lewis come from?

23 A Just made it up.

24 Q When did you guys create this e-mail address?

25 A Probably about 2014 at some point when we --

264

1 that's when we moved everything to Guatemala.
 2 **Q And how -- how long did it last.**
 3 A Not very long. A few months. Maybe -- maybe
 4 four months, five months.
 5 **Q That's the e-mail address?**
 6 A Everything.
 7 **Q The telemarketing through Guatemala also only**
 8 **lasted --**
 9 A Yeah. As soon as I was done, I canceled that
 10 e-mail. I think I canceled that e-mail.
 11 **Q So how long did -- well, and -- sorry. Strike**
 12 **that.**
 13 **Secure Alliance telemarketed through Guatemala**
 14 **for more than just a few months; right?**
 15 A As far as I know, it was about half of 2014.
 16 **Q Okay.**
 17 A We didn't go into 2015 with that.
 18 **Q Did you use the name Houston Lewis to**
 19 **communicate on behalf of Secure Alliance?**
 20 A I might have.
 21 **Q Is --**
 22 A It's possible, yes.
 23 **Q Is this e-mail something done under the**
 24 **auspices of Secure Alliance?**
 25 A Well, they had Secure Alliance e-mails. But

265

1 this, probably not.
 2 **Q Because it was auto warranty?**
 3 A Auto warranty.
 4 **Q There's a line in here where Eric, or Houston**
 5 **Lewis, writes in the e-mail on the first page, "the reps**
 6 **may not tell the customer they are transferring to a**
 7 **Buick rep or a Ford rep...just tell them they are**
 8 **transferring them to the vehicle specialist."**
 9 A Uh-huh.
 10 **Q What does that refer to?**
 11 A Somebody probably mentioned on the opening call
 12 that they're going to be transferred to, like, a Buick
 13 or a Ford specialist probably because they had a Buick
 14 or a Ford.
 15 **Q But in reality, these people they were**
 16 **transferring to had nothing to do with the car**
 17 **companies; right?**
 18 A No.
 19 **Q They're salespeople at an auto warranty**
 20 **company?**
 21 A Correct.
 22 **Q In the script itself -- well, first, so it**
 23 **attaches a call script; is that right?**
 24 A Yes.
 25 **Q And I'll represent to you that this is the**

266

1 **document that was attached to that e-mail, and the**
 2 **metadata for this document, the word information says**
 3 **that the author was Houston Fraley.**
 4 A Uh-huh.
 5 **Q Did you write this script?**
 6 A Probably, yes. It looks familiar.
 7 **Q Did you write a lot of auto warranty scripts?**
 8 A No. Not really. No. This is -- the only time
 9 I ever wrote auto warranty script was the specific point
 10 in time for Guatemala. Before that, I didn't.
 11 **Q Who wrote the scripts before that?**
 12 A They would come from OnPoint.
 13 **Q And did you write home security scripts?**
 14 A I have. Uh-huh.
 15 **Q And were those only for Guatemala as well?**
 16 A Secure Alliance. So for Guatemala or when we
 17 had it here in 15991.
 18 **Q So you wrote home security scripts for both**
 19 **California and Guatemala?**
 20 A I have, uh-huh, with some help, yes. But yes,
 21 mostly.
 22 **Q Who would have helped?**
 23 A Eric would have wrote some of this.
 24 **Q What other products did you write scripts for?**
 25 A SEO, warranty, security. And then when I had

267

1 Versatile One without them, they usually provided me
 2 with the scripts.
 3 **Q And this is a script for an actual phone call**
 4 **between a human being and a customer; right?**
 5 A It would be a script between a human being and
 6 a customer, yes.
 7 **Q All right. I guess I should say between two**
 8 **human beings, one telemarketer, one customer?**
 9 A Correct. Yes, sir.
 10 **Q Did you also write scripts for prerecorded**
 11 **messages?**
 12 A Well, yeah. Probably I have, a couple.
 13 **Q And then those were recorded by voice talent?**
 14 A Debbie would be the one, unless Mike had
 15 somebody else do it.
 16 **Q So this script mentions in the opening, "The**
 17 **reason for this call is that your vehicle may still**
 18 **qualify you for warranty protection."**
 19 A Uh-huh.
 20 **Q Who would have received this call?**
 21 A A customer with a certain vehicle, based on the
 22 data that Mike had.
 23 **Q So the data -- did the data include more**
 24 **information than just their phone number?**
 25 A Not our -- not what we would see. Mike would

49 (Pages 264 to 267)

268

1 get that data, and then all we would see would be
2 warranty information -- or I'm sorry -- the person's
3 phone number.

4 **Q So when this call is made, do you know whether**
5 **they even own a car or whether it qualifies for warranty**
6 **protection?**

7 A Not on -- not in the center site. We would not
8 know that.

9 **Q Theoretically Mike should have taken care of**
10 **that?**

11 A Yes. Theoretically he should have taken care
12 of that.

13 **Q And then who does this get handed off to?**

14 A This -- where did this go? What was the name
15 of that company? Have you heard of a guy named Brian
16 Cox?

17 **Q It went to Brian Cox?**

18 A He was involved in a -- in a company, and I
19 cannot remember the name of it. But he was -- he's
20 pretty big in the auto warranty industry, and everybody
21 kind of knows who he is if you're in that industry. So
22 he -- we would send these to his office.

23 **Q Where is his operation located?**

24 A He's been in a couple different places. He's
25 been in Texas, and he's been in Missouri.

269

1 **Q The title of this is "Sweeper Predictive."**

2 A Uh-huh.

3 **Q What does that mean?**

4 A That was the name of the predictive campaign.

5 **Q Sweeper?**

6 A Uh-huh.

7 **Q And a predictive campaign means that this would**
8 **have been based on outgoing calls that connected a live**
9 **consumer with a live telemarketer right off the bat;**
10 **correct?**

11 A Correct.

12 **Q So if I look at more Houston Lewis e-mails,**
13 **what's the best way to -- for me to figure out who wrote**
14 **it?**

15 A I don't know. Unless it was like this. That's
16 a good indication.

17 **Q And you mean signed, "Thank you, E"?**

18 A Yes. That could be a good one. But a lot of
19 times he didn't do that either. So I don't know. I
20 don't know how else I would tell you.

21 **Q Did you and Eric use the Houston Lewis account**
22 **for any purpose other than communicating with Guatemala?**

23 A Anything with a warranty, that was what that
24 was for.

25 **Q With warranty specifically?**

270

1 A Uh-huh. Uh-huh.

2 **Q Okay. That's a -- that's a yes?**

3 A Yes. Sorry.

4 **Q So if you wanted to send Guatemala a script for**
5 **a home security predictive campaign, you would just send**
6 **that from your own e-mail address?**

7 A Honestly, I don't know. I think I probably
8 used -- probably -- I probably used both of them at some
9 point in time. It probably came from any e-mail I had
10 open.

11 **Q Okay. Have you ever used any other e-mail**
12 **aliases that disguise your identity?**

13 A No.

14 **Q Did Eric?**

15 A I don't know that. This is the only e-mail
16 that he used that we combined used.

17 **Q Do you know any other shared or single-person**
18 **e-mail aliases that didn't use people's names around**
19 **Local Lighthouse, Secure Alliance, or any of those**
20 **companies?**

21 A Maybe a support e-mail at whichever. People
22 would share that. Or maybe accounting. Maybe Richard
23 had that and Kasia did that one. Just standard stuff.
24 Nothing that I know of now.

25 **Q So this is an outlier for being a -- not**

271

1 something like support or accounting, but a person's
2 name on an e-mail address that was not that person
3 because that person didn't exist -- this is the only
4 instance you know of of something like this?

5 A Correct.

6 **Q And it was because you and Eric didn't want**
7 **your full name on written communication that had to do**
8 **with auto warranties?**

9 A Correct.

10 **Q And why?**

11 A I don't want to be associated with that
12 industry really.

13 **Q Is it because it's a shady industry?**

14 A It could be. Yeah. Some -- some people could
15 be.

16 **Q Are you aware of issues with people, that**
17 **people have with their extended auto warranties after**
18 **they buy them?**

19 A No. I'm not aware of that.

20 **Q You're talking just about the telemarketing**
21 **itself?**

22 A Correct.

23 **Q And, you know, what's -- what's so problematic**
24 **about this telemarketing?**

25 A It's bad.

272

1 **Q Is it illegal?**
 2 A Auto dialing to consumers without their
 3 consent, yes.
 4 **Q Robocalling without consumers' consent is**
 5 **illegal?**
 6 A Correct.
 7 **Q And you guys knew that at the time; right?**
 8 A Correct.
 9 **Q And calling numbers on the National Do Not Call**
 10 **Registry without consent is illegal; right?**
 11 A Correct.
 12 **Q And you guys knew that at the time?**
 13 A Yes.
 14 **Q Did you and Eric talk about the fact that**
 15 **robocalling and do-not-call violations were illegal?**
 16 A Not really.
 17 **Q How do you know that everybody knew it was**
 18 **illegal?**
 19 A We've been in the business. So everybody, just
 20 standard practice, knows.
 21 **Q And the calls are made anyway?**
 22 A Yeah.
 23 **Q Why?**
 24 A For clients, for customers to produce money.
 25 **Q They make people money?**

273

1 A Correct.
 2 **Q And robocalls make the most money out of all;**
 3 **right?**
 4 A Yes.
 5 **Q Were there protocols in place to avoid breaking**
 6 **the law at all?**
 7 A There -- kind of yes, kind of no. Mike was
 8 responsible for the data. So it was supposed to be
 9 scrubbed before it goes up on the dialer. It should be.
 10 And the DNC should always be checked. So that's kind of
 11 what we went by.
 12 **Q Were those policies followed?**
 13 A The DNC was checked most the time. Like I
 14 mentioned earlier, 50/50 probably on -- on the master,
 15 the customer was always checked for us that I remember
 16 seeing. But as far as what happened to that data or
 17 what was under that data before it went up on the
 18 dialer, I didn't control that, and I don't know what was
 19 done.
 20 **Q And as far as making robocalls, the robocalls**
 21 **were just made regardless?**
 22 A Correct.
 23 MR. BARLOW: On these auto warranty campaigns
 24 that were on the predictive, you think the master DNC
 25 scrub was clicked on 50 percent and clicked off

274

1 50 percent?
 2 THE WITNESS: I would probably guess, depending
 3 on how the campaign was set up. Because if you check
 4 the master, depending on whose account you're under,
 5 then their DNC trickles down, whether it's the same
 6 industry or not or same vertical or not.
 7 MR. BARLOW: But --
 8 THE WITNESS: From my understanding.
 9 MR. BARLOW: And then there were times where
 10 these predictive auto warranty campaigns were run
 11 without scrubbing?
 12 THE WITNESS: They were always checked with the
 13 customer, which was -- yes.
 14 MR. BARLOW: I'm talking about --
 15 THE WITNESS: And there was probably --
 16 MR. BARLOW: -- about the master.
 17 THE WITNESS: -- times when -- yes.
 18 MR. BARLOW: All right. And who else did you
 19 discuss this Houston Lewis e-mail with? Aside from Eric
 20 Oakley, who else knew about it?
 21 THE WITNESS: Richard.
 22 MR. BARLOW: Uh-huh.
 23 THE WITNESS: Maybe Tyler.
 24 MR. BARLOW: Uh-huh.
 25 THE WITNESS: And then anybody we communicated

275

1 with outside the office for auto warranty purposes.
 2 MR. BARLOW: And these people knew that Houston
 3 Lewis wasn't an actual person; right?
 4 THE WITNESS: Correct.
 5 MR. BARLOW: Like Andy Salisbury, for example,
 6 knew that Houston Lewis wasn't writing this script and
 7 forwarding this script; right?
 8 THE WITNESS: Correct.
 9 MR. BARLOW: And Mike Jones knew that also;
 10 right?
 11 THE WITNESS: Yes.
 12 MR. BARLOW: And they knew it was you or Eric?
 13 THE WITNESS: Yes.
 14 MR. BARLOW: Did you ever discuss it with them?
 15 THE WITNESS: Huh-uh.
 16 MR. BARLOW: Why not?
 17 THE WITNESS: Well, they knew it was me.
 18 MR. BARLOW: How did they know it was you?
 19 THE WITNESS: Because they asked me to do it.
 20 MR. BARLOW: Who asked you?
 21 THE WITNESS: Mike or Eric --
 22 MR. BARLOW: And what about Andy?
 23 THE WITNESS: -- or Richard.
 24 Andy didn't really have any involvement with me
 25 on this side. It was only if something was going on in

51 (Pages 272 to 275)

Allorey, Inc.

10/19/2016

320

1 Mike and Nick for OnPoint. So I just assumed that's why
2 he had an office.
3 MR. BARLOW: But he still have an office there
4 well after OnPoint ended; right?
5 THE WITNESS: Oh, he did. Yes. Yes.
6 MR. BARLOW: Did you ever ask anybody, "Why is
7 Andy still in the office?"
8 THE WITNESS: I think Mike just didn't want to
9 kick him out. Because he actually had a office at Local
10 Lighthouse, too. So Mike just let him have an office
11 wherever we were.
12 MR. BARLOW: And you worked with these guys for
13 years; right?
14 THE WITNESS: Uh-huh.
15 MR. BARLOW: Based on what you know, if Andy
16 Salisbury is e-mailing with TelWeb, is that e-mail to
17 help Mike Jones or because Andy's competing with Mike
18 Jones? Which would you say it is?
19 THE WITNESS: Help Mike Jones. My opinion.
20 MR. BARLOW: Yeah.
21 Are there things Mike Jones needed help with
22 that he wasn't good at?
23 THE WITNESS: The only thing Mike knew was
24 dialer. So anything else out of that, yeah.
25 MR. BARLOW: Like could he negotiate a

321

1 contract?
2 THE WITNESS: No.
3 MR. BARLOW: What about compliance with --
4 THE WITNESS: Andy.
5 MR. BARLOW: -- dialing regulations?
6 THE WITNESS: Andy would be involved with that.
7 MR. BARLOW: And did Andy help him with that
8 regularly?
9 THE WITNESS: Yes.
10 MR. BARLOW: And did you guys get subpoenas in
11 your offices, government agencies asking for information
12 about certain phone calls?
13 THE WITNESS: Not that I know of, other than
14 you guys.
15 MR. BARLOW: You never heard of that
16 previously?
17 THE WITNESS: No.
18 MR. BARLOW: Would you be surprised to learn
19 that subpoenas were frequently coming in to Richard Paik
20 and varies entities under his and Mike and Andy's
21 control?
22 THE WITNESS: I don't -- it wouldn't surprise
23 me. The only thing I knew was, like, a consumer, like a
24 person, like a -- wanting a payment for being phone
25 called. I knew that happened. But as far as

322

1 government, I did not know that.
2 MR. BARLOW: Like the State of Indiana or the
3 State of North Carolina?
4 THE WITNESS: No. I never heard that.
5 MR. BARLOW: And have you ever received any
6 inquiry from any other state or federal agency?
7 THE WITNESS: No. And if I have, they hid it
8 from me.
9 MR. BARLOW: I mean we can see that one
10 document where they listed your name and then gave
11 somebody else's --
12 THE WITNESS: Exactly.
13 MR. BARLOW: -- phone number. Do you think
14 it's possible they submitted responses on your behalf
15 without you knowing even or putting your name on it?
16 THE WITNESS: Yes.
17 MR. BARLOW: In fact, do you feel that Richard
18 and Mike took advantage of you?
19 THE WITNESS: Absolutely.
20 MR. BARLOW: Did they take advantage of other
21 people?
22 THE WITNESS: Everybody.
23 MR. BARLOW: Who?
24 THE WITNESS: Tyler, Ray, Kasia, Steve, me.
25 Everybody.

323

1 MR. BARLOW: All right. I guess with that,
2 I'll play some --
3 MR. EVANS: Sorry. I -- I have one more
4 question, and then we will get to the robocalls.
5 BY MR. EVANS:
6 **Q Something you said a minute ago was that Mike**
7 **may have forced out Nick Long because Nick was a**
8 **possible threat to Mike's only way to make money.**
9 A Correct.
10 **Q You said it was the only way to make money.**
11 A Mike's only way of knowing ever how to make
12 money.
13 **Q Is dialing?**
14 A Yes.
15 **Q And so if a government agency or a court says,**
16 **"Mike, you've been caught. From now on you can only**
17 **dial in compliance with the law," is that going to be**
18 **very effective?**
19 A No.
20 **Q If a federal court says, "Mike Jones, you can**
21 **never dial again," is that going to be very effective?**
22 A No.
23 **Q He's going to keep doing it no matter what?**
24 A He'll find a way.
25 **Q Because it's the only way he knows to make**

63 (Pages 320 to 323)

Allorey, Inc.

10/19/2016

324

1 money?

2 A Correct.

3 Q And, in fact, even though he's been cut off by
4 TelWeb, he might well be making money through Brice
5 Perdue now; right?

6 A Pretty sure. Yes.

7 Q Okay.

8 MR. BARLOW: I would ask you the same questions
9 about Justin Ramsey. In your experience, having dealt
10 with Justin Ramsey for several years, if a federal judge
11 were to tell him, "You can only dial in compliance with
12 the law," would that be an effective remedy to stop him
13 from violating the law?

14 THE WITNESS: No.

15 MR. BARLOW: What if a federal judge told him,
16 "You're not allowed to do any dialing"? Do you think
17 he'd comply with that?

18 THE WITNESS: No.

19 MR. BARLOW: It would be -- is there any way to
20 stop Justin Ramsey from making or initiating illegal
21 phone calls?

22 THE WITNESS: I would say yes, but then I would
23 figure he would figure out a way how to. You could
24 throw him in jail, and he'll have somebody outside doing
25 it for him.

325

1 MR. BARLOW: Yeah.

2 BY MR. EVANS:

3 Q The same is true with Mike Jones?

4 A Absolutely.

5 MR. BARLOW: Oh, I want to ask you about --
6 before we go to these voice -- these robocalls, did you
7 ever hear that people were telemarketing on either
8 TelWeb or Avatar and Mike Jones and Justin Ramsey for
9 pain gel or pain cream?

10 THE WITNESS: Yes.

11 MR. BARLOW: What can you tell me about that?

12 THE WITNESS: There was a person in Florida
13 that they dialed for that did pain cream. That's
14 what -- the extent that I knew about it. They -- I
15 think they wanted to try to get us to sell it at some
16 point. And we all -- and Richard and Eric said no.

17 MR. BARLOW: Why?

18 THE WITNESS: It seems a little weird. I think
19 they didn't want to get involved with it because it
20 seemed kind of like a little funny scam possibly. I
21 mean cream that solves everything. Like, come on.

22 MR. BARLOW: It doesn't sound like a legitimate
23 product.

24 THE WITNESS: It doesn't sound like a
25 legitimate product.

326

1 MR. BARLOW: Right.

2 And how were -- how was the pain gel or pain
3 cream being paid for?

4 THE WITNESS: I heard it was part customer,
5 part insurance.

6 MR. BARLOW: And so insurance companies were
7 going to be billed for this?

8 THE WITNESS: That's what I heard, yes.

9 MR. BARLOW: And was this a prescription
10 product?

11 THE WITNESS: I don't know.

12 MR. BARLOW: Right.

13 I mean -- I mean I'm not aware. I don't know.

14 THE WITNESS: I don't think -- well, for
15 insurance to have to be -- have to cover it, I think it
16 would have to somehow have a doctor's note or
17 prescription or recommendation.

18 MR. BARLOW: Right.

19 And so did the call center that was going to
20 take these calls schedule a doctor's visit with these
21 consumers to prescribe the medicine?

22 THE WITNESS: I don't know what happened on
23 that end. All I know is they dialed for it, and then
24 the guy wanted us to try to sell it, and we all said --
25 or not we all, because I don't know -- they said no.

327

1 MR. BARLOW: And where were those calls dialed?

2 THE WITNESS: TelWeb was sent to a place
3 Florida.

4 MR. BARLOW: And they dialed these calls
5 through TelWeb?

6 THE WITNESS: Correct.

7 MR. BARLOW: How would I try and find those
8 particular calls in TelWeb?

9 THE WITNESS: It would be under a customer.
10 And I would guess they probably didn't use the name

11 "Pain Cream." So I would have to think it was under
12 maybe DWT or IMM -- the IMM level customer. It would be
13 under those for sure.

14 MR. BARLOW: And would there be a campaign name
15 or anything specific I could look for?

16 THE WITNESS: I didn't see a campaign name
17 because I never had that access to that part.

18 MR. BARLOW: Uh-huh.

19 THE WITNESS: But if they labeled it "Pain
20 Cream," I'm sure you could find it.

21 MR. BARLOW: Yeah.

22 THE WITNESS: But I don't know if they would
23 ever label it "Pain Cream."

24 MR. BARLOW: Did you ever hear of a medical
25 alert campaign?

64 (Pages 324 to 327)

Allorey, Inc.

10/19/2016

328

1 THE WITNESS: Medical pendant. I heard that
2 they wanted to do it at some point. I don't know if
3 that ever happened.
4 MR. BARLOW: Okay. In going back to --
5 THE WITNESS: Like a medical pendant. Like a
6 Life Alert type thing.
7 MR. BARLOW: Or just medical alert.
8 THE WITNESS: I did hear of something like
9 that, yes.
10 MR. BARLOW: And then going back to the pain
11 gel or pain cream, what time frame was this?
12 THE WITNESS: We were already in the location
13 of two -- 2975. So that would -- that was at some
14 point -- I think it was 2014 or -- it was not '15, I
15 don't believe. It was 2014, I think.
16 MR. BARLOW: Could it have been 2013, too,
17 or --
18 THE WITNESS: It could have been.
19 MR. BARLOW: Yeah.
20 THE WITNESS: I didn't hear about it until we
21 were in that location, and that was March 2014. So I
22 know it was at that -- after that point.
23 MR. BARLOW: And how long were they dialing
24 these pain gel or pain cream calls?
25 THE WITNESS: Maybe a couple months. I think

329

1 it kind of came up. And then after it came up, a couple
2 times I heard about it, I never heard about it again.
3 So it could have been for a few months.
4 MR. BARLOW: Do you know how much they were
5 charging people?
6 THE WITNESS: I don't.
7 MR. BARLOW: And were they targeting any
8 specific kind of group for this product?
9 THE WITNESS: I don't know. I would assume it
10 was probably a older person that maybe had some
11 ailments.
12 MR. BARLOW: And it was supposed to be like a
13 cream that could solve any of your problems, whether you
14 had shoulder pain or knee pain or --
15 THE WITNESS: Yeah.
16 MR. BARLOW: -- pain from cancer or pain from
17 arthritis? Is that your understanding?
18 THE WITNESS: It would solve some ailment, is
19 what I heard. I -- I didn't get into it. I didn't
20 really care. At that point I was -- we just moved in.
21 So I was kind of really focused on Local Lighthouse.
22 And I just heard it because I was in the office. But
23 they usually kicked me out. So....
24 MR. BARLOW: Understood.
25 Who kicked you out?

330

1 THE WITNESS: Oh, Mike. Mike did a lot.
2 Richard did a lot.
3 MR. BARLOW: And who did you hear talking about
4 the pain gel or pain cream campaign?
5 THE WITNESS: Richard and Eric. Yeah, Richard
6 and Eric. Because Mike never showed up really that much
7 at all.
8 MR. BARLOW: Okay. With that, I think now
9 we'll turn to the long-awaited robocalls.
10 So we previously discussed you're familiar with
11 Justin Ramsey, and you identified a robocall message
12 that was actually using his voice.
13 THE WITNESS: Yes.
14 MR. BARLOW: It was a prerecorded message that
15 was delivered to your cell phone.
16 THE WITNESS: Yes.
17 MR. BARLOW: I will represent to you that the
18 Federal Trade Commission has obtained voice files, .wav
19 files containing prerecorded messages that were
20 delivered as part of robocall telemarketing campaigns,
21 and we have obtained these from third parties. And I'm
22 going to play a few. And if you recognize the voice,
23 please let me know.
24 And I'm going to read for the record a file
25 number. And -- and these files, we're going to -- for

331

1 one or two of them, we're going to see if we can get the
2 entire robocall message transcribed, and then I may play
3 a few more where we don't transcribe the entire
4 robocall. I'll just play it long enough for you to
5 identify whether it's somebody you know --
6 THE WITNESS: Okay.
7 MR. BARLOW: -- speaking, including Justin
8 Ramsey.
9 So we're going to start. And if it doesn't
10 work for you, Madam Reporter, please let us know. I'm
11 going to try here.
12 (Prerecorded message was played as follows:)
13 "Hi. My name's John with the debt department.
14 You are among the select group that has been preselected
15 for an exclusive debt mediation program. Your revolving
16 consumer debt and credit card payments are eligible for
17 a debt settlement program created --"
18 THE REPORTER: Wait. No.
19 MR. BARLOW: Were you able to get some of it,
20 like the introduction, this is John from the debt
21 department?
22 THE REPORTER: Yes.
23 MR. BARLOW: Did you recognize the voice in
24 that message?
25 THE WITNESS: Yes. That is Justin Ramsey.

65 (Pages 328 to 331)

Allorey, Inc.

10/19/2016

332

1 MR. BARLOW: And for the record, that was a
 2 file number that we have in our records as 254143. And
 3 that message said, hi, this is John from the debt
 4 department.
 5 But that was actually Justin Ramsey?
 6 THE WITNESS: Yes, it was.
 7 MR. BARLOW: Okay.
 8 MR. EVANS: Should you put where it came from,
 9 what it was attached to, Bates number?
 10 MR. BARLOW: Can we go off the record for a
 11 minute?
 12 (An off-the-record discussion was held.)
 13 MR. EVANS: Go back on the record.
 14 MR. BARLOW: Yes. Go back on the record.
 15 (Prerecorded message was played as follows:)
 16 "Congratulations. You have been approved for a
 17 free wireless in-home security system. Press one now to
 18 find out more. Once again, press one now to find out
 19 more. Thank you."
 20 MR. BARLOW: And, Mr. Fraley, is that, again,
 21 Justin Ramsey's voice?
 22 THE WITNESS: Yes, it is.
 23 MR. BARLOW: And that was, for our reference
 24 file, file name 263524.wav.
 25 I'll play another here.

333

1 (Prerecorded message was played as follows:)
 2 "Attention. This is not a sales call. There
 3 has been a rise in crime around your neighborhood, or
 4 you have been referred by a friend or a neighbor, and
 5 you are eligible to receive a free wireless home
 6 security system. There is no cost for equipment or
 7 installation, and the system is monitored 24 hours a day
 8 by your local police, fire, and medical. You must be a
 9 home owner to take advantage of this special offer. If
 10 you are interested in having this system installed at no
 11 cost to you, then press one now. Once again, press one
 12 now. Otherwise, press two to be removed from our
 13 calling list. Thank you, and have a nice day."
 14 MR. BARLOW: And, Mr. Fraley, was that message,
 15 again, Justin Ramsey?
 16 THE WITNESS: Yes, it was.
 17 MR. BARLOW: And that was 270275.wav.
 18 And this will be 314557.wav. And I probably
 19 won't play the entirety of the message. So if you could
 20 signal just by raising your hand or something if you
 21 have --
 22 THE WITNESS: Sure.
 23 MR. BARLOW: -- heard enough to identify the
 24 speaker.
 25 (Prerecorded message was played as follows:)

334

1 "Attention. This is not a sales call. There
 2 has been a rise in crime around your --"
 3 MR. BARLOW: And you listened a sufficient
 4 length of time to identify the speaker in that message?
 5 THE WITNESS: Yes.
 6 MR. BARLOW: Who is it?
 7 THE WITNESS: Justin Ramsey.
 8 MR. BARLOW: Okay. And that was 314557.wav.
 9 I'll do -- I'll do one more here. This will be
 10 398763.wav.
 11 (Prerecorded message was played as follows:)
 12 "Do not hang up. This is not a sales call.
 13 There has been a home burglary reported in your area, or
 14 you have been referred by a friend or neighbor --"
 15 MR. BARLOW: Okay. Did you listen to enough --
 16 THE WITNESS: Yes.
 17 MR. BARLOW: -- to identify the speaker there?
 18 THE WITNESS: Yes, I did.
 19 MR. BARLOW: And, again, who was it?
 20 THE WITNESS: Justin Ramsey.
 21 MR. BARLOW: All right.
 22 And did I say the file number?
 23 MR. EVANS: Yes. Say it again if you want.
 24 MR. BARLOW: And that was -- can I get a read
 25 back? Did I read the file number?

335

1 (Record read.)
 2 MR. BARLOW: Okay. We're good.
 3 Do you want me to run down to the lobby?
 4 MR. EVANS: We're still on the record.
 5 So with that -- with that, we are prepared to
 6 close the investigational hearing. I want to thank you
 7 again for coming in, being so forthright. And this has
 8 been really helpful, you know. We have been
 9 investigating for a year, and we're still always
 10 surprised to hear some new information from people.
 11 So thanks again for your time. Thanks for
 12 signing the settlement. And we'll keep you up to date
 13 as that progresses.
 14 And so with that, we'll -- unless there's
 15 anything else you want to put on the record to -- you
 16 know, this may be viewed by courts, opposing parties.
 17 Is there anything else you want the world to know about
 18 this dialing enterprise and your work with it?
 19 THE WITNESS: No.
 20 MR. EVANS: Okay. Thank you, Mr. Fraley.
 21 We'll go off the record.
 22 (Proceedings concluded at 2:02 p m.)
 23 * * *
 24
 25

66 (Pages 332 to 335)

Allorey, Inc.

10/19/2016

336

ERRATA SHEET

Page____ Line____ Reason for change:

Page____ Line____ Reason for change:

Page____ Line____ Reason for change:

Page____ Line____ Reason for change:

Page____ Line____ Reason for change:

Page____ Line____ Reason for change:

Page____ Line____ Reason for change:

Page____ Line____ Reason for change:

Page____ Line____ Reason for change:

Page____ Line____ Reason for change:

HOUSTON FRALEY

338

STATE OF CALIFORNIA)

: ss.

COUNTY OF ORANGE)

I, the undersigned, a Certified Shorthand
Reporter of the State of California, do hereby certify:That the foregoing proceedings were taken
before me at the time and place herein set forth; that
any witnesses in the foregoing proceedings, prior to
testifying, were placed under oath; that a verbatim
record of the proceedings was made by me using machine
shorthand which was thereafter transcribed under my
direction; further, that the foregoing is an accurate
transcription thereof.I further certify that I am neither financially
interested in the action nor a relative or employee of
any attorney of any of the parties.IN WITNESS WHEREOF, I have this date subscribed
my name.

Dated:_____

DARCY A. MILANOWSKI, CSR
Certificate No. 8582

337

DECLARATION UNDER PENALTY OF PERJURY

I do hereby declare under penalty of perjury
that I have read the foregoing transcript; that I have
made any corrections, additions, or changes as appear
noted; that my testimony as contained herein, as
corrected, is true and correct.In witness thereof, I hereby subscribe my name
this _____ day of _____, 20_____,
at _____,
(City) (State)

HOUSTON FRALEY

67 (Pages 336 to 338)

In the Matter of:

Allorey, Inc.

October 14, 2016

Tyler Hall

Vol. 2

Condensed Transcript with Word Index



For The Record, Inc.

(301) 870-8025 - www.ftrinc.net - (800) 921-5555

<div>59</div> <div>1 FEDERAL TRADE COMMISSION</div> <div>2</div> <div>3</div> <div>4</div> <div>5 INVESTIGATIONAL HEARING) Matter No. 1523152</div> <div>6 IN RE: ALLOREY, INC.)</div> <div>7 _____)</div> <div>8</div> <div>9 Friday, October 14, 2016</div> <div>10</div> <div>11 Tyler Hall - Volume 2</div> <div>12</div> <div>13</div> <div>14 Office of the Attorney General</div> <div>15 1275 West Washington Street</div> <div>16 Library Conference Room</div> <div>17 Phoenix, Arizona 85007</div> <div>18</div> <div>19 The above-entitled hearing came on for hearing,</div> <div>20 pursuant to notice, at 9:02 a.m.</div> <div>21</div> <div>22</div> <div>23</div> <div>24</div> <div>25</div>	<div>61</div> <div>1 I N D E X</div> <div>2</div> <div>3 WITNESS:</div> <div>4 TYLER JAMES HALL EXAMINATION:</div> <div>5 62</div> <div>6 EXHIBITS DESCRIPTION FOR ID</div> <div>7 275 Document Entitled "Civil Investigative Demand" (7 Pages) 69</div> <div>8</div> <div>9 276 Redline Version of Proposed Stipulated Final Order For Permanent Injunction and Civil Penalty Judgment As to Defendant Tyler Hall (9 Double-sided Pages) 76</div> <div>10</div> <div>11 277 Proposed Stipulated Final Order For Permanent Injunction and Civil Penalty Judgment As to Defendant Tyler Hall (9 Double-Sided Pages) 77</div> <div>12</div> <div>13</div> <div>14 280 Document Entitled "Application for Delivery of Mail Through Agent" (7 Pages) 238</div> <div>15 282 Document Entitled "State of California, Secretary of State, Statement of Information" (3 Pages) 243</div> <div>16</div> <div>17 283 Bank of America Application (5 Pages) 245</div> <div>18 286 E-mail Chain to Mike Jones From Justin Ramsey Dated Monday, June 8, 2015 (3 Pages) 134</div> <div>19</div> <div>20 287 E-mail String From Andrew Salisbury to Jamie Christiano Dated Wednesday, June 26, 2013 (1 Page) 147</div> <div>21</div> <div>22 288 E-mail From Tyler Hall to Shoutpoint Support, With CC to Others Dated Tuesday, August 20, 2013 (1 Page) 154</div> <div>23</div> <div>24 289 E-mail String From Tyler Hall to Vicki McIntosh With CC to Andrew Yoshioka Dated Monday, August 03, 2015 (2 Pages) 160</div> <div>25</div>
<div>60</div> <div>1 APPEARANCES:</div> <div>2</div> <div>3 ON BEHALF OF THE FEDERAL TRADE COMMISSION:</div> <div>4 James E. Evans, Esq.</div> <div>5 Ian L. Barlow, Esq.</div> <div>6 Federal Trade Commission</div> <div>7 600 Pennsylvania Avenue, NW</div> <div>8 CC-8528</div> <div>9 Washington, D.C. 20580</div> <div>10 (202) 326-2026</div> <div>11 (202) 326-3120</div> <div>12 (202) 326-3395 (Fax)</div> <div>13 james.evans@ftc.gov</div> <div>14 ibarlow@ftc.gov</div> <div>15</div> <div>16 ON BEHALF OF THE WITNESS:</div> <div>17 Tyler James Hall</div> <div>18 [REDACTED]</div> <div>19 [REDACTED]</div> <div>20 Scottsdale, Arizona, [REDACTED]</div> <div>21 (714) [REDACTED]</div> <div>22 tj.hallway@gmail.com</div> <div>23</div> <div>24 Also Present</div> <div>25</div>	<div>62</div> <div>1 290 E-mail String From Support@shoutpoint.com to Mihaim@netdotsolutions.com Dated Thursday, June 09, 2011 (10 Pages) 175</div> <div>2</div> <div>3 291 E-mail String From Mihai Marinescu to Tyler Hall Dated Tuesday, November 04, 2014 (8 Pages) 181</div> <div>4</div> <div>5 292 E-mail String From Support@shoutpoint.com to Jamie.Christiano@shoutpoint.com Dated Wednesday, June 26, 2013 (3 Pages) 188</div> <div>6</div> <div>7 294 E-mail String From Support@shoutpoint.com to Mihaim@netdotsolutions.com Dated Thursday, June 06, 2013 (1 Page) 195</div> <div>8</div> <div>9 295 E-mail String From Support@shoutpoint.com to Mihaim@netdotsolutions.com Dated Friday, March 08, 2013 (2 Pages) 199</div> <div>10</div> <div>11 297 E-mail String From Support@shoutpoint.com to Jamie.Christiano@shoutpoint.com Dated Wednesday, April 10, 2013 (1 Page) 203</div> <div>12</div> <div>13 298 E-mail String From Support@shoutpoint.com to Mihaim@netdotsolutions.com Dated Tuesday, February 21, 2012 (2 Pages) 206</div> <div>14</div> <div>15</div> <div>16 INFORMATION REQUESTED BY COUNSEL</div> <div>17</div> <div>18 Page Line</div> <div>19 80 4</div> <div>20 253 23</div> <div>21 254 14</div> <div>22 255 3</div> <div>23 260 12</div> <div>24 261 11</div> <div>25</div>

63

PROCEEDINGS

Whereupon--

TYLER JAMES HALL,

a witness, called for examination, having been first
duly sworn, was examined and testified as follows:

EXAMINATION

BY MR. BARLOW:

**Q. Before we get started with anything more formal,
just state your name for the record.**

A. Tyler Hall.

Q. What is your middle name?

A. James.

Q. And Mr. Hall, what's your date of birth?

A. [REDACTED]

**Q. Okay. All right. And you just swore to the
oath?**

A. Yes.

Q. Okay. Just a few preliminary matters.

**We're doing this investigational hearing
today by videoconference using Skype and a speakerphone,
and if we have any technical difficulties, please just be
patient. We'll all try and do our best.**

A. Sure.

Q. Also in the room with Mr. Hall is a

64

**representative of the Arizona Attorney General's Office.
The Arizona Attorney General's Office has been gracious
enough to provide us with a room today, and we appreciate
that.**

**And sir, could you state your name for the
record?**

MR. DREWNO: My name? It's going to be Bernard
Drewno.

MR. BARLOW: And Bernard, could you spell your
last name, please?

MR. DREWNO: It's going to be D-R-E-W-N-O.

**Q. BY MR. BARLOW: Okay. And this is a non-public
investigation, and so we appreciate everybody's
cooperation in that regard in maintaining the
confidentiality at this point.**

**We understand, Mr. Hall that -- and I'm
sorry, Bernard, I did not hear your last name? Can you
say that again?**

MR. DREWNO: It's Drewno.

Q. BY MR. BARLOW: I'm sorry, I couldn't hear that.

A. It's Drewno.

MR. DREWNO: It's Drewno.

**Q. BY MR. BARLOW: And Mr. Drewno is present in the
room with you to provide an escort around the building,
because it is a secured building.**

65

A. Of course.

**Q. All right. And with that, I think that's our
preliminary, preliminary matter. Now we have some other
preliminary matters which pertain to Federal Trade
Commission procedure.**

**So with that, I am the staff attorney who
will be conducting the investigational hearing today, but
we also have, under our rules, what's called a Hearing
Officer. Mr. Evans is the Hearing Officer today, and he
has a statement he will read into the record if everyone's
prepared.**

Mr. Reporter, are you ready?

THE REPORTER: Yes, sir.

MR. BARLOW: Okay. Mr. Evans will now read the
statement.

MR. EVANS: Okay. Good morning. This is the
continued investigational hearing of Tyler Hall. Today's
session continues the investigational hearing convened on
October 14, 2015. This investigational hearing is
convened at 9:04 a m. Pacific -- Arizona time, and at
12:04 p m. eastern time on Friday, October 14th, 2016.

The witness and the court reporter are at
the Phoenix office of the Arizona Attorney General,
located at 1275 West Washington Street. Counsel for the
Federal Trade Commission are at the Washington, D.C.

66

office of the Federal Trade Commission in the Constitution
Center Building, 407th Street Southwest, Washington, D.C.
Appearing for the Federal Trade Commission are myself,
James Evans, as Hearing Officer, and Ian Barlow as
Commission Counsel.

As noted, when this investigational hearing
was originally opened, this proceeding is in relation to a
nonpublic Commission investigation to determine whether
certain telemarketers, sellers, or others assisting them
have engaged in or are engaging in: (1), unfair or
deceptive acts or practices in or affecting commerce in
violation of Section 5 of the Federal Trade Commission
Act, 15 U.S.C. Section 45 (as amended); and/or, (2)
deceptive or abusive telemarketing acts or practices in
violation of the Commission's Telemarketing Sales Rule, 16
C.F.R. Part 310 (as amended), including but not limited to
the provision of substantial assistance or support to
telemarketers engaged in unlawful practices.

The procedures which will be followed in
this investigational hearing are outlined in the
Commission's Rules of Practice, specifically Part 2, Non-
Adjudicative Procedures, Subpart A, which pertain to
investigations and investigational hearings, beginning
with Section 2.1 through Section 2.14.

I would like to draw your attention

67

1 particularly to Section 2.9 of the Commission's Rules
2 which provides that any person compelled to appear and
3 testify or produce documentary evidence may be
4 accompanied, represented, and advised by counsel,
5 according to Federal Trade Commission Rules."
6 Representation by counsel in this hearing will be in
7 accordance with those Rules as prescribed by Section 2.9,
8 Subparts (b)(1) through (6).

9 And just to confirm, Mr. Hall, you are not
10 represented by counsel today. Is that correct?

11 THE WITNESS: That's correct.

12 MR. EVANS: The purpose of this proceeding is to
13 receive testimony under a Civil Investigative Demand duly
14 served upon Mr. Hall. The CID was authorized and issued
15 pursuant to the Federal Trade Commission Resolution in
16 File Number 0123145, dated April 11, 2011. In order to
17 facilitate reference during this hearing, I request that
18 Commission Counsel place into the record, as a Commission
19 exhibit, a copy of the CID, including the Commission's
20 Resolution and attached specification.

21 With those announcements made, I will turn
22 this back over to Mr. Barlow.

23 MR. BARLOW: Thank you, Mr. Evans.

24 Q. Mr. Hall, can you tell me – you've already given
25 us your date of birth and full name. Can you give me your

68

1 current address, please?

2 A. Absolutely. It's [REDACTED]

3 [REDACTED], Scottsdale, Arizona, [REDACTED].

4 Q. How long have you lived there?

5 A. June 30th was my move-in date.

6 Q. Of this year?

7 A. That's correct.

8 Q. Prior to June 30th of this year, where did you
9 live?

10 A. It was the Deerfield Apartments in Irvine, and
11 that address was [REDACTED], and that was apartment [REDACTED] in
12 Irvine, California, [REDACTED], I believe.

13 Q. Okay. Thank you.

14 Now you are not represented by counsel at
15 this point in this matter. Is that right?

16 A. That's correct, sir.

17 Q. Previously you were represented by a lawyer. Is
18 that correct?

19 A. Yes.

20 Q. Okay. And you've chosen of your own accord today
21 to testify. Is that right?

22 A. Yes.

23 Q. Okay. And you feel comfortable doing that?

24 A. Yes, sir.

25 Q. Now I've given the court reporter today several

69

1 exhibits, and from time to time we may refer to some of
2 those exhibits.

3 A. Sure.

4 Q. Now Mr. Reporter, I'll draw your attention to the
5 first exhibit in the stack that I sent to your company,
6 and it's Exhibit Number, in the bottom right-hand corner,
7 257. Do you have those exhibits, Mr. Reporter?

8 THE REPORTER: Yes, sir.

9 MR. BARLOW: Thank you. Thank you.

10 Q. Okay. So you are here today to give testimony,
11 Mr. Hall, pursuant to a Civil Investigative Demand issued
12 by the Federal Trade Commission on August 27, 2015. Is
13 that right?

14 A. Yes, sir.

15 (Deposition Exhibit Number 275 was marked
16 for identification.)

17 Q. BY MR. BARLOW: Okay. And Mr. Reporter, would
18 you please hand Mr. Hall Exhibit 275.

19 A. All right. I have it in front of me.

20 Q. All right. And do you see on the right, about a
21 third of the way down, where it says "Date and Time of
22 Hearing Or Deposition: Wednesday, September 23rd, 2015,
23 at 1:30 p m."?

24 A. Yes, sir.

25 Q. And you did previously appear at the

70

1 investigational hearing on September 23rd at the federal
2 courthouse in Santa Ana. Is that right?

3 A. Yes, sir, I did.

4 Q. And in that hearing you invoked your
5 constitutional right to plead the Fifth Amendment in
6 response to all of our questions. Is that right?

7 A. Yes, I did.

8 Q. But my understanding is that today you intend to
9 provide complete and accurate substantive answers. Is
10 that right?

11 A. Absolutely.

12 Q. Okay, sir. And with that, could you please hand
13 back to the reporter Exhibit 275?

14 A. Yes, sir.

15 Q. And I ask that Exhibit 275 be entered into the
16 record.

17 Okay. Mr. Hall, other than last year,
18 roughly one year ago, when you met Mr. Evans and myself in
19 the Santa Ana courthouse, have you ever testified under
20 oath before?

21 A. No, sir.

22 Q. Okay. So as we've been going now for a few
23 minutes. I'll be asking you a series of questions, and
24 you're under oath to provide full, complete, and honest
25 answers to my questions. Do you understand that this oath

Allorey, Inc.

10/14/2016

71

1 requires not just honest answers, but also complete
2 answers?

3 A. Yes, sir.

4 Q. And you promise to tell the whole truth. Is that
5 right?

6 A. Absolutely.

7 Q. Okay. And do you understand that this is the
8 same kind of oath you'd be taking in a courtroom in front
9 of a Judge?

10 A. I understand.

11 Q. Okay. After the court reporter prepares a
12 transcript of today's investigational hearing, you may
13 elect to read the transcript and sign it. Do you
14 understand that?

15 A. Yes, sir.

16 Q. Okay. Now as you can see, the court reporter is
17 recording everything that we say here, and because he can
18 only record our words, please answer each question with a
19 clear, verbal response.

20 A. Sure.

21 Q. You've been doing that very well, but please keep
22 it up; okay?

23 A. Sure. Thank you.

24 Q. Especially since we're on Skype and a conference
25 call, it's almost a necessary precaution, because I can

72

1 only understand you if you answer verbally.

2 A. Understood.

3 Q. Yeah, and you're doing a great job, but keep your
4 voice up as well.

5 A. All right. Sure.

6 Q. Now one thing that's especially important,
7 because we're on this conference line and Skype, is that
8 you please let me finish my question before you start to
9 answer.

10 A. Sure.

11 Q. And I will also do the same thing. Do you agree
12 to that?

13 A. Absolutely.

14 Q. Okay. Also, if you don't understand a question
15 that I've asked, please let me know before you respond,
16 and I will explain or rephrase the question.

17 A. Of course.

18 Q. Do you agree to do that?

19 A. I do.

20 Q. Otherwise, I'm going to assume that you
21 understood the question.

22 A. Sure.

23 Q. Is that fair enough?

24 A. Fair.

25 Q. And if you're uncertain or don't have complete

73

1 knowledge of an answer to a question, you still need to
2 answer the question to the extent your able. Do you
3 understand that?

4 A. Yes, I do.

5 Q. Okay. Now here are some sort of formality
6 questions for the record.

7 A. Of course.

8 Q. Are you sick or have you taken, or do you intend
9 to take any medication, drugs or alcohol that would affect
10 your ability to testify accurately or honestly today?

11 A. No.

12 Q. And you agree to give me full, fair, truthful and
13 complete answers to each of my questions?

14 A. Yes, I do.

15 Q. All right. And if at any time you want to take a
16 break, please let me know, but I do normally ask that we
17 not take a break in the middle of a question. Usually if
18 I ask a question, you give the answer, and then ask that
19 we take a break rather than while a question is still
20 pending.

21 A. Sure.

22 Q. Understood?

23 A. Understood.

24 Q. Okay. Did you do anything to prepare for today's
25 hearing?

74

1 A. Honestly, no. I don't really believe there is
2 anything to prepare for. I can only know what I know, and
3 I'm prepared to tell you what I know in accordance with
4 your questions. Beyond that, I don't think there is
5 anything you can prepare for.

6 Q. Okay. Did you review any papers or materials
7 before coming in today?

8 A. Only during the initial signing of the Order and,
9 you know, reviewing that, but other than that, no, I have
10 not.

11 Q. Okay. And before coming in today, did you talk
12 to anybody about this investigational hearing?

13 A. The only person that I've ever been in contact
14 with, even since I moved out here, is Houston Fraley, and
15 he just knew that I had one scheduled, and I knew that he
16 had one scheduled, and that was the extent of it.

17 Q. All right. Okay. So you mentioned briefly the
18 Order. We have basically sent you a Settlement Order and
19 a draft Complaint that will be filed in Federal Court. Do
20 you understand that?

21 A. I do.

22 Q. And in the Complaint, the Federal Trade
23 Commission sues you civilly, not criminally, for violating
24 telemarketing laws. Do you understand that?

25 A. I do.

4 (Pages 71 to 74)

111

1 Q. Yeah. All right.

2 So when they started Local Lighthouse, it
3 was in the same building?

4 A. Yes.

5 Q. Okay. This is still in 15991 Red Hill. Is that
6 right?

7 A. Yes, same building, same suite.

8 MR. BARLOW: Let me check.

9 Mr. Reporter, are you okay? Are you still
10 there and everything's okay?

11 THE REPORTER: Yes, sir.

12 MR. BARLOW: You know, since we're doing this by
13 teleconference, I just wanted to check in.

14 Q. Okay. And so when Local Lighthouse got started,
15 Mr. Hall, did your job change at all or did you keep doing
16 the same thing?

17 A. Yes, it did change. I was no longer doing
18 anything with marketing or the dialer or placing phone
19 calls. As far as I knew, I didn't even know if those
20 things were going to be happening any more. We were all
21 brought, once again, almost like when Savilo was formed,
22 we were brought into a room, kind of the same group of us,
23 except this time -- I don't remember if David Ochoa was
24 here for this. I don't think so. I don't think David was
25 here for Local Lighthouse, and I don't think Heather was

112

1 either. At this point it was just Mike, Eric, Richard,
2 me, Ray, Houston, and I don't know if anybody else was
3 really there at the beginning of it.

4 Oh, and our first sales guy that they hired
5 for Local Lighthouse wasn't there the full time, but it
6 was kind of like the thought process of forming the
7 company. His name was John Pearson, and he was the first
8 sales guy they hired. They said that they wanted to kind
9 of get away from this rotating business of auto warranty
10 and home security, you know, which was, as we would call
11 it in the industry, more of a boiler room, you know,
12 obviously nicknamed after the movie, you know, type
13 atmosphere. They all told us that they wanted to turn a
14 new leaf and have this new flagship company that we could
15 call home for years, and that everyone could believe in,
16 and have a solid product behind it that, you know, wasn't
17 hurting anybody and was truly helping businesses and all
18 this kind of stuff.

19 I don't know who decided that they were
20 going to make this type of company. I don't know where
21 the idea came from. I assumed it was an amalgamation of
22 conversations between Mike Jones and Eric Oakley and
23 Richard Paik, and they told me that they wanted me to be
24 the customer service person, because obviously if they had
25 a salesperson, and Ray would be doing the web design --

113

1 and I guess it helps to get context on this.

2 Local Lighthouse was a search engine
3 optimization company. Search engine optimization, for
4 lack of a better definition, is the manipulation of search
5 engine results on the internet, to gain a higher market
6 share of a searched phrase. So if I search for "Pizza
7 Delivery in Scottsdale," there will actually be a number
8 of results that show up on Google, and those people are
9 actually competing for that space.

10 That space in front of your eyes on the
11 screen is real estate, and so companies started coming up
12 that had web designers and, you know, engineers and these
13 kind of people that would learn what it took to make --
14 what you could do to a website to make it show up higher
15 in the results of a search page, because when you're
16 looking at a search page, your eyes look top down. So
17 obviously the first result is going to be the highest
18 amount of real estate.

19 So they said, "Well, what if we started this
20 company where we would try and sell this optimization of
21 websites to businesses, and try and give them better
22 presence and higher positions and search results for terms
23 that pertained to their business?" It's actually a very
24 legitimate business. Obviously, there are crooks in it,
25 like there are in almost any business that try to cut

114

1 corners and do it the wrong way, and obviously Google and
2 Bing work very hard at stopping that and countering that,
3 but it's not really regulated. It's not really looked at,
4 because I don't know how internet and information works in
5 terms of regulation and government, but...

6 But that was the new business that they
7 wanted to do, and it sounded awesome to all of us. You
8 know, this new web design thing and building websites for
9 businesses and trying to advertise online for them. Like
10 everything just seemed -- like it almost seemed like a
11 relief from the whole telemarketing thing.

12 So I started, and I agreed to start being
13 the customer service department, you know, by myself. How
14 they acquired clients at the time, I have no idea, but
15 they would, through the same Leadtrac system, build out a
16 new portion of it to be for this SEO, rather than for, you
17 know, all the other previous ones; Savilo and On Point,
18 and all that kind of stuff. I'm sure it had a new account
19 inside that system with the track for that purpose, and to
20 keep them separate.

21 I would get files, you know, through this
22 system, and I would have to, you know, talk to the client
23 and learn about their business, and, you know, ask or, you
24 know, talk about their competitors and see what they're
25 doing online. It was a bunch of research, and I would

115

1 have to, you know, just feel out their needs and see what
2 they wanted online for their business. And then if they
3 needed to build a website, then I would send that project
4 over to Ray, and he would build that company a new website
5 and would buy the domain on GoDaddy. I would just service
6 the clients. Then eventually, when we got big enough, we
7 recruited to make customer service a department.

8 I assume you may have some questions, so
9 I'll kind of stop there.

10 **Q. Okay. When you speak about Ray, do you mean Ray**
11 **Verallo?**

12 A. I do.

13 **Q. Okay. And you mentioned Houston. That's Houston**
14 **Frale?**

15 A. It is.

16 **Q. And when you got that speech about how they were**
17 **turning over this new leaf and doing this legitimate sort**
18 **of search engine optimization business, who gave that**
19 **speech?**

20 A. Same people. Eric Oakley, Mike Jones, Richard
21 Paik. They were all, you know, telling us this together.

22 **Q. Okay. And did there come a time when you became**
23 **aware that Local Lighthouse was advertising using this**
24 **same automated dialing platform?**

25 A. Yeah, it was when they first brought in John

116

1 Pearson, and I don't really remember how long into it they
2 did that. He was getting phone calls, you know, and
3 because we all worked in that suite, I could see him, so
4 obviously I saw that he was getting phone calls.

5 And so that was when my kind of inner voice
6 said, you know, kind of "I bet you they're doing the same
7 thing." But whenever that subject matter kind of came up,
8 it was always like, from them, it was a means to an end.
9 Like "We're doing it now because it's what we know how to
10 do, but it's not what we want to do" type of thing. Like
11 that's how it always came across.

12 But later on, as I discovered, there was
13 never any effort really to do anything else to research
14 any other type or any other form. There may have been.
15 There may have been a real effort to get away from doing
16 the dialing, but I never saw it.

17 **Q. Right.**

18 **Now did there -- let me ask you this: In**
19 **addition to Local Lighthouse --**

20 A. Uh-huh.

21 **Q. -- were Mike Jones and Richard Paik and Eric**
22 **Oakley or Andy Salisbury, were any of those individuals**
23 **running other businesses out of the same office space on**
24 **Red Hill?**

25 A. I wouldn't doubt it. If they did, I wouldn't be

117

1 surprised, but I don't know their names or if they did
2 that.

3 I know Mike always talked all the time about
4 managing some R&B music group, and I mean he was always
5 talking about that and name-dropping hip-hop stars that he
6 had talked to or been in the studio with, or this and
7 that, and was still trying to I guess manage some guy that
8 was a solo R&B artist.

9 But beyond that, I mean if there were other
10 business dealings going on, once again, you know,
11 ignorance was the name of the game.

12 **Q. Right.**

13 **But I mean in addition to the dialing that**
14 **On Point Media did, and then later Savilo, and then later**
15 **Local Lighthouse, Mike Jones was also selling access to**
16 **the dialing platform to other people; right?**

17 A. Oh, sorry. I wouldn't have thought of that
18 initially as another business.

19 Yeah, Mike Jones, as I learned, his whole
20 thing was basically dialing and reselling that platform to
21 other people to do dialing. But to be honest with you,
22 there are so many names and companies and, you know,
23 people that I've heard of, it's almost impossible to even
24 name them. Like just hundreds. Hundreds and hundreds and
25 hundreds, if not more than that. And then those people

118

1 would resell it again, you know, because they had access
2 now.

3 So it was like this unending, you know,
4 chain of reselling this dialing platform, and, you know,
5 whatever rate per minute they wanted to charge was
6 whatever they wanted to charge, because, you know, Jamie
7 would charge Mike a certain rate, and then Mike would
8 charge his clients a certain rate, but then obviously up-
9 sell it so that he could make a decent margin per minute,
10 but then those people would resell it, but up-sell their
11 minute charges and make something off the margin.

12 Obviously all of that is funneling its way
13 up to Jamie Christiano and whatever carriers he's getting
14 all these phone lines from, which was at the time what
15 I've always known to be Verizon and Qwest. And "Qwest" is
16 Q-W-E-S-T. I'm not sure who really else.

17 **Q. So in reselling access to the dialing platform,**
18 **Mike Jones and his employees, you all would also provide**
19 **some support to the customers who were using it. Like for**
20 **example, if the automated dialing platform didn't work,**
21 **they might contact you and then you would contact**
22 **Shoutpoint. Is that right?**

23 A. Yeah. Mike made us the support team for all of
24 his other dealings, yeah.

25 **Q. Right.**

15 (Pages 115 to 118)

119

1 A. Me and Ray specifically.
 2 **Q. Great.**
 3 **Local Lighthouse paid you and Ray to do**
 4 **that?**
 5 A. That was not why they were paying me. Our salary
 6 only came because of the work we were doing for Local
 7 Lighthouse.
 8 **Q. Oh.**
 9 A. That just came because Mike Jones said so.
 10 **Q. Well --**
 11 A. In essence, yes.
 12 **Q. If you stopped doing what Mike Jones said, would**
 13 **Local Lighthouse have kept paying you?**
 14 A. No, they would have let me go.
 15 **Q. Okay. So in other words, Mike Jones made you do**
 16 **this work, and you got paid by Local Lighthouse. Is that**
 17 **right?**
 18 A. That is correct.
 19 **Q. Okay. I understand now.**
 20 **And so in addition to the, like, substantive**
 21 **telemarketing that these companies did, they all also**
 22 **resold access to the Shoutpoint/NetDot Solutions dialing**
 23 **platform; right?**
 24 A. The majority of them did. Whether all of them
 25 did I highly doubt, but I'm sure a vast majority of them

120

1 did, yes.
 2 **Q. And did you guys call that dialing platform, did**
 3 **you call it TelWeb?**
 4 A. Yes, sir.
 5 **Q. Okay. All right.**
 6 A. It was known by three -- it was known by four
 7 different names.
 8 **Q. Okay.**
 9 A. It was known as TelWeb, TelServ, S-E-R-V, and
 10 Shoutpoint and NetDot Solutions or NDS.
 11 **Q. All right. Why did it have so many different**
 12 **names it was known by?**
 13 A. Well, I'm assuming to try and get around what
 14 they were doing. At the time I had no idea.
 15 MR. BARLOW: Okay. All right. So I think this
 16 is a good time to take a break for a few minutes, just a
 17 five or ten-minute break, catch our breath, go to the
 18 restroom, et cetera. Is everybody okay with a quick
 19 break?
 20 THE WITNESS: Yeah, I'm sure. It looks like
 21 everyone here is.
 22 MR. BARLOW: And Mr. Reporter, we'll go off the
 23 record.
 24 THE REPORTER: All right.
 25 (The deposition recessed from 10:22 a.m. to

121

1 10:33 a.m.).
 2 MR. BARLOW: We're back on the record.
 3 Mr. Reporter, we're back on the record?
 4 THE REPORTER: Yes, sir.
 5 **Q. BY MR. BARLOW: Okay. Mr. Hall, during the break**
 6 **did you speak to anybody about this case?**
 7 A. No, sir.
 8 **Q. All right. And you're still under oath. Do you**
 9 **understand that?**
 10 A. Yes, I do.
 11 **Q. I want to turn your attention now and ask you**
 12 **some questions about another company that we believe**
 13 **you've been affiliated with called Secure Alliance. Are**
 14 **you a familiar with a company called Secure Alliance?**
 15 A. I am.
 16 **Q. And you were the legal owner on paper of Secure**
 17 **Alliance; right?**
 18 A. That's correct.
 19 **Q. Was there somebody else who was like in actuality**
 20 **or in practice the owner of Secure Alliance?**
 21 A. Richard Paik.
 22 **Q. And did Mike Jones have any ownership or control**
 23 **of Secure Alliance, or just Richard?**
 24 A. If he did, I don't know. I always assumed it was
 25 just Richard.

122

1 **Q. Okay. So you signed paperwork.**
 2 **Well, let me ask you, did you sign paperwork**
 3 **with the California Secretary of State saying you were the**
 4 **President or CEO of Secure Alliance?**
 5 A. I did.
 6 **Q. And did somebody ask you to do that?**
 7 A. Richard. Richard would ask me to do that, yes,
 8 he did.
 9 **Q. Okay. Did he choose the name or did you?**
 10 A. I think it was kind of both of us. He played it
 11 off as something goofy, and it just doesn't matter. "Come
 12 up with a name."
 13 **Q. Can you walk me through the conversation with**
 14 **Richard where it came to be that you ended up being the**
 15 **President of Secure Alliance?**
 16 A. Yeah, it actually starts before that, and it
 17 actually started with Mike Jones.
 18 **Q. Okay.**
 19 A. So I didn't know what this really meant, but Mike
 20 Jones approached me one day, and it was when I got
 21 promoted to be their version of an Operations Manager for
 22 Local Lighthouse, and Mike came to me and told me that now
 23 that I was in management, that I would be -- and this is
 24 the weird kind of mysterious, elusive part of it. I would
 25 be kind of in the circle now, and be able to be in

16 (Pages 119 to 122)

123

1 meetings that I wasn't in before, and there was some other
2 way for me to make extra money that I was going to be
3 privy to at some point. That's literally as vague as it
4 sounds. That's as vague as I was told.

5 Then Richard approached me next, and Mike
6 had no longer been a part of the conversation or this
7 setup. All I was told is that if I opened up a business
8 under my name for them to use -- for what purpose wasn't
9 disclosed -- that I would get some extra money on the side
10 every month. It was always spun to me in a way that I
11 wouldn't have to worry about, it was carefree, it was just
12 "Let us worry about it. I'll handle it." Richard said he
13 would handle all the taxes for it, so I didn't even have
14 to worry about that.

15 It was -- it was -- like I said, I was nose
16 down, blinders on, "Yes, sir. Okay. Cool. Extra money."
17 I like extra money. Who doesn't? But I didn't ever worry
18 about where that was going to come from.

19 **Q. Okay. And you talked about the "inner circle."**
20 **To your understanding who else was in that inner circle?**

21 A. Houston Fraley, Mike Jones, Eric Oakley, Andy
22 Salisbury, Steve Stansbury, and I believe that's -- I
23 think I knew at some point that Ray Verallo was involved
24 at this point, but for what purposes and in what manner, I
25 have no idea.

124

1 **Q. And Richard Paik as well?**

2 A. Yes, sorry. And Richard Paik, yes.

3 **Q. And later on, was there somebody else named**
4 **Andrew Yoshioka?**

5 A. Yeah, Andrew Yoshioka was always an interesting
6 kid. He was a friend of Mike Jones' son, and was just
7 always around and involved, but more like a secretary.
8 Like "Go pick up my kid from school," or "Go take Isabella
9 to violin practice," or whatever the thing was. I didn't
10 really know even at the time that he was involved in some
11 paper, you know, corporate legal way. That didn't -- I
12 didn't learn about that until much later.

13 **Q. Okay. Well, going back to Secure Alliance, when**
14 **you got the extra money on the side, was it your**
15 **understanding that it would be a flat fee, or was it based**
16 **on like a percentage of Secure Alliance's profits?**

17 A. Neither, it was just whatever they felt like.

18 **Q. There wasn't an agreement it would be a certain**
19 **amount?**

20 A. No.

21 **Q. And where did that money -- did you get that**
22 **money?**

23 A. I did.

24 **Q. And how did it get paid to you?**

25 A. In a check. Richard would write me a check. I

125

1 don't remember all of the companies those checks were
2 written from. They were different ones all the time.

3 **Q. Multiple different companies?**

4 A. Yes.

5 **Q. And let me ask you, did Secure Alliance operate**
6 **out of 15991 Red Hill also?**

7 A. He had me set up a P.O. Box for that, and
8 that -- and I paid for that P.O. Box personally.

9 **Q. Who is "he"?**

10 A. Richard, sorry. Richard Paik had me set up a
11 P.O. Box for a place for it to get mail, and that address
12 was in Irvine. I don't remember the address of the UPS.
13 I know I put it on my financial forms, I believe, but off
14 the top of my head, I don't remember it.

15 **Q. Yeah, why did he tell you to -- let me ask you**
16 **this: Did you ask him why you should set up a P.O. Box**
17 **instead of just using the 15991 Red Hill address?**

18 A. I did, and he just said that it was a place for
19 the mail to come, instead of having to come there. I
20 literally didn't question him on very many things.

21 **Q. Why not?**

22 A. Blind. Blind trust. Simply nothing more than
23 that.

24 **Q. And did you also open a bank account for Secure**
25 **Alliance?**

126

1 A. I did. Richard was present for that.

2 **Q. Right.**

3 **Did you go to the bank or did Richard go**
4 **with you?**

5 A. He drove me to the bank, and we both sat there
6 with a banker as they formed the account for the company.

7 **Q. All right. And did you ever actually handle the**
8 **banking for Secure Alliance, or did Richard do it all?**

9 A. Never. I didn't get a card. I didn't get a log-
10 in. I didn't get paperwork. I didn't get anything. I
11 didn't even get the Legal Zoom book, because Legal Zoom is
12 the company I assume he used to set it up. I don't even
13 have that, he does.

14 **Q. I've heard talk about Legal Zoom. Were there**
15 **like red binders?**

16 A. Yes.

17 **Q. I heard that there were red binders for many**
18 **different companies on Richard's bookshelf. Is that**
19 **right?**

20 A. Very many.

21 **Q. And in fact, Mike Jones told us under oath, when**
22 **I asked him where that company's office was, he said "In**
23 **the binder on Richard's bookshelf."**

24 A. Yeah, he had all of them lined up on a credenza
25 in his office.

127

1 **Q. And is it fair to say that to the extent those**
 2 **companies actually existed, they existed on Richard's**
 3 **bookshelf? Is that right?**

4 A. Yeah, they did not have physical locations. They
 5 were all P.O. Box addresses that lived in binders on his
 6 bookshelf.

7 **Q. Okay. So what did Secure Alliance do?**

8 A. All Secure Alliance did, as a business that I
 9 knew that it did, was it rented caller ID phone numbers
 10 from different third-party companies that would rent them
 11 from Verizon or Qwest, or whoever else, to use as
 12 displayed caller IDs on the telemarketing calls that they
 13 placed.

14 **Q. All right. And did they also -- did Secure**
 15 **Alliance also do any telemarketing?**

16 A. No. No. Not that I knew of.

17 **Q. Okay.**

18 A. There was never any account name on it. I never
 19 saw anything on the dialer that had its name on it. I
 20 never saw it being responsible for actually placing any
 21 dials ever. All the abbreviations or company names of
 22 accounts and things were all hidden or coded or acronyms
 23 that I didn't know.

24 **Q. Okay.**

25 A. Once again, I was left as ignorant as they could

128

1 leave me.

2 **Q. Have you ever heard of Alliance Security?**

3 A. Yes. All I know of them is they were a client
 4 that purchased leads for home security installations.
 5 Whether they actually did dialing or not, I didn't know
 6 until maybe four months ago, five months ago. They had
 7 gotten, I guess, in some trouble with the FTC, and for
 8 what I don't even know. It was kind of rumor-fed to me
 9 about them, but I really don't know a whole lot about them
 10 other than we tried to provide them leads.

11 **Q. Right.**

12 **Who provided them the leads?**

13 A. I guess -- I don't know if there is a company
 14 name behind it. It was kind of just Mike Jones and crew.
 15 I don't really know.

16 **Q. Understood.**

17 **Was it activity conducted by people who**
 18 **worked in 15991 Red Hill?**

19 A. Yes, yes, yes, it was.

20 **Q. It --**

21 A. I don't know if Alliance Security -- okay. I
 22 don't know if at the time -- and I can't remember, because
 23 there's just a lot to remember, and you may find things
 24 that you may even be informing me of just because of how
 25 long it's been. I don't know if Alliance Security had any

129

1 relationships while Local Lighthouse existed. I don't
 2 remember if there was any dealings with them when it was
 3 Local Lighthouse.

4 I do know that under what is the last
 5 company that I worked for, before I left California, was
 6 TrenSafe, and that was another Mike Jones company that was
 7 my last kind of -- the last thing that I was working for
 8 over there before I finally got tired of it and moved to,
 9 you know, Arizona.

10 **Q. Okay. Going back to the 2011, 2012, 2013, 2014**
 11 **time period --**

12 A. Uh-huh.

13 **Q. -- was there telemarketing going on in your**
 14 **office for home security?**

15 A. For Local Lighthouse, no. Local Lighthouse
 16 was -- in our office for Local Lighthouse -- and there is
 17 actually two offices. It started as the main office on
 18 Red Hill, 15991, and then we left that office and moved to
 19 Costa Mesa, which I believe is still where they are, where
 20 Local Lighthouse still is. I don't remember the address
 21 specifically off the top of my head, but it was on Red
 22 Hill, just a mile down.

23 **Q. Was it like 2975 Red Hill?**

24 A. Sounds familiar, yeah. I would bet that's it.

25 **Q. Okay.**

130

1 A. It was in the -- it was in the same building as
 2 OC Weekly, a small little newspaper that shared that space
 3 with them.

4 **Q. And in that office was there telemarketing going**
 5 **on for home security?**

6 A. Not that I was aware of, no. The only
 7 telemarketing that I was aware of at the time was for the
 8 SEO company.

9 **Q. Okay.**

10 A. The kind of reselling the whole dialing thing for
 11 Mike I'm sure was going on the whole time, but for
 12 anything else, I don't know.

13 **Q. Understood.**

14 **Okay. And during that time, what kind of**
 15 **work did you do as far as the reselling of the dialing**
 16 **platform?**

17 A. As best I can remember, I would try and diagnose
 18 any issues, or just be a kind of -- just a liaison between
 19 the support developers at the dialer and the client. You
 20 know, "Hey, we're getting a lot of dropped calls. Can you
 21 see if you can do something about this?" And that would
 22 be the call that I got.

23 Then I would go call the dialing company and
 24 tell them, "Hey, this client has this problem. Can you
 25 take a look at it?" And then wait for the results of

18 (Pages 127 to 130)

239

1 **Application For Delivery of Mail Through Agent form that**
 2 **the Federal Trade Commission obtained from the UPS Store,**
 3 **number 32, located at 14252 Culver Drive, Suite A.**
 4 A. Yes, sir.
 5 **Q. And at the bottom right-hand corner, is that your**
 6 **signature?**
 7 A. Yes, sir, it is.
 8 **Q. Okay. And this document, by the way, this**
 9 **exhibit is seven pages. The last page is a redacted copy**
 10 **of your driver's license and your Social Security Number.**
 11 A. Yes, those are both correct. Those are mine.
 12 **Q. And you submitted those to the UPS Store when you**
 13 **opened the mailbox; right?**
 14 A. I did.
 15 **Q. And that's you?**
 16 A. Yes, sir.
 17 **Q. Okay. And we redacted your Social Security**
 18 **Number and your date of birth from that.**
 19 A. I appreciate that.
 20 **Q. On the first page, the phone number,**
 21 **"714-██████" what number is that?**
 22 A. That is and is still my current cell phone
 23 number.
 24 **Q. And then the business telephone number is**
 25 **714-██████. What number is that?**

240

1 A. That was my desk, direct desk line at Local
 2 Lighthouse.
 3 **Q. Okay. Now on page 3 there is a different**
 4 **business telephone number.**
 5 A. Page --
 6 **Q. Do you see that? "714" -- oh, it looks like you**
 7 **just switched the two, I'm sorry.**
 8 A. Yeah, that's still my cell phone number and the
 9 desk line, I just -- yeah, you're right.
 10 **Q. Now there is an e-mail address on page 3,**
 11 **Tyler@securealliancecorp.com?**
 12 A. That's correct.
 13 **Q. Did you create that e-mail domain name?**
 14 A. I believe Ray created it, and then I was given,
 15 you know, access to my e-mail, but I don't remember. I
 16 don't remember buying this, or physically setting up the
 17 e-mail.
 18 **Q. And did you use it?**
 19 A. Yeah, I mean I remember being logged into it for
 20 a while. I remember that was the e-mail address that I
 21 used for the Google AdWords PPC account when I did some
 22 pay-per-click advertising for -- I think that was for
 23 Local Lighthouse, and I did it -- I'm trying to remember
 24 for who else I did it for, but yeah, I was in that e-mail,
 25 yeah. I did have access to it. I used to.

241

1 **Q. Do you still have access to it?**
 2 A. No.
 3 **Q. Why not?**
 4 A. I was instructed to no longer use it.
 5 **Q. Who instructed you not to use it any more?**
 6 A. Richard.
 7 **Q. When was that?**
 8 A. When the FTC investigation started in August of
 9 last year.
 10 **Q. And who controls the server, do you know? Like**
 11 **who has access to that e-mail domain?**
 12 A. I don't know who still would now. I mean that
 13 domain may be back on the open market by now, I really
 14 don't know. I don't remember how long it was bought for.
 15 I don't know who even has access to those accounts or the
 16 GoDaddy account. I don't know.
 17 **Q. And when Richard told you to stop using it, did**
 18 **he tell you -- did you ask why?**
 19 A. I naturally assumed. I didn't ask why, but I
 20 naturally assumed it was because he didn't want any more
 21 traffic coming into an e-mail that was to a company
 22 subject to an FTC investigation. I was never disclosed a
 23 real intent, if that's what you're asking.
 24 **Q. Did you start using a new e-mail address at that**
 25 **time?**

242

1 A. I think -- I mean I've had -- that may have been
 2 when I created my TJ.hallway just for my own personal use,
 3 but I didn't create another e-mail for Secure Alliance,
 4 no.
 5 **Q. Okay. And did you ever give any Security**
 6 **Alliance e-mails to Anne Uyeda?**
 7 A. E-mails? I don't think so.
 8 **Q. Did you ever give her any documents?**
 9 A. I gave only what was needed to give to you. I
 10 don't remember giving her anything else.
 11 **Q. Oh, you mean the financial forms?**
 12 A. Yes, like the bank statements and all that stuff,
 13 yes.
 14 **Q. Okay. But there was never any e-mail**
 15 **communications, like an e-mail between you and Mike Jones**
 16 **about the auto dialer?**
 17 A. I don't think so. I'm not going to say that I
 18 didn't, because I can't say that I didn't, but not that I
 19 can remember.
 20 **Q. Okay. This document number Exhibit Number 280,**
 21 **is this an accurate copy of the application that you**
 22 **filled out with the UPS Store?**
 23 A. Yes, sir.
 24 **Q. Okay. Oh, and you said Richard Paik instructed**
 25 **you to open it; right?**

46 (Pages 239 to 242)

243

1 A. Yes, sir.

2 **Q. And did you have a discussion with Mike Jones,**
3 **too?**

4 A. Not about the P.O. Box I don't think. I'm sure
5 he knew we had one, but I don't remember discussing it
6 with him.

7 **Q. Oh, this business address, [REDACTED]**
8 **[REDACTED] what was that?**

9 A. If I'm not mistaken, that was a -- whose address
10 was that? That was an address, I believe, that Richard or
11 Eric had originally set up to I guess be a representative
12 address of Local Lighthouse. This is not any address that
13 had anything to do with me or Secure Alliance.

14 **Q. This is yet another mailbox, you think?**

15 A. It could be, absolutely. Not that I had access
16 to, no.

17 **Q. Okay.**

18 A. And I filled out none of this form by my own
19 volition. Anything I had questions on, Richard answered
20 for me, so what to put where was answered by him.

21 **Q. No, I understand. Let's turn to Exhibit 282.**
22 **(Deposition Exhibit Number 282 was marked**
23 **for identification.)**

24 **Q. BY MR. BARLOW: For the record these are**
25 **documents obtained from the California Secretary of State**

244

1 **concerning Secure Alliance Corp.**

2 A. Sure.

3 **Q. All right.**

4 A. I have 282 in front of me.

5 **Q. Okay. The first page was submitted to the**
6 **California Secretary of State on March 12th, 2013.**

7 A. Uh-huh.

8 **Q. If you turn to page 2, this one was filed April**
9 **15, 2015. If you go to the bottom line, it says "Type/**
10 **Print Name of Person Completing Form: Tyler Hall,**
11 **Secretary."**

12 A. Uh-huh.

13 **Q. Did you do that? Did you go online and fill this**
14 **out?**

15 A. I don't remember filling this out.

16 **Q. Do you think Richard Paik did this?**

17 A. Well, he would have been the only other one to do
18 that.

19 **Q. Why wouldn't he just put his own name there?**

20 A. Because I was the scapegoat.

21 **Q. Well, if you turn to the first page, he put his**
22 **name on the bottom of that one; right?**

23 A. It was to make sure that I was involved so he had
24 someone else to point a finger at. I'm not really sure.
25 I never really thought about it that way.

245

1 **Q. So you didn't -- you didn't file this form with**
2 **the California Secretary of State?**

3 A. I did not file it, no.

4 **Q. Did Richard Paik ask you or bring you a copy and**
5 **say "Is this okay if I submit it on your behalf?"**

6 A. No, I was never shown a copy.
7 (Deposition Exhibit Number 283 was marked
8 for identification.)

9 **Q. BY MR. BARLOW: Okay. Let's move to what I hope**
10 **is labeled as Exhibit 283.**

11 A. All right. I have 283.

12 **Q. Just take a minute to look at these.**

13 A. Yeah, this is when we formed the bank account.

14 **Q. Is that your signature on the first page?**

15 A. Yes, my signature is the second signature, that's
16 correct.

17 **Q. And is that Richard Paik's signature above it?**
18 **Do you recognize that?**

19 A. Yeah, that's his.

20 **Q. And you were at the bank and you signed it**
21 **together?**

22 A. Yeah, we both went together.

23 **Q. Okay. A little above that there is like an**
24 **Employer Identification Number in the middle of the form.**
25 **Do you see that?**

246

1 A. I do.

2 **Q. Did you ever apply for an Employer Identification**
3 **Number for Secure Alliance Corp.?**

4 A. No, I did not.

5 **Q. Do you have any knowledge of Secure Alliance**
6 **Corp. obtaining an Employer Identification Number?**

7 A. No, I didn't even know that's something to be
8 obtained.

9 **Q. Did Richard Paik ask you for authorization to do**
10 **it on your behalf?**

11 A. No.

12 **Q. Did anyone else ask you for permission do it on**
13 **your behalf?**

14 A. No.

15 **Q. And are these accurate records reflecting the**
16 **forms you filled out at Bank of America that day with**
17 **Richard?**

18 A. Yes, sir, although most of the handwriting is not
19 mine. This looks to me to be the handwriting of the bank
20 representative --

21 **Q. Okay.**

22 A. -- which I'm assuming.

23 **Q. On the second page at the top, is that your**
24 **signature?**

25 A. Yes, that is.

247

1 **Q. Is that your handwriting on page 2?**

2 A. No.

3 **Q. Okay.**

4 A. I'm assuming that's Kelli Getter, the bank
5 representative.

6 **Q. Okay. All right. That's it on those documents.**

7 **Do you think it's possible you used to live**
8 **at [REDACTED]?**

9 A. Yes.

10 **Q. Okay.**

11 A. That's the [REDACTED] apartment complex.

12 **Q. Got you. Okay.**

13 MR. BARLOW: Why don't we take a couple minutes.
14 We're very close to wrapping up. Let's take literally
15 three minutes off the record; okay? We'll be back in
16 three minutes.

17 (The deposition recessed from 1:39 p.m. to
18 1:43 p.m.)

19 **Q. BY MR. BARLOW: Okay. So you've been very**
20 **thorough and forthright with us today, and we appreciate**
21 **that very much.**

22 A. You're more than welcome.

23 **Q. And previously when you pled the Fifth, based on**
24 **an instruction from a lawyer who was paid for by Richard**
25 **Paik and Eric Oakley, you refused to answer questions.**

248

1 **Was that done intentionally to impede the Federal Trade**
2 **Commission's investigation?**

3 A. I really hope not. I was not told if it was, but
4 I really hope not.

5 **Q. All right. Do you understand that when people**
6 **don't answer questions, we can't obtain information?**

7 A. I absolutely understand that. That's why it felt
8 so strange, but I had never been in that situation before.
9 I didn't know what to think.

10 **Q. And did anybody tell you, "Well, if you don't**
11 **talk to them, they can't get any evidence on you"?**

12 A. No, no one said anything of the sort.

13 **Q. Okay. And in fact, you, in a moment off the**
14 **record when we were discussing, you know, the breaks, you**
15 **said you had been eager to testify actually.**

16 A. Absolutely.

17 **Q. Is there anything else that you want to tell us**
18 **or the Court, you know, or preserve for the record about**
19 **the telemarketing conducted by Mike Jones or Richard Paik**
20 **or using the TelWeb platform? Is there anything else you**
21 **want to tell us that we haven't asked you about?**

22 A. Other than just reiterations and my assumption
23 that it's still taking place amongst all of them, any of
24 them, I'm not really sure. But if there's anything that I
25 can say, the masterminds of everything that have always

249

1 been is Mike Jones, Justin Ramsey, Richard Paik and Eric
2 Oakley. It is always those. It is never anybody
3 different. Yes, there are other cohorts, like Brice
4 Perdue and subsequent people that get roped into it, but
5 every single thing has been done by direction of them,
6 instruction of them, manipulated by them, and the rest of
7 us were silly enough to believe it.

8 **Q. And when you talk about "them," those four that**
9 **you listed, Mike Jones, Justin Ramsey, Eric Oakley and**
10 **Richard Paik, and what they orchestrated, you mean they**
11 **orchestrated unlawful telemarketing calls?**

12 A. Absolutely.

13 **Q. And you worked with them over the course of eight**
14 **years?**

15 A. Yes, sir.

16 **Q. Okay. Do you believe that there's any way to**
17 **prevent Mike Jones from continuing in unlawful**
18 **telemarketing?**

19 A. Whew. Stop him?

20 **Q. Yeah.**

21 A. I wish there was. I don't -- as long as he can
22 keep convincing people to have their names involved
23 instead of him, I don't know what can stop him, and that's
24 the sad part.

25 **Q. And if a Court tells him "Don't help anybody else**

250

1 **place calls to numbers on the Do-Not-Call list," do you**
2 **think he will listen to that and abide by it?**

3 A. No, absolutely not.

4 **Q. And in fact, he did once agree with the Texas**
5 **Attorney General not to do it any more; right?**

6 A. I did not know that he had agreed not to do it.
7 I was not aware of the stipulations of his agreement with
8 them.

9 **Q. Oh.**

10 A. But now knowing that, yes, he has already
11 violated it more than once.

12 **Q. Well, I mean, let me ask you this: Do you**
13 **think -- well, you don't believe that Mike Jones will**
14 **abide by a Court Order to keep from unlawful calling?**

15 A. No.

16 **Q. Why not?**

17 A. He hasn't done it to this day. He's in his mid
18 forties. It's the only way that he knows how to make
19 money. Why would he stop? It's all he knows. It's
20 literally all he knows.

21 **Q. And what about Justin Ramsey?**

22 A. Same thing.

23 **Q. Do you think he would abide by a Court Order**
24 **telling him not to telemarket illegally?**

25 A. No.

48 (Pages 247 to 250)

251

1 **Q. Why not?**

2 A. Exact same reasons. They are the exact same
3 person. Not literally the exact same person, but they are
4 the exact same person.

5 **Q. Justin's a little younger; right?**

6 A. A little bit, but not by much. A little bit.
7 Maybe five or six years from visually guessing. I don't
8 know his age.

9 **Q. And did you ever hear of Justin Ramsey being sued
10 by other states or anything like that?**

11 A. I'm sure I have. I can't tell you which states
12 or, you know, what AGs, or, you know, any organization
13 that may have, but, oh, yeah, absolutely, all the time.
14 He was the biggest problem child anybody had ever heard of
15 besides Mike, and it was very clear, and he knew about it,
16 too.

17 **Q. And did you ever hear any discussions where
18 anybody like Richard Paik or Eric Oakley or anybody else
19 discussed unlawful calls by Justin Ramsey?**

20 A. Oh, yeah. Everyone talked about Justin.
21 Everybody.

22 **Q. Can you give me an example?**

23 A. I remember -- I can't tell you dates, but it was
24 at some point during Local Lighthouse, and we were getting
25 some data, or I should say Local Lighthouse was purchasing

252

1 data from Justin Ramsey, which was then obviously given to
2 me to scrub and process and put up to the dialer, and a
3 lot, if not all of the complaints that ever came, or
4 letters or demands or Subpoenas that ever came were from
5 records that came from the data sets that Justin Ramsey
6 gave us. We would have several talks without Mike, and
7 even with Mike sometimes, about how bad his data was and
8 what he was doing to the organization, and what risk he
9 was bringing, and this, that, and the other. But it
10 was -- it fell on deaf ears, because Mike was not going to
11 tarnish that relationship or step on that relationship's
12 toes because it was making him money.

13 For him, if Local Lighthouse had to pay
14 \$1,000, or \$2,000, or \$5,000 a week to keep people from
15 actually filing lawsuits, then they were going to do it.
16 They were obviously making enough money that it was worth
17 it to them.

18 **Q. When was the last time you worked with Mike
19 Jones, Andrew Yoshioka, Houston Fraley, any of those
20 individuals? Richard Paik. Eric Oakley. When was the
21 last time?**

22 A. The last time I worked with Eric Oakley or spoke
23 with Eric Oakley or Richard Paik and worked with them was
24 December 18th, 2015.

25 The last time I spoke or worked with Mike

253

1 Jones was probably April of this year. I can't tell you a
2 specific day.

3 Houston, he and I still chat to this day
4 just by text and phone call. As of today's subject
5 matter, it's usually just about Fantasy Football and what
6 he's doing now, thankfully. You know, we've moved on from
7 all that kind of stuff.

8 Andrew -- well, so that was speaking.

9 Working with Mike or Houston or Andrew or
10 any of them was ended on June 4th of this year, and I
11 officially texted them all saying basically "Screw you, I
12 quit," on June 6th of this year, and I have not spoken to
13 anyone else in that circle besides Houston since.

14 **Q. So when you were working at TrenSafe, what e-mail
15 account did you use?**

16 A. Ray set up a TrenSafe e-mail for everybody, and
17 that was the account I used. Since I quit, my access was
18 removed.

19 **Q. Okay. Did you use your personal phone to send
20 text messages for any of your telemarketing work?**

21 A. I would have to say yes, yes. I have talked to
22 Andrew and Mike and Justin through texts, so yes.

23 **Q. If you have any text messages in your phone at
24 present, please try and preserve them. I know you're an
25 IT guy, so you might have better options than me, but I**

254

1 **mean at the least you can take a screen shot and e-mail
2 yourself the screen shot.**

3 A. Yeah, I do have some. I mean obviously it's very
4 recent history, because I've changed phones and upgraded
5 models and all that kind of stuff, but whatever I do have
6 in there right now I have kept for that purpose
7 specifically, in case you would need it.

8 **Q. Yeah, and --**

9 A. I'll look and see what else I have, and if I have
10 it, I'll make sure I screen-shot it and back it up for
11 both of you.

12 **Q. Yeah, please do preserve it, and I think we will
13 probably ask you for it, but we'll see if there's some
14 way -- you know, if we need to or not, I'll check, but
15 please do preserve it. Take every measure you can to
16 preserve it.**

17 A. Yeah, I mean I would obviously be more than
18 willing to just take some time this weekend, if I have
19 time, or over the next week, and just try and collect them
20 and get them to you in a way that I can just get them to
21 you.

22 **Q. That would be great, and then you don't have to
23 worry about preserving them anymore.**

24 A. Exactly.

25 **Q. You know, you're off the hook.**

255

1 All right. James, anything you want to add?
 2 I want to thank you very much. We
 3 appreciate your time today, and again, preserve those
 4 e-mails, or better yet, send them to us when you're done
 5 with them. If you move or change your contact info,
 6 please let us know, and we will be in touch to keep you
 7 apprised of the status of the settlement and lawsuit that
 8 will be filed at some point in the Central District of
 9 California where Local Lighthouse operated, and Savilo.

10 A. Right.

11 Q. And we will keep you apprised of that lawsuit and
 12 the progress that it makes in making its way to the Court,
 13 and being approved by the Federal Trade Commission.

14 A. Of course. I appreciate that.

15 Q. And we will probably have an update for you in
 16 about a week or two.

17 A. That sounds great, and I appreciate, you know,
 18 you guys making this happen, you know, in this venue, you
 19 know, so I didn't have to try and drive or fly, you know,
 20 to somewhere to make it more amicable, so I appreciate
 21 that.

22 I appreciate both of your patience in this
 23 year for even dealing with me, I guess, because of what I
 24 was instructed to say. I, by no means, would ever want to
 25 impede your process, so I appreciate you still being

256

1 willing to make this happen.

2 Q. Yeah. Oh, let me just ask you one more thing.
 3 When Anne Uyeda told you you're pleading the
 4 Fifth, was Tom Bienert there as well?

5 A. No, that was in -- okay. So the way that whole
 6 thing started was that whole firm came to the Local
 7 Lighthouse office, and Eric and Richard, and Eric's dad,
 8 which is oddly a name you haven't mentioned yet, Steve
 9 Oakley. Steve Oakley knew all of this was going on, and
 10 helped organize and run Local Lighthouse from the
 11 background. How he -- and if got paid for such, I don't
 12 know.

13 Most of the business direction, I and many
 14 other people believe came from Eric's dad, and was voiced
 15 to us through Eric, and they brought -- there was just one
 16 day where they were just, all of BMK and them were in a
 17 conference room talking, and then the next thing you know
 18 we're getting pulled into a smaller conference room
 19 individually by whatever attorney was going to represent
 20 us, and mine just happened to be Anne. That's where she
 21 asked me some of the basic information, kind of backstory,
 22 you know, stuff that you asked me, and then told me that
 23 she would obviously, you know, come back to me with
 24 instructions for what was going to happen.

25 And then I got informed of the initial

257

1 deposition hearing, and it was at that point that I was
 2 then instructed on the phone by Anne that "You don't want
 3 to run the risk of self-incriminating, so you shouldn't
 4 say anything," and that was when I was instructed to plead
 5 the Fifth.

6 Q. Did you believe you had a real and appreciable
 7 risk of going to jail?

8 A. No, but...

9 Q. Did you think --

10 A. I didn't -- I couldn't -- I couldn't
 11 conceptualize that something like this would lead to it
 12 because of my role and how I knew my role to be --

13 Q. Right.

14 A. -- in this whole thing, but I don't know the
 15 inner workings of the federal system or any of this.

16 Q. Right.

17 A. So I was literally scared of everything.

18 Q. Right, but I just want to be clear: You didn't
 19 tell your lawyers, "Oh, we are also scamming people out of
 20 money, or pretending to be the IRS," did you?

21 A. Oh, no. No.

22 Q. You weren't -- you weren't selling drugs, were
 23 you?

24 A. No. No.

25 Q. You weren't -- this wasn't -- there wasn't any

258

1 criminal activity that you were aware of, was there?

2 A. I guess the only reason why I could have thought
 3 so is I didn't know if telemarketing in the manner that
 4 they were doing it was criminal or not.

5 Q. Right. Right. Understandable.

6 A. I didn't know if I then would have been guilty by
 7 association, so that's why I was scared.

8 Q. And so explain it to me. Steve Oakley seemed to
 9 play a big role in Local Lighthouse?

10 A. Yes, yes, absolutely. He was -- once again, he
 11 had been retired is what we were told. We were told that
 12 he was retired, but couldn't stomach retirement, and so
 13 wanted to do something still. And so all of a sudden,
 14 just one day here's Eric's dad telling us all what to do
 15 and was trying to drive the business.

16 Q. When was that?

17 A. 2014ish. Early 2014. Maybe into 2015. Last
 18 couple years, I think.

19 Q. Did you know that Eric's dad lived next door to
 20 Andy Salisbury?

21 A. No.

22 Q. You never heard of that?

23 A. I knew that they knew each other and had been
 24 friends from obviously a past life, but not two addresses
 25 and house locations, no.

259

1 **Q. And what kind of directions did Eric Oakley's**
2 **father Steve give?**

3 A. It was just very actual -- just business
4 direction. I mean from an administrative standpoint, like
5 how to hire right and getting an HR department and, you
6 know, how to train salespeople. I mean it was all
7 different facets of normal business that you would expect,
8 but my gut usually isn't wrong, and my gut knows there's
9 more than that.

10 **Q. And Steve Oakley was there when the law firm came**
11 **to meet with you?**

12 A. I don't know if he was there that day.

13 **Q. Oh, okay.**

14 A. I know that he was obviously more than aware and
15 involved and probably helping Eric. I mean it's his kid.
16 Why wouldn't you help out your own son, trying to figure
17 out whatever it was he was trying to figure out? But why
18 he would hope -- I hope that Steve Oakley would not have
19 done anything to the extent that Eric and Richard had done
20 in business.

21 The only thing I knew about Steve Oakley is
22 that he used to work for Bank of America, and used to work
23 for ADP, the payroll company, in high level positions, and
24 thus was brought in to help us grow, because he had
25 obviously helped two very large corporations do it in some

260

1 manner.

2 But I cannot imagine that he couldn't have
3 known what marketing was taking place, how it was taking
4 place, who was being called, that it was wrong or right,
5 and that his son was doing it. And then by, I guess,
6 helping Local Lighthouse, he's also helping us do that,
7 and I'm sure he had more parts than that. But what's on
8 paper, what was verbal, what was -- I have no clue, but we
9 all know -- all of us knew that Steve Oakley was a big
10 part of it towards the end.

11 MR. BARLOW: All right. I think that's all we
12 have for you, but if you ever feel like there's anything
13 important for us to know, just pick up the phone and call,
14 send us an e-mail, whatever you want. If you ever feel
15 like there's anything else you remember, anything like
16 that.

17 THE WITNESS: Sure, yeah. I'm going to do some
18 digging in my own personal Gmail if I have chatter about
19 that from anybody. I have the whole e-mail string of just
20 me and Anne talking the whole time, like 70 e-mails long.

21 MR. BARLOW: I don't think -- I mean it's frankly
22 up to you whether to produce that to us, but I don't think
23 we are requesting any communications between you and your
24 attorney.

25 THE WITNESS: But obviously it would benefit you

261

1 to hold on to it.

2 MR. BARLOW: Yeah, you're entitled to not give us
3 that if you want.

4 THE WITNESS: I don't see how it's going to hurt
5 me. I mean it was -- I didn't even want that attorney. I
6 mean I don't know what I could have done wrong in just
7 talking with the attorney, you know? And so if there is
8 anything that you think is an opportunity that you may
9 need to know at some point, I'll obviously preserve them
10 for that reason.

11 MR. BARLOW: Yeah, just preserve everything you
12 have.

13 THE WITNESS: Sure.

14 MR. BARLOW: Great. All right.

15 Well, I think that is it. And I thank you
16 for your time, Mr. Reporter.

17 Oh, before we go off the record, or before
18 we all disband, I want to make sure I have all the
19 exhibits. I've got them in the order that they were used
20 and entered today.

21 Mr. Reporter, are you ready?

22 THE REPORTER: Yes. Do you want to go off the
23 record?

24 MR. BARLOW: I guess there's nothing else and we
25 can go off the record. I want to make sure before

262

1 everybody leaves the room that we have all the exhibits.
2 (The deposition concluded at 2:03 p m.)
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

Allorey, Inc.

10/14/2016

263

REPORTER'S CERTIFICATE

I CERTIFY that the foregoing deposition was taken by me pursuant to Notice; that I was then and there a Certified Reporter for the State of Arizona, and by virtue thereof authorized to administer an oath; that the witness before testifying was duly sworn by me to testify to the truth; that the questions propounded by counsel and the answers of the witness thereto were taken down by me in shorthand and thereafter transcribed under my direction, and that the foregoing typewritten pages contain a full, true, and accurate transcript of all proceedings had upon the taking of said deposition, all done to the best of my skill and ability; that deposition review and signature was requested; that For The Record, Inc., is designated to produce, distribute and invoice the transcript.

I FURTHER CERTIFY that I am in no way related to nor employed by any of the parties hereto, nor am I in any way interested in the outcome hereof.

DATED at Phoenix, Arizona, this 26th day of October 2016.

DAVID M. LEE, #50391

52 (Page 263)

In the Matter of:

Allorey, Inc.

October 1, 2015
Aaron Michael Jones

Condensed Transcript with Word Index



For The Record, Inc.
(301) 870-8025 - www.ftrinc.net - (800) 921-5555

Jones
#1131

Allorey, Inc.

10/1/2015

1				3			
1	FEDERAL TRADE COMMISSION			1	EXHIBIT	DESCRIPTION	FOR ID
2	I N D E X			2	Number125	NDS0000124-01, 6-24-13 e-mail from J. Christiano to A. Salisbury	194
3				3			
4	WITNESS:	EXAMINATION:	PAGE	4	Number126	NDS0000131-01 to NDS0000131-02, 6-26-13 e-mail from A. Salisbury to J. Christiano	195
5	AARON MICHAEL JONES	BY MR. EVANS	11	5			
6		BY MR. ROTH	343	6			
7				7	Number127	NDS0005990-01 to NDS0005990-03, 5-17-11 e-mail to mihaim@netdotsolutions.com from support@shoutpoint.com	202
8	EXHIBITS MARKED			8			
9	EXHIBIT	DESCRIPTION	FOR ID	9			
10	Number110	Civil Investigative Demand to Aaron Michael Jones	10	10	Number128	NDS0000194-01, 8-24-11 e-mail to M. Jones from J. Christiano	210
11				11			
12	Number111	7-30-15 letter to Aaron Michael Jones from Lois C. Greisman	11	12	Number129	NDS0005828-01 to NDS0005828-02, 3-23-12 e-mail to mihaim@netdotsolutions.com from support@shoutpoint.com	212
13				13			
14	Number112	State of Texas v. SCM Media, et al. Stipulated Order for Permanent Injunction and Monetary Judgment	17	14			
15				15	Number130	NDS0005347-01, 9-26-12 e-mail to jamie.christiano@shoutpoint. .com from support@shoutpoint.com	221
16	Number113	Objections to Civil Investigative Demand by Aaron Michael Jones	24	16			
17				17			
18	Number114	Responses to Civil Investigative Demand by Aaron Michael Jones	24	18	Number131	NDS0002426-01 to NDS0002426-02, 12-20-12 e-mail from T. Hall to D. Watkins	223
19				19			
20	Number115	First Supplemental Responses to Civil Investigative Demand by Aaron Michael Jones	25	20	Number132	NDS0005437-01 to NDS0005437-02, 6-27-13 e-mail to jamie.christiano@shoutpoint. .com from support@shoutpoint.com	225
21				21			
22				22			
23				23			
24				24			
25				25			
2				4			
1	EXHIBIT	DESCRIPTION	FOR ID	1	EXHIBIT	DESCRIPTION	FOR ID
2	Number116	February 2013, April 2013 and October 2014 Bank of America statements for Allorey Inc. account ending 6529	122	2	Number133	NDS0001478-01, 7-3-13 e-mail to mihaim@netdotsolutions.com from steve@savilo.com	228
3				3			
4	Number117	January and February 2015 Bank of America statements for Secure Alliance Corp account ending 0758	148	4	Number134	NDS0005491-01, 9-26-13 e-mail to mihaim@netdotsolutions.com from support@shoutpoint.com	232
5				5			
6	Number118	April 2015 Bank of America statement for Digital Marketing Solutions Inc. account ending 4406	154	6	Number135	NDS0002827-01, 12-18-13 e-mail from E. Henry to M. Jones	243
7				7			
8	Number119	Local Lighthouse Corp checks to Michael Jones	165	8	Number136	NDS0002828-01, 12-20-13 e-mail from E. Henry to M. Jones	244
9				9			
10	Number120	Local Lighthouse Corp checks	166	10	Number137	NDS0003625-01, 1-20-14 e-mail from M. Marinescu to M. Jones	250
11				11			
12	Number121	NDS0001355-01, 3-18-11 e-mail from M. Jones to M. Marinescu	168	12	Number138	NDS0005074-01 to NDS0005074-02, 2-18-14 e-mail from T. Conner to R. Verallo	267
13				13			
14	Number122	NDS0000200-01, 4-6-11 e-mail from M. Jones to elisa.henry@shoutpoint.com and J. Christiano	183	14			
15				15	Number139	NDS0003692-01, 7-10-14 e-mail from M. Marinescu to M. Jones and R. Verallo	272
16	Number123	NDS0000056-0000068, 6-24-13 Service Order Software License between Dial Soft Technologies and NetDotSolutions	188	16	Number140	NDS0001637-01 to NDS0001637-02, 10-15-14 e-mail to M. Marinescu from M. Jones	275
17				17			
18	Number124	NDS0000135-01 to NDS0000135-02, 6-26-13 e-mail from A. Salisbury to J. Christiano	190	18			
19				19	Number141	NDS0000391-01, 3-24-15 e-mail from M. Marinescu to T. Hall	281
20				20			
21				21	Number142	NDS0005098-01, 1-18-15 e-mail from V. McIntosh to tyler.hall@locallighthouse. com and A. Yoshioka	286
22				22			
23				23			
24				24			
25				25			

1 (Pages 1 to 4)

Allorey, Inc.

10/1/2015

<p>5</p> <p>1 EXHIBIT DESCRIPTION FOR ID</p> <p>2 Number143 NDS0001755-01, 290</p> <p>3 6-29-15 e-mail from</p> <p>4 M. Jones to M. Marinescu</p> <p>5 Number144 NDS0007516-01 to 294</p> <p>6 NDS0007516-02,</p> <p>7 8-3-15 e-mail from T. Hall</p> <p>8 to V. McIntosh</p> <p>9</p> <p>10</p> <p>11 Number145 NDS0000196-01, 304</p> <p>12 8-5-11 e-mail from</p> <p>13 M. Marinescu to M. Jones</p> <p>14</p> <p>15</p> <p>16</p> <p>17</p> <p>18</p> <p>19</p> <p>20</p> <p>21</p> <p>22</p> <p>23</p> <p>24</p> <p>25</p> <p>PREVIOUSLY MARKED EXHIBITS REFERENCED</p> <p>EXHIBIT PAGE</p> <p>Number 33 277</p> <p>Number 41 308</p> <p>Number 57 205</p>	<p>7</p> <p>1 APPEARANCES:</p> <p>2</p> <p>3 ON BEHALF OF THE FEDERAL TRADE COMMISSION:</p> <p>4 JAMES E. EVANS, ESQ.</p> <p>5 IAN BARLOW, ESQ.</p> <p>6 Federal Trade Commission</p> <p>7 Bureau of Consumer Protection</p> <p>8 600 Pennsylvania Avenue, N.W.</p> <p>9 Washington, D.C. 20580-0000</p> <p>10 (202) 326-2026</p> <p>11 jevans1@ftc.gov</p> <p>12</p> <p>13</p> <p>14 ON BEHALF OF THE WITNESS:</p> <p>15 MITCHELL N. ROTH, ESQ.</p> <p>16 Roth Doner Jackson, plc</p> <p>17 8200 Greensboro Drive</p> <p>18 Suite 820</p> <p>19 McLean, Virginia 22102</p> <p>20 (703) 485-3536</p> <p>21 mroth@rothdonerjackson.com</p> <p>22</p> <p>23</p> <p>24</p> <p>25</p>
<p>6</p> <p>1 FEDERAL TRADE COMMISSION</p> <p>2</p> <p>3 In the Matter of:)</p> <p>4 ALLOREY, INC.,) File No. 152-3152</p> <p>5 a corporation.)</p> <p>6 -----)</p> <p>7 Thursday, October 1, 2015</p> <p>8</p> <p>9 Room 5101</p> <p>10 Federal Trade Commission</p> <p>11 Constitution Center</p> <p>12 400 7th Street, S.W.</p> <p>13 Washington, D.C. 20024</p> <p>14</p> <p>15 The above-entitled matter came on for</p> <p>16 investigational hearing, pursuant to notice, at</p> <p>17 9:50 a.m.</p> <p>18</p> <p>19</p> <p>20</p> <p>21</p> <p>22</p> <p>23</p> <p>24</p> <p>25</p>	<p>8</p> <p>1 PROCEEDINGS</p> <p>2 - - - - -</p> <p>3 Whereupon --</p> <p>4 AARON MICHAEL JONES</p> <p>5 a witness, called for examination, having been first</p> <p>6 duly sworn, was examined and testified as follows:</p> <p>7 MR. BARLOW: Good morning, Mr. Jones.</p> <p>8 THE WITNESS: Good morning.</p> <p>9 MR. BARLOW: This is the investigational hearing</p> <p>10 of Aaron Michael Jones, who is also known as</p> <p>11 Michael Aaron Jones and also known as Mike Jones.</p> <p>12 This investigational hearing is convened at</p> <p>13 9:50 a.m. on Thursday October 1, 2015, at the offices of</p> <p>14 the Federal Trade Commission in the Constitution Center</p> <p>15 building, 400 Seventh Street, Southwest, Washington,</p> <p>16 D.C.</p> <p>17 Appearing for the Federal Trade Commission, I am</p> <p>18 Ian Barlow, as the hearing officer today, and</p> <p>19 James Evans as commission counsel.</p> <p>20 Appearing for Mr. Jones is Mitchell Roth of</p> <p>21 Roth Doner Jackson, plc.</p> <p>22 This proceeding is in relation to a nonpublic</p> <p>23 commission investigation to determine whether certain</p> <p>24 telemarketers, sellers or others assisting them have</p> <p>25 engaged in or are engaging in, one, unfair or deceptive</p>

2 (Pages 5 to 8)

<p style="text-align: right;">9</p> <p>1 acts or practices in or affecting commerce in violation 2 of section 5 of the Federal Trade Commission Act, 15 3 United States Code section 45, as amended, and/or, two, 4 deceptive or abusing telemarketing acts or practices in 5 violation of the Federal Trade Commission's 6 Telemarketing Sales Rule, which is codified at 7 16 Code of Federal Regulations Part 310, as amended, 8 including but not limited to the provision of 9 substantial assistance or support to telemarketers 10 engaged in unlawful practices.</p> <p>11 The procedures which will be followed in this 12 investigational hearing are outlined in the 13 Federal Trade Commission's Rules of Practice, 14 specifically Part 2, Nonadjudicative Procedures, 15 subpart A, which pertain to investigational hearings 16 and investigational hearings, beginning with 17 section 2.1 through 2.14.</p> <p>18 I would like to draw your attention 19 particularly to section 2.9 of the commission's rules, 20 which provides that any person compelled to appear and 21 testify or produce documentary evidence may be 22 accompanied, represented and advised by counsel 23 according to Federal Trade Commission rules. 24 Representation by counsel in this hearing will be in 25 accordance with those rules as prescribed by</p>	<p style="text-align: right;">11</p> <p>1 So just for the record, we'll have the CID and 2 the modification letter in as exhibits. 3 (Exhibit Number 111, 7-30-15 letter to Aaron 4 Michael Jones from Lois C. Greisman, was marked for 5 identification.) 6 - - - - - 7 EXAMINATION 8 BY MR. EVANS: 9 Q. Mr. Jones, could you state your full name for 10 the record. 11 A. Aaron Michael Jones. 12 Q. And you commonly go by Mike Jones? 13 A. Correct. 14 Q. You're represented by Mr. Roth this morning? 15 A. That is correct. 16 MR. EVANS: And Mr. Roth, do you want to 17 identify yourself for the record? 18 MR. ROTH: Mitchell Roth, R-O-T-H, with the law 19 firm of Roth Doner, D-O-N-E-R, Jackson, plc. 20 BY MR. EVANS: 21 Q. Mr. Jones, have you ever given testimony under 22 oath before? 23 A. Yes. 24 Q. So you're familiar generally with the nature of 25 how this deposition goes?</p>
<p style="text-align: right;">10</p> <p>1 section 2.9, subparts (b)(1) through (6). 2 The purpose of this proceeding is to receive 3 testimony under a civil investigative demand duly served 4 on Mr. Jones and as modified by a July 30, 2015 letter 5 from Lois Greisman, the associate director for 6 marketing practices, delivered to Mr. Jones through his 7 counsel, Mitchell Roth. The civil investigative demand 8 was authorized and issued pursuant to the 9 Federal Trade Commission resolution in 10 File Number 012-3145, dated April 11, 2011. 11 In order to facilitate reference during this 12 hearing, I have asked commission counsel to place into 13 the record as a commission exhibit a copy of the civil 14 investigative demand, including the commission's 15 resolution and the attached specifications. 16 With those announcements made, I will turn this 17 proceeding over to commission counsel, James Evans. 18 MR. EVANS: Thank you. 19 Good morning again, Mr. Jones. 20 I'm going to start by doing what Mr. Barlow just 21 suggested and putting the CID in as an exhibit. 22 (Exhibit Number 110, Civil Investigative Demand 23 to Aaron Michael Jones, was marked for identification.) 24 MR. EVANS: And this is Exhibit 111, a letter 25 dated July 30, 2015 from Lois Greisman to Mr. Roth.</p>	<p style="text-align: right;">12</p> <p>1 A. As -- 2 Q. Well, let me run through a few things briefly. 3 The court reporter of course is taking down 4 everything that we're saying, so please answer verbally 5 rather than nodding your head and use "yes" or "no" as 6 opposed to "uh-huh" so that we can -- 7 A. Okay. 8 Q. -- have a clear record. 9 The court reporter can only take down one of us 10 at a time, so please wait until I finish my question 11 before answering, and I'll wait until you finish your 12 answer before asking another question. 13 Do you understand the oath today is the same one 14 that you would have taken in front of a judge if you 15 were testifying in court? 16 A. Yes, I understand that. 17 Q. And it would require you to testify truthfully 18 and accurately to the best of your knowledge? 19 A. I understand that. 20 Q. If you're not sure of an answer or don't have a 21 complete answer based on your own personal knowledge, 22 please still answer the question to the extent you can, 23 but please try to avoid guessing. 24 Do you understand? 25 A. Okay.</p>

Allorey, Inc.

10/1/2015

13

1 **Q. And from time to time your lawyer might object.**
2 **I'm going to ask you to then go ahead and answer the**
3 **question unless he specifically tells you not to.**

4 **Are you sick or have you taken or do you intend**
5 **to take any medication, drugs or alcohol that would**
6 **affect your ability to testify accurately and honestly**
7 **today?**

8 A. No, I don't.

9 **Q. And so you will agree to give me full, fair,**
10 **truthful answers to my questions?**

11 A. I will.

12 **Q. Great.**

13 **If at any time you want to take a break, just**
14 **let me know, and we can do that, although we generally**
15 **donate won't take a break while there's a question**
16 **pending.**

17 A. Okay.

18 MR. ROTH: Mr. Evans, could I ask a couple
19 questions?

20 MR. EVANS: Sure.

21 MR. ROTH: If I think it's appropriate for me to
22 ask questions to clarify, do you want me to wait until
23 the end of the hearing or do you want me to ask those
24 questions when you conclude on a particular subject or
25 topic?

14

1 MR. BARLOW: I think -- I think the end. If we
2 think it's necessary.

3 This is not pursuant to the Federal Rules of
4 Civil Procedure.

5 MR. ROTH: I understand.

6 MR. EVANS: Yeah, but I think we'll have a
7 pretty free-flowing discussion, so if there is
8 something that's really critical, obviously just let us
9 know.

10 BY MR. EVANS:

11 **Q. So you said earlier you have given testimony**
12 **under oath before.**

13 **What occasions have you done that?**

14 A. I gave testimony under oath for a lawsuit some
15 years ago for a Verizon case.

16 I gave -- I gave testimony in a -- you mean like
17 the way we're sitting here or in --

18 **Q. Either in a courtroom or in a deposition --**

19 A. I had a lawsuit with a company that me and some
20 business partners owned like ten years ago that I had to
21 do -- I had to do -- I mean, I guess it was a
22 deposition. I don't recall exactly what it was. I know
23 I was in court. And that was for a company that I had
24 previous.

25 **Q. Just those two times?**

15

1 A. To the best of my recollection.

2 **Q. And Verizon, was that in court or was that a**
3 **deposition?**

4 A. A deposition.

5 **Q. And the other company, was that**
6 **ABM Financial Services?**

7 A. No. Huh-uh.

8 **Q. Was it SCM Media?**

9 A. No.

10 **Q. Do you remember what it was?**

11 A. Yeah. It was for Sound Media Group.

12 **Q. Oh, Sound Media. SMG?**

13 A. Yeah.

14 **Q. When -- do you remember ABM Financial Services?**

15 A. Yes.

16 **Q. And when they sued Randall Leshin, did you**
17 **testify in that case?**

18 A. I don't recall. I imagine I did because I was
19 one of the partners, but I don't recall.

20 **Q. So there is -- we know of that one.**

21 **Are there other civil lawsuits you've been**
22 **involved with?**

23 **Other than Sound Media and ABM?**

24 A. And the Verizon, no. Nothing.

25 **Q. But you weren't a party to the Verizon case;**

16

1 **correct?**

2 A. No, correct. But that -- I'm -- the question
3 you asked is which ones have I --

4 **Q. Involved with.**

5 A. Correct.

6 (Counsel and witness speaking at the same time
7 and cautioned by court reporter.)

8 BY MR. EVANS:

9 **Q. What was the nature of the Sound Media case?**

10 A. The nature of the Sound Media case was a
11 dispute between the CEO that we had of the company and
12 a carrier in regards to not paying for an updated phone
13 contract that they helped -- they brokered a phone
14 contract for us for the company and they were supposed
15 to get some kind of commission on it and the --

16 **Q. Were you on the side of the plaintiff or the**
17 **defendant?**

18 A. Well, I was with Sound Media, so...

19 **Q. Was Sound Media being sued or --**

20 A. Being sued. Yeah, we were being sued.

21 **Q. And who was the plaintiff that was suing you?**

22 A. I can't think of it offhand. If it comes to
23 me -- I know -- I know his name. I just can't think it
24 off the top of my head.

25 **Q. Okay. You were also sued by the State of Texas;**

4 (Pages 13 to 16)

17

1 correct?
 2 A. On Point was, yeah.
 3 **Q. That's the company On Point Media?**
 4 A. Yeah.
 5 MR. EVANS: Let me mark this as 112.
 6 (Exhibit Number 112, State of Texas v.
 7 SCM Media, et al. Stipulated Order for Permanent
 8 Injunction and Monetary Judgment, was marked for
 9 identification.)
 10 (Witness and counsel confer.)
 11 BY MR. EVANS:
 12 **Q. Do you recognize this document?**
 13 A. Yes.
 14 **Q. This is the --**
 15 A. I don't recognize the document, but I remember
 16 the case.
 17 **Q. Okay. In the first paragraph you're named as an**
 18 **individual defendant; correct?**
 19 A. I guess so. That's what it says.
 20 **Q. And then going to the end of the document, the**
 21 **fourth to last page, it's marked page 23 of 24, although**
 22 **there are a few copies of that. But there's a page with**
 23 **your signature.**
 24 **Do you see that?**
 25 A. That's correct.

18

1 **Q. And you signed that?**
 2 A. Correct.
 3 **Q. What have you done since signing this lawsuit,**
 4 **signing the settlement, to be in compliance with it?**
 5 A. What -- can you rephrase, please.
 6 **Q. Yeah.**
 7 **Have you taken specific steps with the companies**
 8 **you've worked for since you signed this in 2011 to be in**
 9 **compliance with its provisions?**
 10 A. You mean as far as marketing in the state of
 11 Texas?
 12 **Q. Yes.**
 13 A. I don't market it in the state of Texas.
 14 **Q. You don't do any business in Texas anymore at**
 15 **all.**
 16 A. I'm not -- I'm not -- I'm a reseller of a
 17 dialing platform, and if they choose to call Texas,
 18 they're calling Texas. I'm not.
 19 MR. ROTH: And I'm going to object for the
 20 record just on the grounds of relevance.
 21 MR. EVANS: Sure.
 22 BY MR. EVANS:
 23 **Q. So you resell a dialing platform, so only your**
 24 **customers would be calling Texas.**
 25 A. If they choose to call Texas, yes.

19

1 **Q. The way you phrased it, then do you make any**
 2 **calls?**
 3 A. Me personally?
 4 **Q. Not as a -- on a personal level. I'm sure you**
 5 **make phone calls.**
 6 **But the businesses that you work with, do they**
 7 **actively engage in making phone calls to market**
 8 **products?**
 9 A. Well, the only company that would -- and they --
 10 perhaps they call Texas -- would be -- would be
 11 Local Lighthouse, but I'm now in a situation with them
 12 where I'm not an owner in that company. I kind of got
 13 screwed out of that company, so...
 14 MR. ROTH: Listen to the question. Answer the
 15 question.
 16 BY MR. EVANS:
 17 **Q. And we'll come back --**
 18 A. Okay.
 19 **Q. -- and talk about Local Lighthouse.**
 20 **But currently --**
 21 A. Uh-huh.
 22 **Q. -- any of the companies you work with do dialing**
 23 **on their own behalf?**
 24 A. Correct.
 25 **Q. I'm sorry. Are there any that do that?**

20

1 A. That dial on their own behalf?
 2 **Q. That's right.**
 3 A. Yeah. They all dial on their own behalf.
 4 **Q. Companies that you work for.**
 5 MR. ROTH: What do you mean by "for"?
 6 BY MR. EVANS:
 7 **Q. So you said that you're a reseller of a dialing**
 8 **platform; correct?**
 9 A. Correct.
 10 **Q. So you have customers that use that dialing**
 11 **platform.**
 12 **Do you use that dialing platform for any of your**
 13 **business?**
 14 A. No.
 15 **Q. Okay. So you resell only; you don't also make**
 16 **calls.**
 17 A. Correct.
 18 **Q. And your customers go into the platform and use**
 19 **it to make calls.**
 20 A. Correct.
 21 **Q. And so they might call Texas.**
 22 A. They perhaps --
 23 MR. ROTH: If you know.
 24 THE WITNESS: Perhaps they do.
 25 MR. BARLOW: Mr. Roth, we can presume that

5 (Pages 17 to 20)

57

1 was Allorey. That's the reason why it's coming to my
2 mind, but...

3 **Q. So let me go back to Local Lighthouse because**
4 **that's where we were at.**

5 **You faded away from them and to focus on the**
6 **music. And since then, what's been your relationship**
7 **with Local Lighthouse?**

8 A. Can you -- can you re-ask the question, please.

9 **Q. Yeah.**

10 **So in the time after you stopped going to the**
11 **office regularly, have you done any work for**
12 **Local Lighthouse?**

13 A. Maybe. I don't know.

14 **Q. And they kept paying your expenses like we**
15 **talked about.**

16 A. Correct.

17 **Q. When did they stop doing that, or have they**
18 **stopped doing that?**

19 A. They stopped doing that when this whole thing
20 happened, the CID came.

21 **Q. Then they said, We're not covering expenses**
22 **anymore?**

23 A. Correct. They didn't say anything. I haven't
24 spoken to any of them.

25 **Q. When is the last time you talked to**

58

1 **Richard Paik?**

2 A. I don't know. I went to his office one day to
3 talk to him. He said he couldn't talk to me without his
4 attorney.

5 **Q. Was that -- that was after the FTC sent a CID?**

6 A. Yeah.

7 **Q. In the last two months?**

8 A. I don't know. Maybe last three months. I don't
9 know.

10 **Q. When is the last time you talked to Eric Oakley?**

11 A. I haven't spoken to Eric Oakley since before the
12 CID.

13 **Q. When is the last time you spoke to Ray Verallo?**

14 A. I've talked to him a couple times here and
15 there, how's everything going, I hate working there,
16 bullshit stuff.

17 You can ask me the next person, anyone on the
18 list.

19 **Q. Sure.**

20 **What about Kasia Kinaman?**

21 A. I haven't spoken to Kasia Kinaman since as long
22 as it's been with Eric.

23 **Q. What about Houston Fraley?**

24 A. I spoke to him last night.

25 **Q. What did you talk to him about?**

59

1 A. He told me he's getting sued for his house and
2 for the house that he -- and he wanted me to offer him
3 some kind of moral support or something, and I said,
4 Talk to your -- talk to your partners over there.

5 **Q. Which house is that?**

6 A. The one on [REDACTED].

7 **Q. He's being sued for the rent?**

8 A. Right. Because it hasn't been paid.

9 **Q. Because it was originally paid by or Richard**
10 **arranged for it to be paid.**

11 A. Correct.

12 MR. BARLOW: Why did Houston sign the lease
13 instead of you?

14 THE WITNESS: Because my credit is not good and
15 I had previous issues that I needed to get addressed.

16 MR. BARLOW: But why did he agree to do that?
17 Do you know?

18 THE WITNESS: Because I asked him to.

19 MR. BARLOW: Would Mr. Roth do that if you asked
20 him?

21 THE WITNESS: No. I mean --

22 MR. ROTH: I don't have enough money in my trust
23 account --

24 THE WITNESS: It's a little different.

25 MR. BARLOW: Why is it different?

60

1 THE WITNESS: Because I -- I helped make those
2 guys all millionaires.

3 MR. BARLOW: And as a result --

4 THE WITNESS: Not as a result, but --

5 MR. BARLOW: -- they would do you a favor here
6 or there?

7 (Counsel and witness speaking at the same time
8 and cautioned by court reporter.)

9 MR. ROTH: I'll start.

10 As a result, they would do you favors like sign
11 the lease on your -- and let you live in the house?

12 THE WITNESS: Yeah, possibly. But that would be
13 the -- that would be more or less it.

14 MR. BARLOW: And did you personally ask
15 Mr. Fraley to sign the lease for you?

16 THE WITNESS: I believe I did. Yes.

17 MR. BARLOW: Okay. Did you pick out that house
18 or did Richard pick it out?

19 THE WITNESS: Shut up.

20 MR. BARLOW: No. For the record, when he told
21 me to shut up, he's laughing, and I'm not insulted and
22 I'm not --

23 THE WITNESS: I picked the house out.

24 MR. BARLOW: You picked it out.

25 THE WITNESS: Yeah.

61

1 BY MR. EVANS:

2 Q. When is the last time you talked to Tyler Hall?

3 A. February maybe.

4 Q. And when is the last time you talked to
5 Robert Terry?

6 A. I don't know. A long time. Longer than that.

7 Q. So in the time that you were working at
8 Local Lighthouse, what did Robert Terry do there? If
9 you know.

10 A. A sales rep for Local Lighthouse.

11 Q. He was on the phone?

12 A. Yeah. Selling -- selling SEO.

13 Q. What about Kasia Kinaman? What did she do?

14 A. I believe she ran the accounting department.

15 Q. What did Houston Fraley do?

16 A. Ran the sales department.

17 Q. What did Tyler Hall do?

18 A. Ran data management.

19 Q. And is that some of the same things that you
20 did?

21 A. Yeah. That was -- when I phased out, I kind of
22 passed that off to him.

23 Q. And that was, you said earlier, involved getting
24 data from a lot of sources and getting it lined up to be
25 dialed; is that a fair recap?

62

1 A. Yeah. More or less.

2 Q. And what did Ray Verallo do?

3 A. IT.

4 Q. Was he in charge of IT?

5 A. I -- I don't recall. I mean, I think there's
6 one or two guys in IT, so if you call that in charge of
7 yourself, then --

8 MR. BARLOW: What do you personally mean by
9 "IT"?

10 THE WITNESS: Doing websites, making sure the
11 computers worked on the floor, servers, up at the
12 office make sure the phone system worked, that kind of
13 stuff.

14 BY MR. EVANS:

15 Q. Who actually coordinated the SEO business?

16 A. That -- I -- from inception until now, I have no
17 idea at this point. It's changed and metamorphosed so
18 much, I couldn't tell you.

19 Q. What kind of -- do you know what kind of things
20 they did for companies, for their customers?

21 A. Yeah. They get them ranked on Google.

22 Q. Do you know what the marketing was, like what
23 was the sales pitch?

24 A. I don't -- I don't -- I didn't sell the product.
25 I don't --

63

1 Q. Sure. Fair enough.

2 Okay. Let me go way back then. We started off,
3 we were talking about the work that you've done and that
4 you do, and you said there were three areas, the music,
5 the reselling of auto dialer services, and that
6 conversation morphed into the history of On Point and
7 Savilo and Local Lighthouse.

8 You had a third thing, and that was
9 Data World Technologies.

10 A. Uh-huh. That's correct.

11 Q. What is Data World Technologies?

12 A. It's a company that we -- we -- me and Steve
13 have to procure data for predictive dialing campaigns.

14 Q. You and Steve Stansbury?

15 A. Correct.

16 Q. And where do you procure this data from?

17 A. Different sources, not -- it's -- it's all --
18 it's all -- at this point it's scraped off the
19 Internet. There's just -- there's some algorithms that
20 he wrote and I wrote together over the years that have
21 determined who's a better candidate for a phone call,
22 meaning someone who's more likely to buy.

23 Q. Okay.

24 A. And that's what he does.

25 Q. You have the ability to write software?

64

1 A. I dabble and dabble.

2 Q. What other applications have you written --

3 A. All personal stuff, stuff that's -- that I've
4 used personally.

5 Q. For business or for your personal life?

6 A. Some for business, some from personal life.

7 Q. Have you written any software related to auto
8 dialing?

9 A. No.

10 Q. You use TelWeb for auto dialing.

11 A. Correct.

12 Q. And that's provided by Jamie Christiano's
13 companies?

14 A. Correct.

15 Q. Did Jamie Christiano write that software?

16 A. Write what software?

17 Q. TelWeb?

18 A. I don't believe so.

19 Q. Who did write --

20 A. I believe his partner named Patrick.

21 Q. Patrick Edsall?

22 A. Uh-huh.

23 Q. What kind of software does Steve Stansbury
24 write?

25 A. When I say "write," you're not going to get it.

65

1 It's -- it's software that he uses in like different
2 database technologies he has on his desktop. If you ask
3 me what he wrote, I don't know. I just know that he
4 wrote some stuff that -- some code he uses himself.
5 **Q. So right now, the Data World business with Steve**
6 **involves collecting data from around the Internet and**
7 **other sources?**
8 A. Correct.
9 **Q. Do you buy any data?**
10 A. From time to time we do buy data. What -- it's
11 not -- it's not a -- it's not -- like Opt In Plus was an
12 every-week purchase. The other stuff is, you know,
13 someone has a list, they say the list is good, and
14 you know, and the price is right, we'll buy it, but
15 it's not -- it's not -- it could be once a year. It
16 could be once every, you know, two months. It's hard to
17 say.
18 **Q. Are there sources -- what's the source that**
19 **you've bought data from most frequently?**
20 A. None.
21 **Q. Is there any source that you've bought from more**
22 **than once?**
23 A. May -- possibly. I -- you're -- my answer is
24 going to be vague because I don't know.
25 **Q. Okay. Who pays the bills when you buy data?**

66

1 A. That would be Steve Stansbury.
2 **Q. And that's out of the Data World bank account?**
3 A. That would be correct.
4 **Q. What other activities has Data World engaged in**
5 **over the course of its existence like --**
6 A. Data World Technology, we do home security with
7 Justin Ramsey, and that's where the majority of its
8 profit comes from. The majority of the money it makes
9 comes from that.
10 **Q. And what business names or name does**
11 **Justin Ramsey operate under?**
12 A. I -- I don't know. My relationship with people
13 is not about the business. It's about the cell phone
14 call to them, hey, how are you doing. I don't -- I
15 don't -- I know people by name, not by their company
16 name, generally.
17 **Q. I understand.**
18 A. Sorry.
19 **Q. How does Justin pay you all for your services?**
20 A. He wires to -- to Data World Technology.
21 **Q. So I understand from Mr. Stansbury -- I didn't**
22 **know this before -- that the Data World account was shut**
23 **down by Union Bank.**
24 **What bank account are you all using now for**
25 **that?**

67

1 A. I don't know.
2 **Q. Steve handles the bank?**
3 A. Yeah. Yeah. I guess.
4 **Q. And so what services are you providing to**
5 **Justin Ramsey? What is he paying you for?**
6 A. For data.
7 **Q. Do you send the data to him?**
8 A. No. I don't think we send it to him. I think
9 we send it to the dialing company.
10 **Q. Where is the dialing company?**
11 A. I have no idea.
12 **Q. Is it in a foreign country?**
13 A. It could be. I don't know. I don't know.
14 **Q. Who sends the data to the dialing company?**
15 A. Steve.
16 **Q. And then the dialing company, I think you said**
17 **earlier this is a predictive model?**
18 A. Yeah.
19 **Q. So they're calling the numbers to pitch home**
20 **security systems?**
21 A. Correct. I think it's avatar actually.
22 **Q. And "avatar" means there's an operator who's**
23 **listening to the call but not speaking --**
24 A. I don't understand all the -- how the technology
25 with that -- that's not my forte.

68

1 **Q. So what's your understanding when you say that**
2 **it's avatar? What does that mean to you?**
3 A. Predictive.
4 **Q. And what is -- you said earlier what**
5 **"predictive" means to you. What does it mean in this**
6 **particular business model?**
7 A. The difference between avatar and predictive is
8 the person who's listening to the person if they're
9 interested is somebody who doesn't speak English at all
10 or very poorly and they use buttons to talk.
11 **Q. On a computer?**
12 A. Correct.
13 But as far as predictive, it's the same thing;
14 it's just one speaks English and one doesn't.
15 **Q. Right. So I think that is my understanding as**
16 **well.**
17 **The dialing model is predictive, but once**
18 **somebody gets on the phone, they're using a computer to**
19 **speak for them.**
20 A. Okay.
21 **Q. Is that your understanding?**
22 A. Yeah. That's what my understanding of avatar
23 is, yeah.
24 **Q. Okay.**
25 MR. BARLOW: When the person you suspect

17 (Pages 65 to 68)

Allorey, Inc.

10/1/2015

69

1 doesn't speak English is pressing the buttons of what
2 to play, how many calls are they dealing with at one
3 time?

4 THE WITNESS: I don't know. I know that how
5 much money -- or how much data Steve is sending. It's
6 not that much. Maybe 25,000-30,000 records a week.
7 It's not like auto dialing.

8 MR. BARLOW: Well, let me ask you this.

9 The person who's pressing the buttons to
10 determine what message to play, are they speaking to
11 more than one person on the phone at a time?

12 THE WITNESS: I have no idea.

13 What do you mean, speaking -- how could they be
14 speaking to more than --

15 MR. BARLOW: Are they pressing buttons to more
16 than different one phone call?

17 THE WITNESS: They only have one set of ears.
18 How can they be pressing buttons for multiple people? I
19 don't --

20 BY MR. EVANS:

21 **Q. We wonder the same thing, but it happens.**

22 A. I don't know. Anything that I would tell you
23 would be a guess. I don't know, but it doesn't sound
24 preposterous.

25 **Q. Okay. Now, Data World has contracts with**

70

1 **NetDotSolutions.**

2 A. Okay.

3 **Q. So was there a time when Data World did its**
4 **dialing through NetDotSolutions?**

5 A. If Data World had a contract with
6 NetDotSolutions, it would be something similar to like
7 the Allorey situation.

8 **Q. Okay. So --**

9 A. To the best of my knowledge, I don't know. I
10 don't know. That would be a Richard question. I don't
11 know.

12 **Q. And what do you mean when you say something like**
13 **the Allorey situation?**

14 A. That would be the -- that would be the robocall
15 company. But I don't believe Data World Technology does
16 that. It hasn't in years anyways.

17 **Q. It has not done that in years.**

18 A. Huh-uh.

19 **Q. What's the most recent company in this group**
20 **that did do the robocalling?**

21 A. Dial Soft.

22 **Q. And when did Dial Soft stop?**

23 A. I don't believe Dial Soft has stopped.

24 **Q. Oh, okay.**

25 **What's your involvement with Dial Soft?**

71

1 A. What do you mean?

2 The same as it has always been.

3 **Q. So do you do work for Dial Soft?**

4 A. No. It's the same -- all the -- it's the --
5 it's the intermediary, the company that has the contract
6 or deals with TelWeb.

7 **Q. Okay. So let's go at this a different way. We**
8 **talked about, earlier, transitioning from Savilo to**
9 **Local Lighthouse and the work you did for**
10 **Local Lighthouse.**

11 **During that same period of time, were you also**
12 **doing work selling -- reselling dialing services to**
13 **customers other than Local Lighthouse?**

14 A. Correct. Yes.

15 **Q. And so can you describe how -- what your process**
16 **was when you would go and --**

17 A. Can you -- you're going to have -- can you ask
18 me the question -- can we go off the record? I have to
19 pee really bad. I apologize.

20 MR. EVANS: Let's go off the record.

21 (Recess)

22 BY MR. EVANS:

23 **Q. We left off talking about your work in finding**
24 **customers for --**

25 A. Okay.

72

1 **Q. -- dialing services.**

2 A. Okay.

3 **Q. So how did you find customers for dialing?**

4 A. I just did. I don't know how they called me. I
5 just -- I've been doing it a long time.

6 **Q. So let's focus I guess as far as a time period**
7 **after Local Lighthouse got started, were you -- you were**
8 **still also in the market to find customers for dialing**
9 **on the side of Local Lighthouse; correct?**

10 A. I wasn't looking for customers, but if customers
11 would call me and said they wanted to do dials and it
12 was a credible project, then I would take them on. If
13 not, I wouldn't.

14 **Q. Okay. So they came to you.**

15 A. Correct.

16 **Q. How did they find out about you, if you know?**

17 A. If they called TelWeb and they needed dialing
18 services, somebody from TelWeb would call me and say,
19 Hey, this person is interested in dialing, and I would
20 take their information or whatever. Or they just heard
21 about me from -- I mean, from prior like this time I was
22 doing a lot of calls (indicating).

23 **Q. Your talking about the Texas case?**

24 A. The Texas case, yeah.

25 **Q. So were you one of the biggest people in the**

18 (Pages 69 to 72)

73

1 field?

2 A. I don't know if I was the biggest person in the
3 field, but I did a lot.4 **Q. I think Justin Ramsey once said you were one of**
5 **the biggest people in the field. Is that --**6 A. That sounds like a Justin Ramsey answer. I did
7 a lot of calls.8 **Q. Okay. Well, he didn't say that to us. He said**
9 **that to someone else, but...**10 **How many calls would you -- and -- sorry.**11 **When you say "I did a lot of calls," what do you**
12 **mean by that?**13 A. You know what I meant by that, that I was the --
14 the middleman in a lot of people dialing on the platform
15 with TelWeb.16 **Q. Right. Well, I want to make sure that the**
17 **record --**

18 A. Okay. Well, I apologize for --

19 **Q. Because, you know, a line like "I did a lot of**
20 **calls" is very different from --**

21 A. I'm sorry.

22 **Q. So how many calls in a month?**

23 A. I know, I know, I know.

24 MR. ROTH: Mike, you don't need to look at
25 something else. If you know the answer --

74

1 THE WITNESS: No, no. I'm going to open up the
2 calculator. I've got to figure it out with the
3 calculator. Hold on a second.

4 BY MR. EVANS:

5 **Q. So we'll note that Mr. Jones is using his phone**
6 **to calculate, not to look up an answer.**7 **Could I ask you while you're doing that, tell us**
8 **what you're doing and why, what numbers you --**

9 A. I don't know. 20 to 50 million calls a month.

10 **Q. And what -- how did you arrive at that range?**11 A. I did the math. I did 1.5 million calls times
12 30 days.13 **Q. Okay. So you did about a million and a half**
14 **calls a day on average?**15 A. Something like that. Some days probably more,
16 some days probably less. I don't know. Saturday and
17 Sunday not many calls.18 **Q. And we're talking all robocalls.**

19 A. 80 percent.

20 **Q. So the customers that you found might have**
21 **different calling needs that they wanted your help**
22 **with?**23 A. Yeah. Voice mail broadcast, you know, surveys,
24 a lot of different things.25 **Q. So about 80 percent robocalls?**

75

1 A. Uh-huh.

2 MR. ROTH: I'm sorry. Could we just clarify
3 that we're not talking about avatar, that we're talking
4 about no human interaction or involvement in that call.
5 Because I don't know what you guys are talking about
6 when you say "robocalls."

7 MR. EVANS: Right. So -- yes.

8 THE WITNESS: We already talked about that.

9 BY MR. EVANS:

10 **Q. Yes.**11 **So just to make sure we're all on the same page,**
12 **we're talking a prerecorded message that a computer is**
13 **playing and then the person presses 1.**

14 A. A computer-generated prerecorded message.

15 MR. ROTH: Okay.

16 BY MR. EVANS:

17 **Q. So is it fair to say the apparatus could handle**
18 **more than a billion a year?**19 A. You know, to go from 20 to 50 million calls to
20 a billion in a year, I mean, when I just gave you one
21 month, I mean --22 **Q. I might have to do the math on that one.**23 A. Fifty times ten, which is ten months, is a half
24 a billion. I mean, I don't know. It could do a lot of
25 calls. The extent of that I don't -- I can't tell you,

76

1 but...

2 **Q. What was your guess of a million and a half**
3 **calls a day based on?**4 A. I just remember looking at some back when I was
5 really -- back when I was dialing heavy in these days
6 looking at end of day just screen grab in my brain.7 **Q. And "these days" you're talking about before the**
8 **Texas --**

9 A. Correct, correct, correct.

10 **Q. So you said a minute ago, if somebody called**
11 **TelWeb, they might refer that person to you.**12 A. Because TelWeb doesn't do any robocalls
13 themselves. They do all complaint whatever. This is
14 not their forte. This is not their business.15 **Q. Because TelWeb does do some direct business it**
16 **seems like with like school districts.**17 **Do you know about that?**18 A. Yeah, yeah, yeah. They do all up-front
19 compliant dialing, paging system, all kinds of different
20 weird things.21 **Q. So TelWeb's business is very carefully manicured**
22 **to be a small set of fully compliant calls?**23 A. All they do is compliant calls and then they do
24 a ton of calls during the political season.25 **Q. Right.**

109

1 A. No.
2 **Q. Do you have a working credit card now?**
3 A. I've got a credit card that sometimes works, but
4 it's -- there's not much room on it.
5 **Q. Is that in a company name?**
6 A. No. It's in my wife that's deceased's name.
7 **Q. So to buy plane tickets to come here, who paid**
8 **for that?**
9 A. One of the companies. It would have either been
10 the Dial Soft company or DWT. I'm not sure.
11 **Q. Who arranged to pay for those?**
12 A. Yoshi.
13 **Q. Your assistant?**
14 A. Uh-huh.
15 MR. BARLOW: Why?
16 THE WITNESS: Because I -- that's just -- that's
17 something I -- after Richard handled it for this whole
18 time period, I'm just not good at finances. Like I just
19 need to pay for this ticket and I don't have the money
20 that I once did have, so it's like I don't know where
21 the money is going to be.
22 BY MR. EVANS:
23 **Q. And when did Richard -- you said earlier Richard**
24 **basically stopped talking to you and working with you**
25 **after the FTC CID.**

110

1 A. Right.
2 **Q. So has Yoshi taken over what Richard used to**
3 **do?**
4 A. Well, kind of sort of but not because the -- the
5 companies don't exist, so probably in the last four
6 months Yoshi has been trying to figure out where to pick
7 and pull from.
8 **Q. And just for you personally now since you're not**
9 **associated with --**
10 A. Correct.
11 **Q. I was going to say with Richard and his**
12 **companies anymore.**
13 A. Correct.
14 MR. BARLOW: Who is paying your attorney's
15 fees?
16 THE WITNESS: I am.
17 MR. BARLOW: And how are you paying for them?
18 THE WITNESS: Through DWT. That's how that got
19 paid.
20 MR. BARLOW: So who actually sent a check?
21 THE WITNESS: It was a wire sent by Steve.
22 MR. BARLOW: Did you tell Steve to send it?
23 THE WITNESS: I didn't tell him to send it. I
24 asked him to send it. I asked him --
25 MR. BARLOW: Fair.

111

1 THE WITNESS: -- do we have money in the
2 account, could we send them the -- could we send any to
3 handle the attorney. I believe so.
4 BY MR. EVANS:
5 **Q. Does -- strike that.**
6 **Let's go back then -- we were talking about**
7 **Dial Soft -- and see if -- did you answer -- do you know**
8 **whose name is on Dial Soft?**
9 A. No, I don't.
10 **Q. But you're aware of the company.**
11 A. Yeah. I saw it today or yesterday.
12 **Q. What do you mean, you saw it yesterday?**
13 A. On the dialer. I logged in to print out the
14 thing and it's listed on there, so I saw it.
15 **Q. So you still access TelWeb?**
16 A. From time to time I do when I -- but yesterday I
17 logged in to show my attorney what the screen looked
18 like for the rules and regulations for logging on there,
19 and that's what I did.
20 **Q. And so what you're referring to is that every**
21 **time you log in to TelWeb there's a page that comes up**
22 **with disclaimers about legal --**
23 A. Right.
24 **Q. -- requirements?**
25 A. Correct.

112

1 **Q. So other than that yesterday, what do you access**
2 **TelWeb for in the last couple months?**
3 A. Just to look at who's dialing and who's not.
4 **Q. And so you still are reselling TelWeb services**
5 **to other people.**
6 A. Correct.
7 **Q. And that's going through a company or --**
8 A. I believe it's going through Dial Soft.
9 **Q. And so Data World is doing the predictive stuff**
10 **with Justin --**
11 A. Correct.
12 **Q. -- and a call center that you're not -- or a**
13 **dialer that you're not sure who it is.**
14 A. Correct.
15 **Q. Not on TelWeb.**
16 A. Correct.
17 **Q. How do you know where to send the lists for that**
18 **Data World dialer?**
19 A. Steve does it.
20 **Q. Who told Steve how to do it?**
21 A. I don't know. Justin probably did. I don't --
22 I don't know.
23 **Q. Do you have access to a Dial Soft bank account?**
24 A. Huh-uh. Yoshi would have access to that, but I
25 don't.

Allorey, Inc.

10/1/2015

113

1 **Q. Give me just a second.**
 2 MR. BARLOW: You know what? I'm going to --
 3 while Mr. Evans is looking at that, I'm just going to
 4 ask you a question or two.
 5 You still have access to TelWeb.
 6 THE WITNESS: Correct.
 7 MR. BARLOW: And does Yoshi also have access?
 8 THE WITNESS: Yeah. I'm sure he does.
 9 MR. BARLOW: And can you for the record say
 10 Yoshi's full name as you understand it.
 11 THE WITNESS: Andrew Yoshioka.
 12 MR. BARLOW: And how do you spell his last name?
 13 THE WITNESS: Y-O-S-H-I, that part, O-K-A?
 14 MR. BARLOW: And under your access to TelWeb,
 15 who else still has access?
 16 THE WITNESS: What do you mean?
 17 MR. BARLOW: Can Ray Verallo access TelWeb
 18 today?
 19 THE WITNESS: I imagine he can. I don't know.
 20 MR. BARLOW: And what about Richard Paik?
 21 THE WITNESS: Yeah. They had the master
 22 account, Richard had the master account, so any other
 23 people that Richard set up as users, I don't know who
 24 they are and I can't remove them as users.
 25 MR. BARLOW: You didn't have the master

114

1 account?
 2 THE WITNESS: No. I have a master account, but
 3 it's a master account on the dialing side, not on the
 4 license side. The license side is above it. That's the
 5 account that Richard had.
 6 It's a -- it's downstream, so I'm below -- my
 7 account is below where Richard's account was.
 8 MR. BARLOW: How did that happen?
 9 THE WITNESS: Because he was the one that set it
 10 up.
 11 MR. BARLOW: But you have this agreement with
 12 Jamie; right?
 13 THE WITNESS: I know, but Jamie is not going to
 14 just take the -- no. But it's whatever -- what's the
 15 company is listed on, and that's whatever company was
 16 set up, which is obviously Dial Soft. That's what I saw
 17 yesterday.
 18 MR. BARLOW: And then you got your access below
 19 that?
 20 THE WITNESS: Yeah. That's what I said.
 21 MR. BARLOW: And you...
 22 MR. EVANS: Okay.
 23 BY MR. EVANS:
 24 **Q. So Dial Soft, the person whose name is on the**
 25 **company is Robert Terry.**

115

1 A. Okay.
 2 **Q. You said earlier you haven't talked to**
 3 **Robert Terry in a long time?**
 4 A. Correct.
 5 **Q. So who coordinates the actual money for**
 6 **Dial Soft?**
 7 A. Yoshi does.
 8 **Q. Did Yoshi get added as a signatory on the bank**
 9 **account?**
 10 A. I don't know.
 11 **Q. Does Yoshi have the ability to log in and do**
 12 **online banking?**
 13 A. Yes.
 14 **Q. So does Yoshi send and receive wires out of**
 15 **Dial Soft?**
 16 A. Yes. That's how the dialer gets paid for.
 17 **Q. So all of Dial Soft's money goes out to the**
 18 **dialer; is that right?**
 19 A. No. I mean, I don't know where all the money
 20 goes, but a majority it does, yeah.
 21 **Q. All of Dial Soft's money comes in from a company**
 22 **called Digital Marketing Solutions.**
 23 **Do you know that company?**
 24 A. Huh-uh.
 25 **Q. Have you ever heard of Digital Marketing**

116

1 **Solutions?**
 2 A. Possibly in the dealings with this, but...
 3 **Q. Do you know Kasia Kinaman is the person named on**
 4 **the paperwork for Digital Marketing Solutions?**
 5 A. Okay.
 6 **Q. But you never had to deal with that company?**
 7 A. No. I know that was -- I've seen that name
 8 somewhere, but...
 9 **Q. So when you find a new -- say you found a new**
 10 **customer today.**
 11 A. Okay.
 12 **Q. And so back in the day, you would do some**
 13 **initial talking with them and then hand them over to**
 14 **Richard to sort out the money.**
 15 A. Right.
 16 **Q. Who would you hand them over to today to sort**
 17 **out the money?**
 18 A. I would hand them over to Yoshi, but I'm not
 19 getting new accounts, so...
 20 **Q. When was the last time you got a new account?**
 21 A. I don't know. A year ago, year and a half.
 22 **Q. Okay. Have you ever heard of Secure Alliance**
 23 **Corporation?**
 24 A. Oh, the other one is Secure One. Yeah,
 25 Secure Alliance sounds familiar. Yeah.

29 (Pages 113 to 116)

117

1 **Q. Right.**
 2 **So Secure One is a customer of yours; correct?**
 3 A. Correct.
 4 **Q. And they're a customer for the dialing**
 5 **services.**
 6 A. Correct, correct.
 7 **Q. Not the Data World services.**
 8 A. Correct.
 9 **Q. Data World's only customer is Justin Ramsey.**
 10 A. Correct.
 11 **Q. Secure Alliance is a company that Eric Oakley**
 12 **started.**
 13 A. Okay.
 14 **Q. And do you ever deal with that company at all?**
 15 A. No.
 16 **Q. What about Velocity Information Corporation?**
 17 A. No. I seen these companies here, but I don't
 18 know who they are.
 19 **Q. And actually I might have -- it's not important**
 20 **if you don't know the company, but Secure Alliance -- I**
 21 **misspoke -- is Richard and Tyler Hall.**
 22 A. Okay.
 23 **Q. Velocity Information Corporation was**
 24 **Eric Oakley's.**
 25 A. Okay.

118

1 **Q. So you have no knowledge of why they were set**
 2 **up?**
 3 A. Huh-uh.
 4 **Q. Or what they did?**
 5 A. Most likely, like I said before, they would be
 6 somehow affiliated with dialing, but whether that's the
 7 case or not I don't know.
 8 **Q. Do you know why Richard and Eric and Tyler Hall**
 9 **decided that they needed to have all these companies for**
 10 **the same dialing operation?**
 11 A. Huh-uh. No.
 12 **Q. Did they tell you they were going to do that?**
 13 A. This is the second time you've asked this
 14 question. It kind of just happens. Hey, this is the
 15 thing. I -- as long as my bills are getting paid, I
 16 don't know all the -- the only companies I know I
 17 explained to you already.
 18 **Q. Yeah. Okay. Well --**
 19 A. I mean, you can ask me it six different times if
 20 you want, but I'm getting -- the answers are going to be
 21 the same.
 22 **Q. I'll try not to, and that's -- I mean, so**
 23 **overall, you didn't deal with the companies. You didn't**
 24 **authorize them to be created.**
 25 A. Correct.

119

1 **Q. And so they didn't even tell you because you**
 2 **would hand over a customer to Richard and he would --**
 3 A. He might have told me. I -- but what I'm saying
 4 is, is I can't --
 5 **Q. They --**
 6 A. I'm not going to know either way or I'm going to
 7 be guessing if I give you an answer on it.
 8 **Q. Basically, the names and existences of these**
 9 **companies don't mean anything to you --**
 10 A. Correct.
 11 **Q. -- because your business was handled -- your**
 12 **business got done, so it didn't matter --**
 13 A. Correct.
 14 **Q. -- what name was on it.**
 15 A. Hundred percent.
 16 MR. BARLOW: Mr. Jones, I can see our
 17 court reporter having difficulty. Just let Mr. Evans
 18 finish.
 19 THE WITNESS: Okay.
 20 MR. BARLOW: And I know it's just your habit in
 21 the middle to say yes or --
 22 THE WITNESS: I apologize.
 23 BY MR. EVANS:
 24 **Q. I can guess where this will go, but just for**
 25 **good measure --**

120

1 A. Humor you.
 2 **Q. -- do you know First Page Ranking,**
 3 **Incorporated?**
 4 A. No, I do not.
 5 **Q. Do you know Local Business Marketing,**
 6 **Incorporated?**
 7 A. No, I do not.
 8 **Q. Do you know of Unmazed Marketing?**
 9 A. No, I do not.
 10 **Q. Okay. Great.**
 11 **So we talked a little about Allorey.**
 12 **Going back to Dial Soft, did Dial Soft ever have**
 13 **a physical presence anywhere?**
 14 A. To the best of my knowledge, no.
 15 **Q. And so to the extent to which Dial Soft had**
 16 **business, it was handled first by Richard and now by**
 17 **Andrew Yoshioka?**
 18 A. Correct.
 19 **Q. Did anybody else handle Dial Soft's business?**
 20 A. To the best of my knowledge, no.
 21 MR. BARLOW: Well, you did; right? You brought
 22 in the customers.
 23 THE WITNESS: Right. But you're asking
 24 if -- did I have access to their bank account, right,
 25 or...

30 (Pages 117 to 120)

Allorey, Inc.

10/1/2015

121

1 BY MR. EVANS:

2 Q. Yeah. Let me make sure I ask it carefully.

3 Other than Richard and then Andrew, did anyone
4 have responsibility for the finances of --

5 A. No.

6 Q. -- Dial Soft?

7 A. No.

8 Q. How did the hand-over -- when did the hand-over
9 from Richard to Andrew happen?

10 A. It happened when Richard started -- stopped
11 talking to me.

12 Q. And so how did Andrew get access? Did Richard
13 tell him the password?

14 A. Richard had been giving him access for probably
15 a few months prior to that. And when that happened, it
16 kind of just like what am I supposed to do. I'm like I
17 don't know. Do whatever Richard told you to do. And
18 that's where it kind of happened.

19 Q. Okay. Let's see.

20 In order to talk about some of the customers,
21 going back to Allorey, it might be helpful to just look
22 at a bank statement and we can look at some of the line
23 items and some of the customers and see if that jogs any
24 memories.

25 So we're up to Number-what now? 116.

122

1 (Exhibit Number 116, February 2013,
2 April 2013 and October 2014 Bank of America statements
3 for Allorey Inc. account ending 6529, was marked for
4 identification.)

5 BY MR. EVANS:

6 Q. So these are the February, April and
7 October 2014 bank statements for Allorey's --

8 A. They're February and what?

9 Q. February, April and October 2014.

10 A. Okay.

11 Q. Account number ending 6529 at Bank of America
12 for Allorey, Incorporated.

13 A. Okay.

14 Q. So let me turn just to the second page, which is
15 deposits and credits for February.

16 A. Okay.

17 Q. And on February 4, there's a \$10,000 wire from
18 ISI Alarms and then the comment at the very end that
19 says "Mike Jones."

20 So do you know ISI Alarms?

21 A. It's an old alarm company.

22 Q. Is it still in business?

23 A. I don't believe so.

24 Q. Or I should say, are they still a customer of
25 yours?

123

1 A. No.

2 Q. Would you say at the time in -- I'm sorry. Did
3 I say these were 2014 bank statements? These are
4 actually 2013 bank statements.

5 So in February of 2013, was ISI a customer of
6 yours then?

7 A. Yes.

8 Q. And so I don't want to get bogged down in the
9 companies. It was a customer of yours personally. You
10 brought them in.

11 A. Correct.

12 Q. And then you referred them to Richard who
13 probably told them to pay Allorey.

14 A. You're going to ask me the same question for
15 the fourth time? Yes. I've said that over and over
16 again.

17 Q. Well, in the context of ISI specifically.

18 A. Okay.

19 So the answer is yes.

20 Q. Okay. Thanks.

21 A little lower down, there's a payment from
22 something called Connect Dynamics and it says "for
23 teleserver." This is February 4, \$1200.

24 Do you know what Connect Dynamics is?

25 A. No.

124

1 Q. The last February 4 entry is a wire in from
2 Versatile Marketing Solutions.

3 You said earlier that that was a customer of
4 yours; right?

5 It's a \$1,000 wire, VMS.

6 A. VMS wasn't a customer of ours.

7 Q. Who was VMS a customer of?

8 A. VMS wasn't a customer of ours. We did alarms
9 through VMS. VMS closed deals for us.

10 Q. Okay. So this -- they're paying --

11 A. It was similar to the relationship that Justin
12 has with Data World Technology.

13 Q. Okay. So was that the relationship in February
14 of 2013?

15 A. I -- I don't know what the relationship was in
16 February 2013, but VMS never was a dialing client, so
17 would have -- would have had to have been something
18 else.

19 Q. And we talked in some detail earlier, that was
20 really highly prequalified leads that VMS bought?

21 A. That VMS either bought or paid us on a close --
22 on a -- a certain amount for every deal closed.

23 MR. BARLOW: Did you have access to like the
24 calendar of VMS' security system installers?

25 THE WITNESS: We had access to something from

31 (Pages 121 to 124)

Allorey, Inc.

10/1/2015

<p style="text-align: right;">125</p> <p>1 them, like their leader board or something.</p> <p>2 MR. BARLOW: So you could like set up</p> <p>3 appointments for people to install, for VMS to</p> <p>4 install --</p> <p>5 THE WITNESS: We never did that. We had access</p> <p>6 to that, but we never did that part. They did that.</p> <p>7 MR. BARLOW: Who did you get the access from?</p> <p>8 THE WITNESS: From VMS.</p> <p>9 MR. BARLOW: Who at VMS?</p> <p>10 THE WITNESS: I don't know.</p> <p>11 MR. BARLOW: Who did you know at VMS?</p> <p>12 THE WITNESS: I know all the guys at VMS.</p> <p>13 MR. BARLOW: Tell me the most important person</p> <p>14 at VMS you knew or know.</p> <p>15 THE WITNESS: It wouldn't be Jay.</p> <p>16 MR. BARLOW: Jay Gotra?</p> <p>17 THE WITNESS: Yeah. It wouldn't be.</p> <p>18 MR. BARLOW: G-O-T-R-A?</p> <p>19 THE WITNESS: I don't know how to -- I don't</p> <p>20 even like -- I didn't know his last name until you said</p> <p>21 it, so I don't know how to spell it.</p> <p>22 MR. BARLOW: How about Brian Fabiano?</p> <p>23 THE WITNESS: No. I don't know Brian.</p> <p>24 MR. BARLOW: How about Sunny Vadhera?</p> <p>25 THE WITNESS: Yes. He since passed.</p>	<p style="text-align: right;">127</p> <p>1 pulling deals and installing deals or whatever. That's</p> <p>2 their whole -- their system, called leader board.</p> <p>3 MR. BARLOW: All right. Sorry.</p> <p>4 MR. EVANS: Sure.</p> <p>5 BY MR. EVANS:</p> <p>6 Q. So here VMS is paying some money, to the best of</p> <p>7 your knowledge, that would have been for the</p> <p>8 prequalified leads?</p> <p>9 A. Correct.</p> <p>10 Q. So was the group of companies Allorey working in</p> <p>11 both the prequalified leads and the resale of dialing at</p> <p>12 the same time?</p> <p>13 A. You keep asking me questions. I've never seen</p> <p>14 these documents. I have no idea. I would not know</p> <p>15 whether a wire came to this company or to the company</p> <p>16 across the street. I could not tell you.</p> <p>17 Q. Well, this is a general question.</p> <p>18 In the time when the people that you worked</p> <p>19 with --</p> <p>20 A. Right.</p> <p>21 Q. -- were doing resale of minutes, were there also</p> <p>22 prequalified leads being sold?</p> <p>23 A. No.</p> <p>24 Q. Did they do -- did they do both businesses at</p> <p>25 the same time?</p>
<p style="text-align: right;">126</p> <p>1 MR. BARLOW: I know.</p> <p>2 THE WITNESS: Yeah.</p> <p>3 MR. BARLOW: And so that's who your primary</p> <p>4 contact was, was Sunny?</p> <p>5 THE WITNESS: Was Sunny, yeah.</p> <p>6 MR. BARLOW: What about Anthony Bolognese?</p> <p>7 THE WITNESS: No, I don't know who that is.</p> <p>8 MR. BARLOW: And how did you meet Sunny?</p> <p>9 THE WITNESS: I met Sunny through Justin.</p> <p>10 Through Justin Ramsey.</p> <p>11 MR. BARLOW: And so Sunny gave you access to</p> <p>12 their system?</p> <p>13 THE WITNESS: Yeah. So that way we would see</p> <p>14 what was installing and what wasn't installing from the</p> <p>15 leads we were sending.</p> <p>16 MR. BARLOW: So you could monitor, when you sent</p> <p>17 a lead to VMS, you could then follow up on it and see if</p> <p>18 that lead had resulted in an installation of a home</p> <p>19 security system?</p> <p>20 THE WITNESS: Somehow, shape, fashion I -- the</p> <p>21 specifics of it I wouldn't be able to tell you, but</p> <p>22 something like that. They wouldn't have given us their</p> <p>23 leader board for no other reason than that.</p> <p>24 MR. BARLOW: What is a leader board?</p> <p>25 THE WITNESS: Where all their sales reps are in</p>	<p style="text-align: right;">128</p> <p>1 A. No.</p> <p>2 Q. There was a switch.</p> <p>3 A. I don't know if there was a switch. We just --</p> <p>4 we stopped doing that business.</p> <p>5 Q. Okay. And you stopped doing the leads and</p> <p>6 became totally just a reseller of dialing.</p> <p>7 A. Correct.</p> <p>8 Q. And VMS you said was never a dialing --</p> <p>9 A. They were never a dialing client. ISI was, but</p> <p>10 VMS was not.</p> <p>11 Q. So the line right below that -- and I understand</p> <p>12 you've never seen these before. I'm kind of just using</p> <p>13 it as a trigger for some names.</p> <p>14 A. Okay.</p> <p>15 Q. Pinnacle Tax and Financial, are you aware of</p> <p>16 that company at all?</p> <p>17 A. No.</p> <p>18 Q. Is it a Bryce Perdue company?</p> <p>19 A. I -- I have no idea who the company is.</p> <p>20 Q. Okay. Other than wires, do you know what other</p> <p>21 ways Allorey got paid for dialing?</p> <p>22 A. I mean, what other way would there be? It would</p> <p>23 have been wires, maybe some checks, but most of these</p> <p>24 people aren't local, so they'd have to wire.</p> <p>25 Q. Were you aware of people ever depositing money</p>

32 (Pages 125 to 128)

Allorey, Inc.

10/1/2015

129

1 **directly into Allorey's bank account from a**
2 **Bank of America branch near them?**

3 A. Not that I know of.

4 **Q. So the next line is a \$4,000 Florida teller**
5 **transfer from the banking center Feathersound, which is**
6 **a suburb of Tampa.**

7 **Do you know why that would have happened?**

8 A. No.

9 **Q. Yeah. At the time in early 2013, what customers**
10 **did you have in Florida?**

11 A. I don't know who I had in Florida. The only
12 customer that I would have in Florida would be
13 Justin Ramsey.

14 **Q. And he used to live in Florida; right?**

15 A. Yes. But I don't know -- I don't know who --
16 what customers I had at that point. Oh, no. I had
17 another guy named -- I know you know his name. The last
18 name is Baker.

19 **Q. I don't know that one.**

20 A. You mentioned his name one time since we came
21 here today. Dean Austin.

22 **Q. Dean Austin.**

23 A. Yeah. That was Dean Austin.

24 **Q. And his company was called**
25 **Zone 7 Communications.**

130

1 **Does that mean anything to you?**

2 A. The company names don't mean anything to me. I
3 don't know.

4 MR. BARLOW: Why is that?

5 THE WITNESS: Because I don't -- I know them by
6 people, as people. I didn't deal with the accounting.

7 MR. BARLOW: I mean, is that an iPhone or an
8 Android? You know without looking at it; right?

9 THE WITNESS: No. I know what kind of phone it
10 is.

11 Let me show you something.

12 MR. ROTH: Show it to me first, please.

13 THE WITNESS: That's Dean's contact in my
14 phone (indicating).

15 BY MR. EVANS:

16 **Q. And so it's --**

17 A. I don't have a company name on --

18 **Q. And it says "Dean" and then in parens it says**
19 **"dialer" and it's got his phone number.**

20 A. Correct.

21 **Q. So I understand, not only in the companies that**
22 **Richard was setting up and that were doing the dialing**
23 **business for you but also the customers, the company**
24 **names are irrelevant to you.**

25 A. Well, they wouldn't -- if I was on the -- if I

131

1 was looking at this on a daily basis, I would -- they
2 wouldn't be irrelevant to me. I would realize, okay,
3 hey, Dean is wiring money, this is where it's coming
4 from, I would know this, but I didn't have access to
5 this and this is the first I'm seeing it.

6 **Q. Yeah. Yours was a personal relationship with**
7 **Dean where you brought in his business.**

8 A. Correct.

9 **Q. And --**

10 A. And fired his business.

11 **Q. Oh. Why did you fire it?**

12 A. Because he was selling pain cream.

13 **Q. Or I should -- fire -- you kicked him off of**
14 **your platform?**

15 A. Yes.

16 **Q. And what's pain cream?**

17 A. It's some hocus pocus, it's some BS thing that
18 they're trying to sell to old people that -- it's some
19 kind of product that's not -- it's different than an
20 alarm. You buy an alarm, you get an alarm put in in the
21 ground and you have an actual alarm. It's some --
22 it's -- it's snake oil.

23 **Q. Right.**

24 **And was he selling it directly?**

25 A. I don't know.

132

1 **Q. Was he a reseller, Dean Austin? Did he resell**
2 **your services?**

3 A. I -- originally he was supposed to resell the
4 services, but he only had one client on there, and that
5 was the one selling the snake oil stuff, so I kicked him
6 off.

7 **Q. Do you have a written agreement with**
8 **Dean Austin?**

9 A. No.

10 **Q. How did you communicate with Dean Austin the**
11 **most?**

12 A. Via phone.

13 **Q. Did you e-mail with Dean Austin?**

14 A. Not that I recall. I may have. I don't know.

15 **Q. Did you send texts with Dean?**

16 A. Yeah, from time to time. I didn't communicate
17 with him very often.

18 **Q. When you cut him off, how did you tell him**
19 **that?**

20 A. I don't recall how it happened. It's been a
21 while. It's been a couple years.

22 **Q. When you brought him on, did you have the same**
23 **interview that you described generally having with new**
24 **customers?**

25 A. No. Little lesser of one because he was

33 (Pages 129 to 132)

Allorey, Inc.

10/1/2015

133

1 previously a client of Craig Rubino's and I had already
2 known about him and what kind of business he did prior.
3 **Q. Okay.**
4 MR. BARLOW: Let me ask you one more question.
5 How did you find out he was selling pain cream?
6 THE WITNESS: I listened to the recordings.
7 MR. BARLOW: And you found out it was just one
8 customer that he had?
9 THE WITNESS: Yeah. Because he -- he said he
10 was going to resell and all his minutes were just for
11 one client and then I went in there and looked at the
12 client and like this doesn't make sense and I went and
13 listened to a few phone calls and that's when I found
14 out.
15 MR. BARLOW: So you logged in to the TelWeb
16 platform --
17 THE WITNESS: Correct.
18 MR. BARLOW: -- and you could see a client name
19 or something?
20 THE WITNESS: Yeah. I probably would have
21 just -- I don't know what Richard set up, but -- the
22 form, but it probably would have said "Dean," something
23 like that.
24 MR. BARLOW: It would have been set up in a way
25 that if you looked at it you would know who it was.

134

1 THE WITNESS: Yeah. Yeah. If -- I've logged in
2 enough to know that, okay, this is -- this is -- this is
3 Moderesco, this is Local Lighthouse, this is this
4 company. It's -- it just made sense.
5 MR. BARLOW: Is Local Lighthouse -- how is that
6 like abbreviated in the TelWeb platform? What was the
7 customer name?
8 THE WITNESS: LLH? I don't know.
9 MR. BARLOW: Was it in there as SEO LLC?
10 THE WITNESS: Yeah. That would be right. Yeah.
11 BY MR. EVANS:
12 **Q. So SEO LLC is Local Lighthouse.**
13 A. Correct.
14 **Q. Let's flip to page 8 of 14 in the February**
15 **statement and look at some other debits.**
16 **And once again understanding that you have not**
17 **seen this --**
18 A. Right.
19 **Q. -- I'm just curious if you know any context.**
20 A. Okay.
21 **Q. There's two payments to American Express noted**
22 **for Sherie Salisbury.**
23 A. Those are the credit card payments.
24 **Q. And was it Sherie Salisbury personal credit**
25 **card?**

135

1 A. I don't know.
2 **Q. You said earlier that Andy provided you with a**
3 **credit card.**
4 A. Right.
5 **Q. Was that this?**
6 A. Yeah. That would be one of them, yeah.
7 **Q. So it says "Sherie Salisbury," but it was -- to**
8 **your understanding, it was actually a card that you**
9 **used.**
10 A. Correct.
11 MR. ROTH: I don't know if we know enough
12 information just from this entry which card it was. She
13 could have had other cards as well.
14 MR. EVANS: Right. And so -- yeah.
15 BY MR. EVANS:
16 **Q. I guess we did say earlier we don't want you to**
17 **guess, so you could say at best it's your informed**
18 **opinion that this could have been for a card that you**
19 **used.**
20 A. I -- at this point I -- you guys keep asking me
21 questions that I -- all of them are guesses. I
22 don't -- like I don't know these companies, but that's
23 my guess.
24 **Q. Well, so separately you did say earlier that**
25 **Andy provided you with a credit card.**

136

1 A. I did say that. I'm not -- I remember saying
2 that.
3 **Q. And it was an AmEx.**
4 A. Correct.
5 **Q. Okay. Why did Andy provide you with a credit**
6 **card?**
7 A. Because I needed a credit card and he's the only
8 one that had the good enough credit to give me a limit
9 that I could use.
10 **Q. But as far as you know, he wasn't personally**
11 **paying that off for you.**
12 A. No. The company was.
13 **Q. Okay. On the next page --**
14 MR. BARLOW: Can I just take a -- why would
15 Andy agree to do that? I mean, he's not your -- I
16 don't mean this in a flippant way, but Andy is not your
17 dad.
18 THE WITNESS: I don't know. He just did. I
19 asked him to do it and he did it.
20 MR. BARLOW: Why?
21 THE WITNESS: Why? I don't know why.
22 I asked him for a favor and he did it.
23 MR. BARLOW: I mean, but that's a pretty big
24 favor, letting somebody have a credit card that can run
25 up an \$11,000 bill.

34 (Pages 133 to 136)

Allorey, Inc.

10/1/2015

137

1 THE WITNESS: And in 2003 we sold the company
2 for -- I made -- I've made these guys millions of
3 dollars, so if I asked him to do a favor, he did it.
4 MR. BARLOW: How did you make them millions of
5 dollars?
6 THE WITNESS: Because I put them in businesses
7 that made them money.
8 MR. BARLOW: So you made Andy Salisbury millions
9 of dollars.
10 THE WITNESS: And Sound Media Group Company
11 sold for \$13 million in 2004, and he owned
12 22-1/2 percent of it, so that would mean that he would
13 owe me some favors.
14 MR. BARLOW: That's fair enough. I think a few
15 million dollars is a fair enough reason.
16 BY MR. EVANS:
17 **Q. So we're on --**
18 A. Are we looking at Albatross Mexican Food now?
19 **Q. Well, coincidentally, I mean, is that the kind**
20 **of thing you were describing earlier as using the**
21 **Allorey debit card for?**
22 A. Yes.
23 **Q. What about these cash withdrawals?**
24 A. Yes.
25 **Q. That was you?**

138

1 A. Yes.
2 **Q. But up at the top, there are payments to**
3 **NetDotSolutions and in the little -- at the end of the**
4 **line it says for the one on February 27 for \$60,000 it's**
5 **for DWT.**
6 **Does that mean anything to you?**
7 A. No. I mean, DWT is Data World Technology.
8 **Q. So is -- do you know whether Allorey paid**
9 **Data World's NetDotSolutions bill for it?**
10 A. I -- my guess is that that was miscategorized by
11 TelWeb, but I'm assuming.
12 **Q. Right.**
13 A. I mean, otherwise, it would be in a Data World
14 Technology account, wouldn't it?
15 **Q. That -- I don't know.**
16 A. That's what I would assume, but --
17 **Q. Okay. Neither one of us kept the books.**
18 A. Correct. So asking me the question is kind
19 of...
20 **Q. Okay. Turn to the next one, which is an**
21 **April 2013 statement, also for account 6529.**
22 A. What page?
23 **Q. Oh. So past all of the page numbers, then now**
24 **we start the next one, April.**
25 A. Okay. What page?

139

1 **Q. Let me see.**
2 A. What of 12?
3 **Q. Let's start at 5 of 12.**
4 A. Okay.
5 **Q. And at the bottom there's another Pinnacle Tax**
6 **and Financial and it says "Bryce."**
7 **Does that do anything to jog your memory or --**
8 A. No.
9 **Q. Okay.**
10 **Let's look at 7 of 12.**
11 MR. BARLOW: Did you have any -- I apologize for
12 interrupting, Madam Reporter.
13 MR. EVANS: You are recognized.
14 MR. BARLOW: Did you have any customers named
15 Bryce other than Bryce Perdue?
16 THE WITNESS: No.
17 MR. BARLOW: So if one of your companies got
18 money from somebody named Bryce, it would be
19 Bryce Perdue; right?
20 THE WITNESS: I did not do these books. I --
21 MR. BARLOW: I'm just asking if.
22 If a company got money from one of your
23 customers named Bryce, it would be Bryce Perdue; right?
24 THE WITNESS: If it was -- came from Bryce, but
25 what this shows on here, you're asking me is this

140

1 Bryce Perdue. I don't know whether it's Bryce Perdue.
2 MR. BARLOW: I'm just asking you a simple
3 question.
4 THE WITNESS: Yes. I answered your question.
5 There is only one Bryce. It's Bryce Perdue.
6 MR. BARLOW: Great.
7 BY MR. EVANS:
8 **Q. On 7 of 12, there's a \$5,000 payment to**
9 **World Connection with a note at the end "Mike and Andy."**
10 A. Okay.
11 **Q. Do you know what World Connection is?**
12 A. Yeah. World Connection is a call center that
13 Andy has in Guatemala.
14 **Q. And so what kind of work did they do?**
15 A. They do call center screening, screening calls
16 for Teleflora, for -- it's all inbound offshore call
17 center work.
18 **Q. When did that relationship start?**
19 A. What do you mean?
20 **Q. Like when did you and Andy first start doing**
21 **business with World Connection?**
22 A. You're going to have -- the question you're
23 asking is not --
24 **Q. So World Connection is a call center that**
25 **prequalifies people for you said Tele- --**

35 (Pages 137 to 140)

Allorey, Inc.

10/1/2015

141

1 A. No. They answer -- they answer -- they're a
2 call center, customer service call center in Guatemala
3 that do all kinds of U.S. call work.

4 **Q. So have you ever had a business relationship**
5 **with World Connection?**

6 A. Me personally?

7 **Q. Yeah.**

8 A. No. Other than Andy is one of the principals in
9 the company.

10 **Q. Oh, Andy is one of the owners of**
11 **World Connection.**

12 A. Correct.

13 **Q. So with the dialing businesses you worked with,**
14 **did they ever do anything with World Connection?**

15 A. No.

16 **Q. Okay. Do you know who Erik Presta is?**
17 **It's on the next line, a \$706 payment from**
18 **Erik Presta.**

19 A. I know who Scott Presta is. I don't know who
20 Erik is. It must be his brother.

21 **Q. Who is Scott Presta?**

22 A. An old associate, an old business partner from
23 SMG.

24 **Q. The Sound Media business partners were you,**
25 **Andy, Scott, and Tony Tseng; right?**

142

1 A. Tony Tseng, yeah.

2 **Q. T-S-E-N-G?**

3 A. T-S-E-N-G, yeah.

4 **Q. Skip to 9 of 12.**

5 **There's some withdrawals on the ATM card at the**
6 **Bellagio.**

7 **Would that have been you?**

8 A. Yep.

9 **Q. Okay. Skip three or four more pages and we get**
10 **into the October statement.**

11 A. Okay. What page on that?

12 **Q. 3 of 16 as marked in the bottom right corner.**

13 A. Okay.

14 **Q. And the first line mentions Poo Bz,**
15 **Incorporated.**

16 **Does that company name mean anything to you?**

17 A. Yes, it does.

18 **Q. What is that?**

19 A. It's a business partner that I have in the music
20 business.

21 **Q. Okay. So that would have been music related.**

22 A. Correct.

23 **Q. You know there's a rapper who goes -- who went**
24 **by "Mike Jones"; right?**

25 A. Yeah. Yeah, I know.

143

1 **Q. No relation?**

2 A. No. And I get that less today than I did back
3 then, but I get it only twice or three times a day now.

4 MR. BARLOW: We were speculating just the other
5 day about whether you were one and the same.

6 THE WITNESS: No.

7 BY MR. EVANS:

8 **Q. Okay. On the next page, page 4 of 16, there's a**
9 **payment from Fort Lauderdale Addiction.**

10 **Was that a customer for dialing? It might have**
11 **been addiction services?**

12 A. Where?

13 **Q. I'm sorry. It's dated 10-10-14. It's a**
14 **\$5,000 wire. It's the fourth entry on the page.**

15 A. Oh, okay.

16 Possibly. I don't recall.

17 **Q. You don't recall if you had a client that was a**
18 **an addiction treatment center in Fort Lauderdale?**

19 A. Well, no one went to rehab, so most likely
20 that's what it was, a client. I don't know.

21 **Q. Okay. Looking on the next page, 5 of 16, under**
22 **Withdrawals and Other Debits, October 1 there's a wire**
23 **to the Bellagio and it says "Aaron Jones M life**
24 **account."**

25 A. Okay.

144

1 **Q. Do you know whether -- do you remember Allorey**
2 **funding an account that you had at the Bellagio?**

3 A. Possibly. It was -- if it says that on there,
4 then it's got to be for me. If it was at the Bellagio,
5 that's -- I go to the Bellagio.

6 **Q. Okay.**

7 A. Or I used to go to the Bellagio.

8 **Q. Yeah, the "M life account," what does that**
9 **mean?**

10 A. That's their reward account number.

11 **Q. Is that something where you can take that money**
12 **out when you get to the Bellagio or use it to gamble**
13 **there?**

14 A. What do you mean, the 3,000?

15 **Q. Yeah.**

16 A. Yeah. They just wire it to a place and then
17 when I go to the casino I can use it, yeah.

18 **Q. I just wasn't sure how that worked.**

19 MR. BARLOW: And you've done that?

20 THE WITNESS: Uh-huh.

21 BY MR. EVANS:

22 **Q. The last item is -- on this page lists**
23 **Coin Consulting LLC.**

24 **Does that company name mean anything to you?**

25 A. Oh, here (indicating)? No.

36 (Pages 141 to 144)

Allorey, Inc.

10/1/2015

145

1 **Q. Okay. Looking at the next page, page 6 of 16,**
 2 **just a couple names. I mean, I could -- I can point**
 3 **these transfers out to you, but let me just ask you the**
 4 **names in general.**
 5 **Does the name James Glannos (sic) mean anything**
 6 **to you?**
 7 A. Glannos? James Glannos is one of the guys from
 8 Track Team.
 9 **Q. Okay. What about Andrew Parker?**
 10 A. Yeah. He's my kid's surf coach.
 11 **Q. What about Roland Tabor?**
 12 **That's 10-10-14 for \$4200.**
 13 A. I don't know who that is.
 14 **Q. There is the one on 10-8 to the Law Office of**
 15 **Amir Soleima.**
 16 **Is that -- did you ever have that lawyer?**
 17 A. No.
 18 **Q. There's a couple payments to**
 19 **Connolly Entertainment.**
 20 **Does that mean anything to you?**
 21 A. Where are those at?
 22 **Q. 10-14-14 for a thousand, 10-17-14 for \$2,050.**
 23 A. Huh-uh. I don't know who that is.
 24 **Q. Going back, though, to like James Glannos,**
 25 **Andrew Parker, you said earlier that -- or am I right**

146

1 **that that's the kind of payment you would just tell**
 2 **Richard to make and he would make it?**
 3 A. Uh-huh. Yes.
 4 **Q. Okay. Were there other people who could tell**
 5 **Richard to make a wire and he would do it?**
 6 A. Not that I know of.
 7 **Q. So if -- so on the next page, on 7 of 16 --**
 8 A. Okay.
 9 **Q. -- on 10-31-14 there's a payment to**
 10 **Ziering Medical and it's noted "Houston Fraley."**
 11 **Is that -- you know, let me know if you don't**
 12 **know, but could Houston have had that payment made or**
 13 **would you need to sign off on it?**
 14 A. I don't believe Houston could have had it --
 15 made to have it -- could have made that payment happen,
 16 but --
 17 **Q. To your --**
 18 A. -- I don't remember this. I remember this is
 19 for some hair transplants that I was going to get and I
 20 ended up not getting them.
 21 MR. BARLOW: I'm laughing because I could use
 22 some myself.
 23 MR. ROTH: And I'm considering them.
 24 BY MR. EVANS:
 25 **Q. So this would not have been for Houston**

147

1 **personally maybe, but --**
 2 A. It says his name. I have no idea. I didn't --
 3 I didn't -- to the best of my knowledge, I did not okay
 4 that.
 5 **Q. Sure.**
 6 **On 10-23 there's a \$17,100 payment to Audacity**
 7 **and it says "payment for Tristan"?**
 8 A. Yeah. That's actually -- it was payment for
 9 Devin. He funded the Audacity corporation.
 10 **Q. Devin is your son?**
 11 A. Yeah.
 12 **Q. Who is Tristan?**
 13 A. My son.
 14 **Q. Tristan is also your son.**
 15 A. Uh-huh.
 16 **Q. There's a 10-27-14 line to Devin Fung?**
 17 A. Yeah.
 18 **Q. Is that a different Devin?**
 19 A. No. That's the same Devin.
 20 **Q. Okay. And I think with that we can put this**
 21 **exhibit aside. Those are all the names I wanted to run**
 22 **by you.**
 23 **So these -- you -- yeah.**
 24 MR. ROTH: Just put them over
 25 there (indicating).

148

1 MR. EVANS: Yeah.
 2 BY MR. EVANS:
 3 **Q. The clients in here, the dialing customers,**
 4 **whether you recognize the company name or not, let's**
 5 **just talk generally.**
 6 **Customers that would have been paying Allorey at**
 7 **this time for dialing services are customers you brought**
 8 **in.**
 9 A. Correct.
 10 **Q. And so Local Lighthouse, in addition to being a**
 11 **company that you part-owned, was also your own customer**
 12 **for dialing.**
 13 A. Correct.
 14 **Q. So we talked about Secure Alliance earlier, and**
 15 **you weren't familiar with Secure Alliance.**
 16 A. Huh-uh.
 17 **Q. Let's just look at one bank statement for**
 18 **Secure Alliance.**
 19 MR. ROTH: Do you need a break? Are you okay?
 20 THE WITNESS: I'm good.
 21 MR. EVANS: This will be 117.
 22 (Exhibit Number 117, January and
 23 February 2015 Bank of America statements for
 24 Secure Alliance Corp account ending 0758, was marked
 25 for identification.)

37 (Pages 145 to 148)

Allorey, Inc.

10/1/2015

149

1 BY MR. EVANS:

2 **Q. I think I know the answer to this, but have you**
3 **seen this before?**

4 A. Have I seen what?

5 **Q. Any bank statements for Secure Alliance?**

6 A. No.

7 **Q. So I'll just note that this is a Bank of America**
8 **statement for account number ending 0758. January and**
9 **February statements for 2015 are in this packet.**10 MR. BARLOW: And we can just go off the record
11 for one minute, not even ten seconds. Are we off the
12 record?

13 (Discussion off the record.)

14 BY MR. EVANS:

15 **Q. So the same thing here, I just want to run a**
16 **couple of names by you.**

17 A. Which page?

18 **Q. I'm on page 3 of 6.**19 **And on January 6, 2015, there's a payment to**
20 **Carmel Kalapurayil, and I will --**

21 A. Yeah, that's my rent.

22 **Q. Okay.**

23 A. I don't know, but I know that name, Carmel.

24 Right here (indicating). That's my rent.

25 **Q. And that was your rent for [REDACTED]?**

150

1 A. Correct.

2 Well, obviously this bank account has something
3 to do with something.4 **Q. Is that one month's rent?**

5 A. Yeah.

6 So Secure Alliance I guess I do know -- I didn't
7 know it, but I do know because it's -- below that's
8 the -- my surf -- my kid's surf instructor and
9 Track Team, so I don't know. It's a credit card
10 payment.11 **Q. The surf instructor was Andrew Parker?**

12 A. Yep.

13 **Q. And then another AmEx payment that's noted**
14 **"Sherie Salisbury"?**

15 A. Okay.

16 **Q. On the next page, page 4 of 6, there's a**
17 **January 22 payment to T-Mobile with your name on it.**18 **Did you have a T-Mobile account?**

19 A. Yeah. At one point.

20 **Q. Did you have your AT&T phones at the same time**
21 **as --**22 A. Yeah, yeah, yeah. T-Mobile was for one of my
23 kid's accounts, and that account has since been
24 disconnected because none of them -- none of the phones
25 were ever used.

151

1 **Q. Okay. And then turning a few more pages,**
2 **you'll get to the beginning of the February 2015**
3 **statement.**

4 A. Okay.

5 **Q. And on page 3 of 8 --**

6 A. Okay.

7 **Q. -- of that statement -- I'm sorry. Yeah,**
8 **3 of 8. There's a February 17 line to Saks Retail**
9 **and --**

10 A. That's for me.

11 **Q. Okay. So it says "Richard Paik."**12 A. Yeah. Because I was using Richard's credit card
13 because he didn't make my wife's payment to her card on
14 time and it got -- the account got closed, so he -- I
15 forced him to open a new account for me that I could use
16 so that I could give to her.17 **Q. So earlier he had been paying the account that**
18 **was in your wife's name.**19 A. Yeah. And he paid it late and the account got
20 shut down.21 **Q. And you know, I'm sorry. I don't think we just**
22 **established for the record the whole time, your wife's**
23 **name, she was Christina Lee.**

24 A. Christina Lee, yeah.

25 **Q. Okay. Thank you.**

152

1 **On the next page, at the top, there's a**
2 **February 24 payment to Allstate that indicates**
3 **Salisbury.**4 **Was that for -- did you have car insurance with**
5 **Allstate or was that Andy's?**6 A. That would have been -- that would have been the
7 insurance for one of my cars.8 **Q. Were your cars paid for through these**
9 **companies?**

10 A. Well, yeah. Two of my cars are in Andy's name.

11 **Q. Okay. And are there -- are they owned or**
12 **leased?**

13 A. One is owned. One is leased.

14 **Q. Who pays the lease payments?**

15 A. Andy does I believe.

16 **Q. And are there payments being made on the owned**
17 **one?**18 A. Yeah. Yeah. He's making payments on both of
19 them.20 **Q. On both.**

21 A. Yeah.

22 **Q. Do you pay him for that?**

23 A. Of course.

24 **Q. And how do you pay him for that?**

25 A. I don't know. I would have to ask Yoshi how it

38 (Pages 149 to 152)

Allorey, Inc.

10/1/2015

153

1 gets paid.
2 **Q. Probably one of the companies?**
3 A. Yeah. I mean, you got --
4 MR. ROTH: I'm sorry. Which company?
5 MR. EVANS: I don't know. One of them? Well,
6 okay. Strike that.
7 MR. ROTH: Which group of companies?
8 MR. EVANS: Whichever companies Yoshi has the
9 ability to send money from.
10 MR. ROTH: Okay.
11 THE WITNESS: Did you -- did you -- did you see
12 any car payments in any of these or no?
13 BY MR. EVANS:
14 **Q. I don't know.**
15 **Do you know what they would look like, like what**
16 **company they're being paid to?**
17 A. No. One would be paid -- they would both be
18 paid to Mercedes Benz.
19 **Q. Okay. It's probably in here.**
20 MR. BARLOW: What kind of Mercedes is it you
21 drive?
22 THE WITNESS: An S550.
23 BY MR. EVANS:
24 **Q. What's the other car?**
25 A. A Mercedes van, like a 15-passenger Sprinter.

154

1 **Q. Uh-huh. Okay.**
2 A. Not a Lincoln.
3 **Q. We're going to do one more.**
4 A. Who gave all this info (indicating)?
5 **Q. So we sent administrative subpoenas to the**
6 **banks. This comes from the bank.**
7 A. Yeah, I was trying to figure out if he'd sit
8 there and pleaded the Fifth the whole time why would he
9 give you all these bank statements.
10 **Q. Okay. Last one. Oh, I need stickers for this.**
11 **We're up to 118.**
12 **(Exhibit Number 118, April 2015 Bank of America**
13 **statement for Digital Marketing Solutions Inc. account**
14 **ending 4406, was marked for identification.)**
15 THE WITNESS: You guys are like literally trying
16 to put a puzzle together, huh, looking at these line
17 item by line item trying to figure it out. Pain in the
18 butt.
19 BY MR. EVANS:
20 **Q. That's exactly right, and I feel like we're both**
21 **in a similar position with that.**
22 A. Yeah.
23 Okay. So Security Alliance --
24 **Q. It's Secure Alliance and --**
25 A. And Allorey. Okay. I'm just trying to get all

155

1 these companies straight.
2 **Q. Yeah.**
3 **So Exhibit 116 was Allorey, Exhibit 117 was**
4 **Secure Alliance, and now we're on 118 which is -- this**
5 **one should be just one month of Digital Marketing**
6 **Solutions.**
7 A. Okay.
8 **Q. And a Bank of America account ending 4406.**
9 A. Okay.
10 **Q. But before we do that, we -- so we were just**
11 **talking kind of off-the-cuff about a puzzle of these**
12 **companies.**
13 **Let me ask you, who put this puzzle together?**
14 A. Are you really going to ask me this question one
15 more time?
16 **Q. It's Richard; right?**
17 A. Yes. I don't even know these company names.
18 **Q. You know, that's -- I just want to make sure.**
19 **All right. Let's look at --**
20 A. So we're good and you're good and sure now;
21 right? You don't need to ask that just to clarify it
22 so it's in the record because it's in there like six
23 times.
24 **Q. You know, I can't make any promises, but I will**
25 **try to avoid asking you once again whether Richard made**

156

1 **these companies or not.**
2 A. Okay.
3 **Q. Okay. Let's look at page 3 of 14.**
4 A. Okay.
5 **Q. And there's a payment in on April 8 from**
6 **Prime Marketing.**
7 **Does that name mean anything to you? For**
8 **\$15,000?**
9 A. Huh-uh.
10 **Q. Do you know that to be Justin Ramsey's company?**
11 A. I have no idea.
12 **Q. Okay. There's a payment on April 8, two**
13 **payments, totaling \$9,000 from BMK Companies.**
14 **Does that mean anything to you?**
15 A. No.
16 **Q. Do you know -- well, never mind.**
17 **And on page --**
18 A. There's a shit ton from BMK Companies.
19 **Q. They're a big customer.**
20 A. Okay.
21 **Q. You know --**
22 A. I don't know who it is, but I'm just telling you
23 there's a lot because there's more on there, on the
24 page, than the ones you asked me about.
25 **Q. Yeah. Well, I can tell you candidly that I**

39 (Pages 153 to 156)

157

1 **believe that to be Mike Moderesco, but --**
2 A. Okay. It may very well be, but I couldn't tell
3 you that because I -- right here, BMK, BMK (indicating).
4 **Q. Well, maybe one day we'll be able to ask**
5 **Mike Moderesco.**
6 A. I'm sure you will be able to.
7 MR. BARLOW: Madam Court Reporter, I'm going to
8 interject here again.
9 Have you ever heard of Prime Guard?
10 THE WITNESS: No.
11 MR. BARLOW: Secure One Systems separate from
12 Secure One?
13 THE WITNESS: No. I mean, in my -- if you ask
14 me whether it was Secure One Systems was the actual
15 company name and not Secure One, I would probably say I
16 would just off the cuff think it was him. Because I
17 don't know the companies, I only know the people.
18 BY MR. EVANS:
19 **Q. And who created all these? No. Just kidding.**
20 **Let's look at page 5 of 14.**
21 A. Okay.
22 **Q. And the two payments at the bottom, one is to**
23 **Sureterre Properties.**
24 **Does that mean anything to you?**
25 A. Yes, it does, but not because of that, because

158

1 it says "[REDACTED]."
2 **Q. Right.**
3 **So they were the real estate agents that handled**
4 **the lease of [REDACTED]; is that right?**
5 A. It appears so.
6 **Q. Did you have any role in negotiating the lease**
7 **of that house?**
8 A. What do you mean, did I have any role?
9 **Q. Well, you said earlier you picked it out.**
10 **Did you sit down with any of the paperwork and**
11 **the real estate agents?**
12 A. No.
13 **Q. So you're not sure that that is the real estate**
14 **agent.**
15 A. I imagine it is since it has that address and
16 that was about the time that I -- the -- procured the
17 house.
18 MR. BARLOW: Have you heard the name
19 Sureterre Properties --
20 THE WITNESS: No.
21 MR. BARLOW: -- as a large real estate company
22 in Orange County, California?
23 THE WITNESS: No. I wouldn't know it, no.
24 BY MR. EVANS:
25 **Q. What about -- oh.**

159

1 MR. BARLOW: After you picked out the house, did
2 you get any paperwork from a realtor?
3 THE WITNESS: Yoshi would have gotten the
4 paperwork from the realtor.
5 MR. BARLOW: How would Yoshi have gotten it from
6 the realtor?
7 THE WITNESS: He would have probably met him and
8 gotten the paperwork.
9 MR. BARLOW: Did Yoshi go with you to pick out
10 the house?
11 THE WITNESS: No. He just went to go -- once I
12 showed him the house, I told him to go look at it and
13 make sure it was good before I went and looked at it.
14 MR. BARLOW: So you looked at the house online?
15 THE WITNESS: Uh-huh.
16 MR. BARLOW: And then you said, Yoshi, go check
17 this place out?
18 THE WITNESS: To make sure it's nice. And he
19 did that, and then I went there and checked out the
20 property like three different times, but I don't know
21 who the representative of that place was.
22 MR. BARLOW: Did you arrange to go check out the
23 house or did somebody else make those arrangements for
24 you?
25 THE WITNESS: What do you mean?

160

1 MR. BARLOW: Like the house wasn't unlocked;
2 right? You couldn't just walk in and --
3 THE WITNESS: No. Yoshi -- I just told you,
4 Yoshi did it.
5 MR. BARLOW: So he told you, Mike, you can go
6 now?
7 THE WITNESS: No, no, no. He went and checked
8 out the house, and then when it was -- then he told me
9 it was okay. Then I went there with Yoshi and looked at
10 the house.
11 MR. BARLOW: So you went with him --
12 THE WITNESS: Yeah.
13 MR. BARLOW: -- when you checked it out.
14 THE WITNESS: Yeah, yeah.
15 MR. BARLOW: And then after, Yoshi handled the
16 paperwork for you?
17 THE WITNESS: No. I had to handle the
18 paperwork.
19 MR. BARLOW: And what did you do with the
20 paperwork?
21 THE WITNESS: Well, we needed to get a -- we
22 needed to get a -- someone to sign for the less, so
23 then I went over to Local Lighthouse offices and then
24 talked to Richard about it, and Richard said, I'm not
25 going to do it. I'm like, Why are you not going to do

40 (Pages 157 to 160)

Allorey, Inc.

10/1/2015

161

1 it? And he gave me -- I don't remember why, the reason
2 --
3 MR. BARLOW: So --
4 (Counsel and witness speaking at the same time
5 and cautioned by court reporter.)
6 THE WITNESS: Okay. And I said, Well, I need
7 the house. And so we went back and forth about it and
8 him and -- him and Eric said, you know, you have Houston
9 do it.
10 BY MR. EVANS:
11 Q. And then you asked Houston to do it?
12 A. Uh-huh.
13 Q. And he said yes.
14 A. Yeah.
15 Q. Did Richard or Eric give you a reason why they
16 didn't want to do it?
17 A. I don't remember what the reason was, but there
18 was some -- some bullshit.
19 Q. So Peace Global Investments is the last line on
20 the page.
21 Does that mean anything to you?
22 It also says "[REDACTED]".
23 A. No.
24 Q. And on the next page there's another
25 Peace Global payment on April 23 for \$75,000.

162

1 The rent at [REDACTED] is \$25,000 a month;
2 correct?
3 A. Correct.
4 Q. So reasonably this is a -- three months worth of
5 rent being paid; right?
6 A. No. It's more than that. 75 plus 46 plus 15 is
7 more than --
8 Q. Oh, right, if we include the 46.
9 And you said that after some point they stopped
10 paying the rent.
11 A. Correct.
12 Q. Do you think or do you know, were these
13 payments the last payments they ever made on the house?
14 A. They're 100 -- they were the first and last.
15 Q. In the middle of page 6 of 14, on April 13,
16 2015, there's a \$1,000 --
17 A. Oh, I'm sorry.
18 Q. Oh, yeah. And so I'm on April 13. The last
19 April 13 entry, there's a \$1,000 payment to Net Versa.
20 Does that mean anything to you?
21 A. Yeah.
22 Q. What's Net Versa?
23 A. Some company that I started doing some kind of
24 SEO or whatever with some people. It didn't go
25 anywhere.

163

1 Q. Was that with Andy Salisbury?
2 A. Andy Salisbury might have had a small ownership
3 in it, but...
4 Q. All right.
5 A. It was me and James Douglas.
6 Q. And then moving on to the next page, in the
7 middle of the page it says "card account 2741" and then
8 there's a lot of --
9 A. Okay.
10 Q. -- transactions.
11 Are these for you?
12 Does "Wyzant" mean anything to you --
13 A. Yep.
14 Q. -- W-Y-Z-A --
15 A. Yep.
16 Q. Is that your kid's tutor?
17 A. Yep.
18 Q. So did you have a Digital Marketing Solutions
19 debit card?
20 A. I don't recall having a Digital Marketing
21 Solutions card. Maybe Yoshi had it. Maybe Richard gave
22 it to him. I never had one. The only card I had was
23 the Allorey.
24 Q. What about April 6? There's a \$1,194 charge at
25 Guitar Center. It might be a more memorable one.

164

1 Do you remember buying a grand worth of stuff at
2 Guitar Center in early April?
3 A. I'm sure I did, but I didn't buy it.
4 Q. Who would have arranged for the payment?
5 A. Yoshi would have done it.
6 Q. Okay. So this is representing things that
7 are --
8 A. They're all me.
9 Q. They're all you, but you did not actually hold
10 the debit card to make the payment.
11 A. Correct.
12 Q. At this time -- you said that the Allorey debit
13 card has not worked in all of 2015?
14 A. Yeah.
15 Q. Okay.
16 Okay. We can set that aside and retire bank
17 statements for the day.
18 MR. BARLOW: Do you need a break, Mr. Jones?
19 THE WITNESS: In 15 minutes I want to go have a
20 break.
21 MR. EVANS: We can definitely do that.
22 MR. BARLOW: Okay.
23 MR. EVANS: This will go really fast. I'll make
24 this 119.
25 THE WITNESS: Sure, it will.

41 (Pages 161 to 164)

Allorey, Inc.

10/1/2015

233

1 there for different reasons.
2 **Q. Is this your current number?**
3 A. Yes.
4 **Q. Are you on the National Do Not Call Registry?**
5 A. I thought I -- I think I am. I remember adding
6 it.
7 MR. BARLOW: Why?
8 THE WITNESS: I don't know because I wanted to
9 know who was calling -- because Andy used to get the
10 calls at his house all the time and he said like I don't
11 get calls from anyone. No one has my home number except
12 for people that are on -- because he's been on the DNC
13 forever, and I -- so I think I added myself at that
14 point because I wanted to see who was calling that were
15 calling people on -- that were on the DNC.
16 BY MR. EVANS:
17 **Q. Out of -- did you suspect that it would have**
18 **been one of your customers?**
19 A. No. Just in general. Just in general.
20 **Q. Yeah.**
21 **Let's see if I can do this without wasting more**
22 **than a second, but I can tell you if you're on the DNC.**
23 **But is that a way that your number could have**
24 **ended up on the master DNC?**
25 A. No. My number was added to the master DNC by

234

1 someone else.
2 **Q. So that's why you asked to know when it was**
3 **added.**
4 A. Uh-huh. And by who.
5 **Q. And so then they wrote back and told you that**
6 **numbers cannot be removed from the master DNC.**
7 **Is that your understanding as to how the system**
8 **worked?**
9 A. I didn't know that.
10 **Q. Well, as a side trivia matter, you are not on**
11 **the National Do Not Call Registry.**
12 A. I'm not?
13 I should be on there because I'm getting like
14 15 phone calls a day and it's the most annoying thing
15 ever.
16 MR. BARLOW: Wait. So these phone calls are
17 annoying?
18 THE WITNESS: Yeah.
19 BY MR. EVANS:
20 **Q. And there is not a time stamp, so --**
21 MR. BARLOW: We are going to blow that up one
22 day. No. Just joking.
23 BY MR. EVANS:
24 **Q. Did you ever get any more resolution past this**
25 **e-mail chain about how your number got on the master**

235

1 **DNC?**
2 A. No. I don't even recall sending this e-mail,
3 but obviously I did. It's there.
4 **Q. Do you remember if your e-mail ever got off the**
5 **master DNC -- or your phone number off the master DNC?**
6 A. No. I think I looked recently for some reason.
7 I don't know why I did, but it wasn't that long ago, and
8 it was on there.
9 **Q. Uh-huh.**
10 MR. BARLOW: You mentioned something about who
11 put it on.
12 Do you have some suspicion about who put it on
13 there?
14 THE WITNESS: No, I don't have any suspicion
15 about who put it on there, but --
16 MR. BARLOW: Do you know who put it on?
17 THE WITNESS: No. No. No. But it would be
18 something for someone -- it would be -- me being on
19 there and not getting calls from customers tells me a
20 lot.
21 Me getting the calls from some random people,
22 like that's how I found out that Local Lighthouse is not
23 working with me now on dialing, but they're dialing with
24 someone else already. I know that because I know their
25 message, I know what it sounds like, and I'm getting it

236

1 six times a day now. It's not all from them. It's from
2 their carrier, and that's the reason why people use
3 TelWeb, because people steal the message and then they
4 use it for -- because it responds and they use it for
5 every other person selling that same vertical.
6 BY MR. EVANS:
7 **Q. Selling that same what? I'm sorry?**
8 A. Same vertical.
9 **Q. What do you --**
10 A. Same product.
11 The same thing that happened to Rachel.
12 **Q. Yeah.**
13 A. As you guys do research like this, that's the
14 kind of research in my head that I do based upon the
15 phone calls. I don't like them, but I answer every
16 single one because I want to know what product the
17 person is selling. And I pressed through a couple times
18 on the SEO ones, and it's always some different company
19 using the same message.
20 **Q. So some other companies have taken**
21 **Local Lighthouse's message?**
22 A. Yeah. Because the dialing company they're
23 dialing with now realize that message pulls and then
24 they subsequently give it to anyone.
25 **Q. Do you know who they're dialing with now?**

59 (Pages 233 to 236)

237

1 A. Nope.
2 **Q. But they're not going through you and they're**
3 **not going through NetDotSolutions at all.**
4 A. Correct.
5 **Q. Let's --**
6 MR. BARLOW: How do you know that?
7 THE WITNESS: Because it's not happening.
8 MR. BARLOW: Let's just stay --
9 THE WITNESS: I don't know if 100 percent
10 factual, but I'm --
11 MR. BARLOW: You said -- just let's make sure
12 this is on the record -- "because it's not happening";
13 right?
14 THE WITNESS: Correct.
15 MR. BARLOW: And what leads you to say "because
16 it's not happening"?
17 THE WITNESS: Because I was the gatekeeper the
18 whole time and did not let them build a relationship
19 with the people at TelWeb.
20 BY MR. EVANS:
21 **Q. Do you think Jamie would tell you if they tried**
22 **to dial --**
23 A. They wouldn't take the campaign.
24 **Q. Because you -- you say that based on your**
25 **relationship with Jamie, they would -- Jamie would not**

238

1 **work with Richard again in the future.**
2 A. Not work with Richard, and that's not the kind
3 of dialing they do anyway, so...
4 **Q. What kind of dialing --**
5 A. They do only compliant dialing.
6 **Q. Right. Okay.**
7 A. And I know that businesses consider
8 quasi-compliant, but they still wouldn't -- they
9 wouldn't -- they wouldn't leave it up to Richard to see
10 are you scrubbing DNCs, are you scrubbing -- that's just
11 not their -- they don't want to be in that handholding
12 business making sure that they're playing the parent all
13 the time with the client.
14 **Q. Was that your job?**
15 A. No, it wasn't my job, but --
16 **Q. But they did accept business in marketing and**
17 **robocalls as long as it came through you.**
18 A. Correct.
19 **Q. And then you had customers, but you also had**
20 **resellers under you, so basically there's a tree of**
21 **resellers and who knows how many clients, but the**
22 **primary person at the top of the pyramid is you.**
23 A. Correct.
24 MR. EVANS: Do you have --
25 MR. BARLOW: No.

239

1 BY MR. EVANS:
2 **Q. And I mean, over time, that's always been your**
3 **position. You and Jamie are the only two people who**
4 **have really been working on this dialing together from**
5 **the beginning to today. All the other people kind of**
6 **come and go.**
7 A. Yeah. But he doesn't do dialing, so I'm the
8 dialer guy. He uses the dialing that I do to keep the
9 lines up for political time. If my dials don't happen,
10 in political time no calls can go because there's no
11 phone lines to do the calls on.
12 Every single person that does political dialing
13 does some kind of other thing to facilitate or to keep
14 those lines up all year long until the political time
15 comes.
16 **Q. So political dialing is like running an**
17 **amusement park. You only make -- or running a**
18 **Christmas decorations store. You only make money one**
19 **time a year.**
20 A. Right. But the political calls can't go if
21 these other calls don't keep the lines up. You can't
22 order -- you can't come in a month before political
23 season and say, Hey, I want to order 15,000 phone lines
24 for whatever. They won't -- it won't work.
25 **Q. Right. You've got to have that infrastructure**

240

1 **in place already.**
2 A. Correct.
3 **Q. And NetDotSolutions keeps its lines up through**
4 **some school district stuff and all of your stuff.**
5 A. Yeah. It's less about me now because I'm doing
6 way less, but it's more about the -- and less about the
7 school districts because school district is only -- they
8 only need the lines if they need them. These carriers
9 only will give you the lines if you're running minutes.
10 But they do more with the political conference calls
11 because they -- you know, they have 25,000 lines all
12 being used at the same time with the people in a big --
13 like a big Meet-Me-Room.
14 **Q. So -- and this is just, you know, background**
15 **information for all of us.**
16 When there is a conference call that people are
17 calling in for, the host needs a line for every single
18 person that calls in?
19 A. Correct.
20 **Q. And so if you're going to do Hillary Clinton**
21 **town hall to tens of thousands of people, you need tens**
22 **of thousands of lines at the ready.**
23 A. Correct.
24 **Q. While we're on some technology stuff, what is a**
25 **SIP trunk?**

241

1 A. A SIP trunk is the same thing as the analog line
2 we were speaking of earlier but except it's on the
3 Internet.
4 **Q. So is it older technology?**
5 A. Newer.
6 **Q. It's newer.**
7 **Is it part of voice over IP then?**
8 A. It's the same -- it's essentially the same
9 thing.
10 **Q. So do you know who is NetDotSolutions' carrier?**
11 **Or do they --**
12 A. They have a lot of carriers. I don't know who
13 they are.
14 **Q. So the one piece of technology Jamie's companies**
15 **have is a dialer; right?**
16 A. Uh-huh. It's a system that does the conference
17 call, does the -- it does a lot of different things, the
18 one system.
19 **Q. It's got software on it called TelWeb that Jamie**
20 **wrote and Patrick wrote.**
21 A. Okay.
22 **Q. Is that accurate?**
23 A. Yeah. That's been accurate. I've said that a
24 couple times already.
25 **Q. And so the server with the software is connected**

242

1 **to -- what's the next piece of equipment in line before**
2 **the calls leave One Wilshire, if you know?**
3 A. I don't know.
4 **Q. Is it a SIP trunk right then or --**
5 A. Well, a SIP trunk obviously comes in place at
6 one point because the calls are being made. I don't
7 know what percentage. At one point it was supposed to
8 be 50/50, 50 percent Internet calls, 50 percent analog
9 calls, but I don't know what that ratio is now. That
10 was years ago.
11 **Q. Yeah. Okay. Well, that all gets into --**
12 A. Break time?
13 MR. EVANS: Yep. Do you want to take a break
14 now?
15 THE WITNESS: Yep.
16 MR. EVANS: That's fine.
17 THE WITNESS: Break time.
18 MR. EVANS: No problem. Let's say -- so it's
19 3:35. Can we come back at 3:50?
20 THE WITNESS: Perfect.
21 (Discussion off the record.)
22 MR. EVANS: For the record, Mr. Roth has
23 informed us that "API" stands for?
24 MR. ROTH: Mr. Roth is told that "API" stands
25 for application programming interface.

243

1 MR. EVANS: Thank you.
2 Okay. And we'll go off the record.
3 (Recess)
4 MR. EVANS: This will be 135, NDS 2827.
5 (Exhibit Number 135, NDS0002827-01,
6 12-18-13 e-mail from E. Henry to M. Jones, was marked
7 for identification.)
8 BY MR. EVANS:
9 **Q. And the bottom -- this is an e-mail from**
10 **December 18, 2013, from mikej@savilo.com, saying to**
11 **whoever, "Can you have Mihai pull a call list since**
12 **8-1-2013 until now of all customers that called them and**
13 **counts, please." There's an attachment called**
14 **ftc_staff.**
15 **And do you remember sending that e-mail?**
16 A. No, I don't remember sending that e-mail. But I
17 can -- one person at one point sent me a list of every
18 single person that worked at the FTC.
19 **Q. So this is in fact the Federal Trade Commission**
20 **FTC?**
21 A. Yep.
22 **Q. And so you asked for a report on customers that**
23 **had called employees of the Federal Trade Commission.**
24 A. Correct. Why I did I don't know, but I remember
25 having -- having that list.

244

1 MR. BARLOW: Who sent you that list?
2 THE WITNESS: I don't remember who.
3 MR. BARLOW: Really? It's a pretty --
4 THE WITNESS: No. I --
5 MR. BARLOW: It's a pretty unusual list.
6 THE WITNESS: No.
7 MR. BARLOW: You really don't remember --
8 THE WITNESS: No.
9 MR. BARLOW: -- who sent you --
10 THE WITNESS: No.
11 MR. BARLOW: -- such an unusual thing?
12 THE WITNESS: I would tell you. I would tell
13 you.
14 MR. EVANS: Though I will also say, anybody can
15 get the list. It's on our website.
16 MR. BARLOW: Right.
17 MR. EVANS: Let's mark 136, which is NDS 2828.
18 (Exhibit Number 136, NDS0002828-01,
19 12-20-13 e-mail from E. Henry to M. Jones, was marked
20 for identification.)
21 THE WITNESS: Do you think that that was more
22 big and bold because it was -- said ftc_zip or is that
23 the size?
24 BY MR. EVANS:
25 **Q. So, yeah, I can only tell you that that's how it**

245

1 shows up in our database as processed by the computers
2 that process the incoming stuff from NetDotSolutions, so
3 I'm not sure if that has any significance.

4 136 is apparently an answer. It's Subject:
5 Forward: FTC staff DNC. It's from December 20, 2013,
6 which is four days after Exhibit 135, and it lists
7 customers and a number of calls.

8 So I think you said earlier, SEO LLC is
9 Local Lighthouse; correct?

10 A. Correct.

11 Q. Do you know what customer "sweeper" is?

12 A. No. But that's crazy.

13 Q. You're referring to the fact that they called --

14 A. Yes.

15 Q. -- FTC numbers 698 times?

16 A. There's another one, CLMOD.

17 Q. Do you know what that customer is?

18 That called FTC numbers 946 times?

19 A. Chronological order.

20 Who would that be? Because I know BL 10th is
21 Justin Ramsey.

22 Q. What does "BL 10th" mean?

23 A. It was an inside joke that I did because it was
24 the tenth time that he went on and off.

25 Q. Uh-huh.

246

1 A. I don't know. I can try to find out.

2 Q. When he went off, Justin Ramsey did, did he use
3 somebody else?

4 A. I don't know. I don't know if he used someone
5 else or if he was just trying to play games with me
6 because he would always leave me with a bill that he
7 didn't pay and...

8 Q. That he didn't pay to -- to whom?

9 A. To the company.

10 Q. Oh, he didn't pay you.

11 A. Right. Correct. He left with owing 14,000,
12 then 3,000, 7,000, 60,000.

13 Q. Did you try to collect those?

14 A. How do you collect?

15 Q. Did you ask anybody else to look into it for
16 you?

17 A. I mean, he's one guy with a phone number, like I
18 didn't even know where he lived or anything, like it's
19 just the way it goes.

20 Q. So what did you do with this information when it
21 came back?

22 A. I don't remember seeing this at all. This, I
23 can somewhat -- somewhat think that I saw, but this here
24 is -- it's crazy to me (indicating).

25 MR. BARLOW: Do you recognize any of the other

247

1 customer names on there?

2 THE WITNESS: No. These are all just like --
3 Marketing Pros is just a -- like a -- some kind of
4 reseller.

5 The only one that sticks out to me absolutely is
6 BL 10th and SEO LLC. That doesn't mean I can't find the
7 others, but I can't think of them off the top of my
8 head.

9 BY MR. EVANS:

10 Q. Did anybody get kicked out of the system for
11 calling the FTC too many times?

12 A. I have no idea.

13 I'm saying right now, as we stand here right
14 now, I don't remember seeing 698 calls to whatever. I
15 mean, otherwise, those would have all been on the master
16 DNC.

17 Q. Do you remember at some point did you send that
18 FTC staff list and have them added to the master?

19 A. I don't recall. I just said I don't know, but
20 that would have been the smart thing to do, but I don't
21 remember whether I did that or not.

22 MR. BARLOW: Well, why would you put all the FTC
23 staff phone numbers on the DNC list?

24 THE WITNESS: So that way, there's less problems
25 with compliance.

248

1 MR. BARLOW: What do you mean by that?

2 THE WITNESS: Well, I don't know how big the
3 list is. I don't know how many numbers there are on it.
4 But if you call anyone 700 times or a thousand times --
5 and it's probably not the whole list. It's probably
6 four numbers.

7 MR. BARLOW: But you didn't want the FTC
8 receiving calls; right?

9 THE WITNESS: I don't want anyone receiving
10 calls that doesn't want to receive calls.

11 I'm sorry. That's the answer.

12 MR. BARLOW: There's a real reason you don't
13 want the FTC to get calls --

14 THE WITNESS: Right, so why are you asking me
15 the question --

16 MR. EVANS: One at a time.

17 MR. BARLOW: Right?

18 THE WITNESS: Of course. It's compliance
19 issues.

20 MR. BARLOW: And when you say "compliance," you
21 mean the calls are illegal; right?

22 THE WITNESS: Yes.

23 MR. ROTH: I'm sorry. What was your question?
24 Legal or illegal?

25 MR. BARLOW: Illegal. When you say

249

1 "compliance," you mean the calls are illegal? And the
2 answer was yes; isn't that right?
3 THE WITNESS: Yes.
4 MR. BARLOW: And that's why you didn't want
5 those calls being placed to the
6 Federal Trade Commission.
7 THE WITNESS: Correct.
8 Can we move on?
9 MR. ROTH: Do you know that they're illegal?
10 THE WITNESS: No.
11 MR. BARLOW: Mr. Roth, this isn't your hearing,
12 and you could confer with your client all you want.
13 That's the reason you didn't want the calls
14 going to the FTC; right? You had an honest belief they
15 were illegal. It's already on the record; right?
16 THE WITNESS: That's not why I didn't want them
17 called. I had told you the first time why I didn't want
18 them called, because it was for compliance issues. You
19 call the FTC. You're raising a red flag, hey, this
20 person called me 19 times in a -- obviously, the
21 underlying issue is the calls are illegal. We know that
22 already.
23 MR. BARLOW: Okay.
24 MR. EVANS: And like we talked about at the
25 beginning, if you want to come back and ask any

250

1 questions at the end, we're happy to do that.
2 This will be 137.
3 (Exhibit Number 137, NDS0003625-01,
4 1-20-14 e-mail from M. Marinescu to M. Jones, was marked
5 for identification.)
6 THE WITNESS: Do I get to keep any of this
7 stuff?
8 MR. EVANS: If you get a copy of the
9 transcript, the exhibits will be attached to the
10 transcript.
11 THE WITNESS: The actual physical copy?
12 MR. EVANS: Yes.
13 THE WITNESS: Okay. Because this one I need to
14 look into.
15 MR. EVANS: I mean, it will probably be a xerox,
16 but yeah, you'll have copies of everything that we put
17 on the record. If you don't, let us know. If you guys
18 order a transcript.
19 THE WITNESS: Okay.
20 BY MR. EVANS:
21 **Q. Okay. So this is a series of e-mails between**
22 **January 16, 2014 and January 20, 2014. And at the**
23 **bottom, the first e-mail is from Mihai to you, copying**
24 **Jamie, Subject: Problem percent and seizure rates for**
25 **some of your schedules.**

251

1 A. Okay.
2 **Q. What's a problem percent mean?**
3 A. A number that's just a bad number.
4 **Q. So like an invalid phone number?**
5 A. Just a number that doesn't -- no ring-back,
6 no -- fast busy, just a bad number.
7 **Q. What do you mean by "no ring-back"?**
8 A. Meaning you dial the number and nothing happens,
9 doesn't go anywhere, doesn't say this number has been
10 disconnected, doesn't ring to a -- it's just bad numbers
11 because there's like twenty different types of bad
12 numbers.
13 **Q. And fast busy is another one?**
14 A. Yeah.
15 **Q. What does --**
16 A. This number has been disconnected, fast busy.
17 You call it and it's just ding, ding, ding, ding, ding,
18 like just numbers that aren't good.
19 **Q. And what are seizure rates?**
20 A. Seizure rates are a thing that TelWeb built in
21 to the system to make sure people were dialing good
22 numbers, meaning not crappy data or data that they just
23 went out and got somewhere, like actual numbers that are
24 real people, not just crap.
25 **Q. So these two problems are related.**

252

1 A. What do you mean?
2 **Q. Problem percent and seizure rates are kind of**
3 **two different ways of saying the same thing?**
4 A. Yeah. The seizure rate goes too low, that means
5 that for every ten calls you're making, one phone number
6 is good. That's not a -- that's -- every time you make
7 a call on someone's phone line, if the number is bad,
8 they don't get to bill you minutes for a call that
9 was -- you wasted their lines when they could have been
10 making a good phone call for someone else for no
11 reason.
12 **Q. Do they still have to pay the phone company for**
13 **a problem call?**
14 A. No. That's the problem. If that seizure rate
15 gets too low and you get too few calls going, then the
16 phone carrier will cut you off.
17 **Q. Because they require a certain minimum usage of**
18 **these lines.**
19 A. Not a minimum usage, but it's within reason,
20 you know.
21 **Q. Yeah.**
22 **So then in the next e-mail you're replying, and**
23 **there's some technical issues, but you also note that**
24 **the customer is threatening to leave and he does a lot**
25 **of minutes.**

63 (Pages 249 to 252)

Allorey, Inc.

10/1/2015

253

1 **Do you happen to remember this circumstance and**
2 **what customer that was?**

3 A. Huh-uh.

4 32629, that's why I was looking at this.

5 **Q. 32679 as well?**

6 A. No. I think it's 32629.

7 **Q. Yeah, I guess there's two of them mentioned,**
8 **but...**

9 A. I don't know. I don't know what -- I don't know
10 what customer it is, but this and the other one I can
11 find out.

12 **Q. That's okay.**

13 A. No. But, I mean, if I can give you the
14 information, wouldn't you rather have it or not, I
15 mean?

16 MR. BARLOW: Yes, of course.

17 THE WITNESS: I mean, it's free. It doesn't
18 cost anything.

19 BY MR. EVANS:

20 **Q. Where would you look for that?**

21 A. On TelWeb.

22 **Q. So if you log in to TelWeb and put in that**
23 **customer number, you could pull their information?**

24 A. I might be able to or I might have to go back,
25 but I could figure it out. Or I could call them and

254

1 see what -- why has the customer been flagged as turned
2 off or disabled or whatever. When you disable a
3 customer so they can't log in anymore, the customer
4 disappears.

5 **Q. When you say "go back," go back to who?**

6 A. TelWeb.

7 **Q. Call their customer service?**

8 A. No. I'd just call Jamie and ask him point
9 blank.

10 **Q. And --**

11 A. Or Mihai.

12 **Q. -- in the top e-mail from Mihai to you, copying**
13 **Jamie, he says the problem rate for that customer was in**
14 **the high sixties.**

15 **Does that seem very high to you?**

16 A. I don't -- I don't -- I don't know what that
17 means.

18 **Q. Okay. But he says, "Changing the ANI will only**
19 **mask it for now."**

20 **What does that mean?**

21 A. I don't know.

22 **Q. Because in the e-mail below you mentioned,**
23 **"Caller IDs have been addressed which I believe will**
24 **resolve the problem."**

25 A. Yeah. I don't know what that means. Changing

255

1 the ANI is not going to do anything. The operator
2 redial days would change it.

3 **Q. What does that mean?**

4 A. That means when you put it -- when you change
5 the -- the way the system is, is to keep the seizure
6 rate from being extremely low, they -- if they call a
7 number and it's bad, they won't -- like the dialer has
8 five different settings. And this is -- this is why --
9 one of the main reasons why people use TelWeb.

10 When you set up a campaign, you set it up to
11 not dial someone who's been dialed on the system in
12 seven days, so that way people aren't getting 19 calls a
13 day.

14 **Q. And let me just interrupt briefly.**

15 **Is that on the entire system?**

16 A. On the entire system.

17 **Q. Okay.**

18 A. Okay?

19 Operator redial days are -- you set it so if you
20 get a number that's an operator or any kind of
21 problem-type number, it won't try that same number for
22 seven days, because what a lot of people will do is they
23 take -- they have one list and they'll load it over and
24 over and over again and the numbers are all bad and just
25 basically gums up the -- slows everything down.

256

1 Changing the ANI, I don't understand how
2 changing the ANI would do it because an ANI is not just
3 making the decision of why or why -- why it make those
4 or why it doesn't go. It's not masked on ANI, unless
5 the ANI is a spoofed one and they've flagged it in the
6 system. That's the only thing I can think of.

7 **Q. So the top e-mail notes then that there's some**
8 **data cleanup to do, so that's the problem, there's a lot**
9 **of bad numbers. If they clean up their data and get the**
10 **bad numbers out, they would bring it -- bring the**
11 **seizure rate --**

12 A. Well, the key is to get rid of all the problem
13 numbers from the list so when they load it up -- because
14 if the operator redial days is set at seven, on the
15 eighth day it's going to call those numbers again, so
16 that --

17 **Q. On the eighth day they'll call again.**

18 A. On the eighth day they retry all the numbers all
19 over again.

20 **Q. So in providing -- reselling dialer services,**
21 **did you also sell data to customers?**

22 A. Uh-huh.

23 **Q. That's a yes?**

24 A. Yes.

25 **Q. And that would be an additional purchase from**

64 (Pages 253 to 256)

309

1 website, nothing.

2 **Q. So what's Steve referring to when he says --**

3 A. I have no idea.

4 **Q. Is this just made up?**

5 A. I -- you asked me the question. I don't know.

6 MR. BARLOW: Mr. Roth.

7 MR. EVANS: I understand. He doesn't know.

8 MR. ROTH: You can't put words in his mouth. He
9 doesn't know.

10 BY MR. EVANS:

11 **Q. Okay. But you don't remember ever having**
12 **anything like a liability waiver from any of your**
13 **customers or resellers?**

14 A. I just said no three times. It's never
15 happened.

16 **Q. Right. Okay.**

17 A. Unless it was something Richard did without me
18 knowing, I don't know.

19 **Q. Okay. We'll give this one copy that we have to**
20 **the court reporter for the official record.**

21 We saw some e-mails going to NetDotSolutions
22 about -- asking for information because of a subpoena
23 from the Florida AG or having to answer a court.

24 Did NetDotSolutions, anybody there, ever address
25 with you like why are numbers that you are -- I'm sorry.

310

1 Let me strike that.

2 Did anybody from NetDotSolutions ever reach out
3 and say, Why are we getting court requests and subpoenas
4 for calls that were made under your auspices?

5 A. No.

6 **Q. And --**

7 A. To the best of my knowledge. Not to me.

8 **Q. And did they ever tell you, We directly received**
9 **a subpoena from a lawyer or from a court about some**
10 **dialing that you're associated with?**

11 A. I think the Verizon case was the only one.

12 **Q. And did they -- did Verizon subpoena**
13 **NetDotSolutions in that case?**

14 A. Yes.

15 **Q. Do you know if Jamie testified in that case?**

16 A. I have no idea.

17 **Q. You've talked to Jamie a few times a year for**
18 **the last few years to continue your business**
19 **relationship; right?**

20 A. Correct.

21 **Q. Do you talk about what kind of calls are being**
22 **made through your use of his dialers platform?**

23 A. No. We don't really have that kind of
24 conversation.

25 **Q. Does Jamie know what kind of calls you're making**

311

1 on his dialer platform?

2 A. I can't -- I can't agree to what -- testify to
3 what he knows or doesn't know.

4 **Q. Fair enough.**

5 Have you ever told him, you know, Most of my
6 business is robocalls?

7 A. I don't know if I have or not.

8 **Q. So in -- now, he did -- when you had the**
9 **original handshake agreement, was it made clear that you**
10 **were going to have exclusive right to people who wanted**
11 **to make robocalls through the TelWeb platform?**

12 A. I was going to have exclusive rights to make
13 calls, period, but the majority of my calls were going
14 to be robocalls.

15 **Q. Did he say --**

16 A. Whether he knew that are not, it was kind of --

17 **Q. Was that part of the discussion?**

18 A. I don't know. It's been ten years. I don't
19 know what that discussion was, but like -- I can't --

20 **Q. Now, it's not fully exclusive because they have**
21 **their own customers; right?**

22 A. They have their own customers, but their
23 customers is a different type of -- nothing is lead gen.

24 **Q. Right.**

25 Nothing is commercial or marketing?

312

1 A. Nothing -- they just don't do any like outbound
2 lead gen -- they don't sell -- have customers that sell
3 products. They just don't do that kind of work.

4 **Q. All they do are schools and political.**

5 A. They could be doing five different things that I
6 don't know right now. I just know that that's not their
7 forte.

8 **Q. Okay. So the arrangement was anything**
9 **marketing or commercial or lead gen was going to go**
10 **through you.**

11 A. Correct.

12 **Q. And since then, what generally do you talk about**
13 **when you call Jamie about business?**

14 A. How's his kids, how's business, like how's the
15 weather. I don't know.

16 **Q. You don't have to communicate with him about**
17 **specific elements of the business you do?**

18 A. No. Other than when I have a problem and I
19 can't get support to respond to someone and they call me
20 and say, Hey, support is not handling it, I make a phone
21 call to Elisa, and if I can't get ahold of her, I call
22 Jamie.

23 **Q. Like we saw the e-mail where there was an issue**
24 **that was going to be escalated when you got brought in,**
25 **so when that happens, do you have to describe to Jamie**

78 (Pages 309 to 312)

313

1 **what's going on, what kind of calls are involved and**
2 **what the problem is?**

3 A. Well, that one particular instance, it was that
4 the server got moved over or something or Ray wasn't --
5 I mean, I would have had -- I'm not going to call him
6 and say, Hey, there's a problem, but you figure out what
7 the problem is. I've got to tell him what it is.

8 **Q. So what if you had a problem where there was a**
9 **press 1 campaign and I think we saw an e-mail where**
10 **the -- I may not have shown you this e-mail, but let's**
11 **say hypothetically there's a press 1 campaign, and when**
12 **people press 1, the call is coming through, but the**
13 **caller ID isn't coming through to the call center that's**
14 **fielding the calls, and that goes to Jamie.**

15 A. That would go to Mihai.

16 **Q. That would go to Mihai?**

17 A. Yeah.

18 **Q. What if Mihai couldn't fix it or couldn't fix it**
19 **fast enough?**

20 A. I mean, theoretically, I would need to get to
21 the bottom of it somehow, but I would most likely call
22 Elisa if -- or I'd probably call Dave first, I'd call
23 Mihai second and I'd call Elisa, then I'd call Jamie.
24 But, I mean, you're asking me hypothetically. I
25 don't --

314

1 **Q. Sure.**

2 A. That could have happened. It couldn't have
3 happened. I don't know.

4 **Q. Do you ever remember a time saying any of the**
5 **following things to Jamie Christiano: Press 1?**

6 **Do you remember a time when you used the phrase**
7 **"press 1"?**

8 A. I don't remember a time, but it had to have been
9 mentioned one time.

10 **Q. Robocall?**

11 A. I don't really call them robocalls, so probably
12 not. Dials. Maybe, maybe robocall once.

13 **Q. When you talk about dials and your business is**
14 **predominantly prerecorded calls or was at certain**
15 **periods, so when you talk to Jamie about dials, what's**
16 **he supposed to take from that? Are you conveying that**
17 **you're talking about robocalls?**

18 A. I'm conveying I'm just doing dialing. I don't
19 like -- I don't want to read into what he thinks I'm
20 saying or I'm -- I'm speculating. I don't want to
21 guess.

22 MR. EVANS: Okay. I think Ian had a couple of
23 quick follow-ups and then we should be set to wrap up.

24 THE WITNESS: Okay.

25 MR. BARLOW: Well, Jamie knew that all these

315

1 calls were delivering prerecorded messages; right?

2 THE WITNESS: You're asking me to tell you what
3 he knew or he didn't know. I mean, I would think that
4 he would know, but I can't --

5 MR. BARLOW: That was the whole purpose of this
6 software, right, was to generate mass numbers, million
7 per day, in excess of a million per day, calls; right?

8 THE WITNESS: Correct.

9 MR. BARLOW: And there was a separate system,
10 the predictive system, was a separate system for when
11 you were connecting live operators; right?

12 THE WITNESS: No. It's the same system.
13 Predictive is the same system.

14 BY MR. EVANS:

15 **Q. Would there -- could a -- would a predictive**
16 **system need a million calls a day?**

17 A. No, a predictive system wouldn't need that. But
18 the system -- TelWeb does a whole bunch of different
19 things, so you want me to --

20 MR. BARLOW: Let me ask, did you access the same
21 URL for predictive and the other calls?

22 THE WITNESS: Yeah. Just the log-in was
23 different.

24 MR. BARLOW: It was a different log-in?

25 THE WITNESS: Same URL.

316

1 MR. BARLOW: So what was the log-in for the ones
2 that deliver prerecorded messages?

3 THE WITNESS: What do you mean, what were the
4 log-in --

5 MR. BARLOW: What is it? Like mjones@gmail?
6 What's the actual log-in?

7 THE WITNESS: The URL?

8 MR. BARLOW: No. When you enter your log-in,
9 what is it?

10 THE WITNESS: EMM-something-or-other. EMM -- I
11 don't know. I've got it cached on my laptop.

12 MR. BARLOW: And then when you enter the other
13 one for predictive, what is it?

14 THE WITNESS: Whatever it is. It's not that,
15 though.

16 MR. BARLOW: It's in your laptop, though? Are
17 they --

18 THE WITNESS: The predictive one is probably not
19 in my laptop because I haven't logged in that predictive
20 system since I got my laptop, but it's a different --
21 it's a different user name and password.

22 MR. BARLOW: When was the last time you logged
23 into the predictive?

24 THE WITNESS: I don't know. A year ago?

25 MR. BARLOW: Okay.

Allorey, Inc.

10/1/2015

317

1 So going back to what Mr. Evans was saying, I'll
2 represent to you, we've received subpoenas from
3 Mr. Christiano that his companies -- that he said his
4 companies got in relation to your calls.
5 He never came to you and said, Mike, what is
6 going on? I'm getting subpoenas and investigations from
7 the government about calls you're making. He never did
8 that?
9 THE WITNESS: He may or may not have done it. I
10 don't know.
11 MR. BARLOW: I mean, he never called you and
12 said, Mike, what's happening, man?
13 THE WITNESS: I said he may or may not have. I
14 can't recall.
15 MR. BARLOW: You can't recall whether he called
16 you about illegal calls.
17 THE WITNESS: I said -- I said under oath, and
18 if you recall me saying it, that the only time that I
19 ever spoke to him about that was the lawsuit with
20 Verizon.
21 MR. BARLOW: And what did you say then?
22 THE WITNESS: I said that he let me know that he
23 got a subpoena from Verizon.
24 MR. BARLOW: And what else did he say?
25 THE WITNESS: I don't know what else he said.

318

1 That's the only thing that's setting in my mind.
2 MR. BARLOW: You don't remember anything else
3 specific about that conversation?
4 THE WITNESS: No, I don't.
5 MR. BARLOW: He didn't cut off access then, did
6 he?
7 THE WITNESS: No, he didn't.
8 MR. BARLOW: How many years after that did you
9 keep dialing using his platform?
10 THE WITNESS: A few.
11 MR. BARLOW: Were there other times after that
12 that he got subpoenas?
13 THE WITNESS: I don't recall.
14 MR. BARLOW: Were there other times after that
15 that companies you're affiliated with were
16 investigated?
17 THE WITNESS: I believe so from what you've
18 shown me.
19 MR. BARLOW: Okay.
20 You went to Rhode Island once regarding VMS;
21 right?
22 THE WITNESS: Correct.
23 MR. BARLOW: Who did you go with?
24 THE WITNESS: Justin Ramsey.
25 MR. BARLOW: The two of you traveled together?

319

1 THE WITNESS: No, we didn't. We met there.
2 MR. BARLOW: And he introduced you to the folks
3 at VMS?
4 THE WITNESS: Correct.
5 MR. BARLOW: Why?
6 THE WITNESS: Because that was the company that
7 we were going to do using the back end for our home
8 security that we're using currently right now.
9 MR. BARLOW: But why did he feel it was
10 important for you to meet them?
11 THE WITNESS: Because they were the company that
12 was going to pay us.
13 MR. BARLOW: Well, you have lots of other
14 customers. You don't go out to meet all of them who --
15 THE WITNESS: I don't know what I was thinking
16 at that time, sir. I can't -- I can't -- I can't tell
17 you --
18 MR. BARLOW: When was the meeting?
19 THE WITNESS: I don't know. It's been a few
20 years.
21 MR. BARLOW: Okay.
22 And did you meet with Jay Gotra? I don't recall
23 what your answer was.
24 THE WITNESS: Yes, I met Jay Gotra.
25 MR. BARLOW: Okay.

320

1 And I know you met Sunny Vadhera also.
2 THE WITNESS: Uh-huh.
3 MR. EVANS: How long did you speak to
4 Mr. Gotra?
5 THE WITNESS: I have no idea.
6 MR. BARLOW: What about Sunny?
7 THE WITNESS: A lot of times I spoke to Sunny,
8 on more than one occasion with Sunny.
9 MR. BARLOW: Oh, okay.
10 In Rhode Island or just on the phone?
11 THE WITNESS: I've been to Rhode Island I think
12 once or possibly twice.
13 MR. BARLOW: And then you spoke to folks at VMS
14 after on the phone?
15 THE WITNESS: Yeah. I spoke to Sunny before.
16 MR. BARLOW: How many times have you spoken to
17 people who work at VMS?
18 THE WITNESS: A handful of times -- two handfuls
19 of times.
20 MR. EVANS: Two handfuls of times like --
21 THE WITNESS: Ten or more.
22 MR. BARLOW: Ten to twenty.
23 THE WITNESS: Yeah.
24 MR. BARLOW: Okay.
25 THE WITNESS: Ten or eleven.

80 (Pages 317 to 320)

Allorey, Inc.

10/1/2015

321

1 MR. BARLOW: And what is the business you're
2 doing with them? I don't think I followed it. I don't
3 mean -- I'm not being like difficult. I don't think I
4 followed exactly what the business arrangement is. Can
5 you walk me through it.
6 THE WITNESS: Justin generates the sales.
7 MR. BARLOW: How does he do that?
8 THE WITNESS: With his predictive avatar system.
9 MR. BARLOW: And what is -- how does the
10 predictive avatar system work?
11 THE WITNESS: I've already explained to you
12 that I don't know how the predictive avatar system works
13 when you asked me about three headsets and hearing
14 three different conversations. I don't know how it
15 works.
16 MR. BARLOW: Okay. And so he generates sales
17 for them.
18 THE WITNESS: Correct.
19 MR. BARLOW: And then what happens next?
20 THE WITNESS: They install them.
21 MR. BARLOW: And do they know Justin is doing
22 it?
23 THE WITNESS: Yes.
24 MR. BARLOW: And when he generates a sale, what
25 does that mean? Is he charging the customer or

322

1 himself?
2 THE WITNESS: No.
3 MR. BARLOW: Who's charging the customer's
4 credit card?
5 THE WITNESS: I don't think their credit card is
6 getting charged.
7 MR. BARLOW: How do they get charged?
8 THE WITNESS: They get charged by the actual
9 monitoring company. The system is free.
10 MR. BARLOW: So how is anybody making money from
11 this if the system is free?
12 THE WITNESS: Get paid by the alarm company, the
13 monitoring company.
14 MR. BARLOW: Do you know who the monitoring
15 company is?
16 THE WITNESS: I believe it's Monitronic.
17 MR. BARLOW: Okay. So Monitronics is paying
18 who?
19 THE WITNESS: They're paying VMS.
20 MR. BARLOW: For what?
21 THE WITNESS: For a contract.
22 MR. BARLOW: Okay. And then VMS pays Justin.
23 THE WITNESS: Correct.
24 MR. BARLOW: And then Justin pays you.
25 THE WITNESS: Correct.

323

1 MR. BARLOW: And so let me just understand
2 this.
3 Alliance sets up the contract for Monitronics
4 to --
5 THE WITNESS: When you refer to Alliance, are
6 you calling --
7 MR. BARLOW: VMS. Excuse me.
8 (Counsel and witness speaking at the same time
9 and cautioned by court reporter.)
10 MR. BARLOW: Pardon me. VMS has recently
11 changed its name to Alliance.
12 THE WITNESS: Okay. I just needed -- you
13 changed it in mid-question.
14 MR. BARLOW: It's late for me as well. I'm
15 sorry.
16 So VMS/Alliance is getting paid by Monitronics
17 to give them the contract for monitoring; right?
18 THE WITNESS: To install a home security system
19 for somebody.
20 MR. BARLOW: So basically Alliance does the
21 installation for free, more or less?
22 THE WITNESS: The whole thing is free. The
23 security system, everything is free.
24 MR. BARLOW: Right.
25 And the only thing the person pays for is the

324

1 monitoring.
2 THE WITNESS: The monthly monitoring fee.
3 MR. BARLOW: Now, who sets up the appointment
4 for the actual installation?
5 THE WITNESS: I imagine Monitronics does or VMS
6 does or Justin -- I don't know who does that.
7 MR. BARLOW: So what does Justin -- what is the
8 end product Justin gives to VMS/Alliance?
9 THE WITNESS: A sale, a home security sale I
10 believe.
11 MR. BARLOW: Is it a completed sale?
12 THE WITNESS: I believe it is. I don't know.
13 MR. BARLOW: So then Justin must be actually
14 taking the payment then; right?
15 THE WITNESS: Why are you asking me questions
16 that you know the answers to already?
17 MR. BARLOW: I don't know the answer.
18 THE WITNESS: We just talked about there not
19 being a payment. Now you're asking me about the
20 payment.
21 MR. BARLOW: Well, if the customer is not
22 paying, how is it a sale? Have they signed a contract?
23 THE WITNESS: They sign a contract when the
24 installer goes to the person's house.
25 MR. BARLOW: So basically what Justin is

81 (Pages 321 to 324)

Allorey, Inc.

10/1/2015

325

1 providing is an appointment for an Alliance installer to
2 go and deliver a contract; right?
3 THE WITNESS: Correct.
4 MR. BARLOW: And so Justin or Justin's company
5 sets the appointment?
6 THE WITNESS: I -- I believe so. I don't know.
7 I -- it could be -- the installation appointment could
8 be set by VMS. I don't know --
9 MR. BARLOW: Okay. I don't know either. That's
10 why I'm -- and I don't understand how it works. That's
11 why I'm asking these questions.
12 THE WITNESS: No. But you just keep asking
13 about payment collecting and payment collecting and who
14 runs the credit card and all these different things
15 you've asked me with regards to home security. They
16 don't pay that way. It's paid by the -- once the deal
17 gets installed, the customers sign the contract, it
18 gets -- it gets paid a week or two or three weeks later.
19 I don't know how long that takes, but that's how it
20 works.
21 MR. BARLOW: I understand now.
22 And what is your role in this? What are you
23 doing for Justin?
24 THE WITNESS: I'm the connection to Steve and we
25 send them the data.

326

1 MR. BARLOW: And what do you actually do?
2 THE WITNESS: Nothing.
3 MR. BARLOW: So why are you getting paid?
4 THE WITNESS: I don't know. Justin likes me.
5 I'm a good friend. I'm good in bed. I don't know why
6 he pays me.
7 MR. BARLOW: But the dialing Justin is doing is
8 not going over NetDotSolutions' dialers right now.
9 THE WITNESS: No. Not for home security.
10 MR. BARLOW: For other products, though, it
11 still is?
12 THE WITNESS: I've explained it to you already.
13 He does business to business for merchant cash advance.
14 MR. BARLOW: Oh, that's right. I forgot.
15 There's a lot to keep track of here.
16 When was the last time Justin used the
17 NetDotSolutions servers for VMS/Alliance?
18 THE WITNESS: I have no idea. I don't even know
19 if he ever did.
20 MR. BARLOW: Oh.
21 THE WITNESS: I mean, this time before me and
22 him got in contact, I mean, if anything, it would be
23 several years, if at all.
24 MR. BARLOW: How did you meet Justin?
25 THE WITNESS: I met him through a guy in

327

1 Maryland that I sold a predictive dialer to in 1999.
2 MR. BARLOW: Who's that?
3 THE WITNESS: David Silverman.
4 MR. BARLOW: So you met Justin in '99 or you
5 sold --
6 THE WITNESS: No, no. I sold the dialer to a
7 guy in 1999 or 2000-ish, and then I met Justin like
8 2005-2006. Through him.
9 MR. BARLOW: And so Steve Stansbury and
10 Data World are making -- are doing the work basically.
11 THE WITNESS: Correct.
12 MR. BARLOW: And it's sort of your connection.
13 You connected the two of them.
14 THE WITNESS: Correct.
15 MR. BARLOW: Mr. Stansbury also paid out of the
16 Data World Technologies account for your lawyer today;
17 right?
18 THE WITNESS: Correct.
19 MR. BARLOW: Why didn't he pay for Mr. Roth to
20 attend his deposition or his investigational hearing?
21 THE WITNESS: Well, because his -- the thing
22 with Mr. Roth happened way before. And originally the
23 only people that needed the attorneys was me, Richard
24 and Ray. And then at that point, everyone and their
25 brother got CIDs and I said, Just go meet with them.

328

1 Everyone is going to tell them -- everyone is going to
2 say the same thing, because if you tell them the truth,
3 everything is going to be the same.
4 And then it ended up coming out that everyone
5 pled the fifth and no one said anything, so it was -- I
6 mean, I've had Roth here all day today. He's only
7 talked to you four times.
8 MR. BARLOW: Yeah. No. We appreciate your
9 forthright testimony.
10 THE WITNESS: No, no, no. What I'm saying is,
11 is it would have been a lot cheaper for me not to have
12 him involved at all.
13 MR. BARLOW: A lot cheaper I'm sure.
14 But nevertheless, my question is why didn't
15 Mr. Stansbury have a lawyer with him if he's the one
16 doing the work. It's his company. He's paying you.
17 He's paying for the attorney. Why didn't he get a
18 lawyer, too?
19 THE WITNESS: It just didn't make sense.
20 MR. BARLOW: It doesn't make sense?
21 THE WITNESS: Huh-uh. It may make sense for him
22 to do it, but it's going to cost too much for the same
23 thing that I'm already or --
24 MR. BARLOW: Now, you had heard, separate from
25 conversations with me or Mr. Evans, that witnesses in

82 (Pages 325 to 328)

329

1 this investigation have pled the Fifth Amendment; is
2 that right?
3 THE WITNESS: Correct.
4 MR. BARLOW: Who told you that?
5 THE WITNESS: Ray Verallo told me.
6 MR. BARLOW: So you talked to Ray Verallo after
7 his investigational hearing.
8 THE WITNESS: No. This is -- yeah. I talked to
9 him for a couple minutes after.
10 MR. BARLOW: And what did you discuss?
11 THE WITNESS: Nothing. We just -- I just said,
12 How did it go? He's like, It went all right. I'm like,
13 You know, what did they ask you? And he was like -- he
14 didn't get into it. He just said, I pled the Fifth on
15 everything. And I said, On every question? He says,
16 Yeah. Then I asked him, Did you tell him your name or
17 did you plead the Fifth? And I don't remember what he
18 said, but it was kind of comical, and that was when the
19 call ended.
20 MR. BARLOW: What about with Mr. Stansbury? Did
21 you speak to him about the investigational hearing?
22 THE WITNESS: Yeah. Just a little bit. He
23 said he talked about this and talked about that. I
24 wasn't listening. I was thinking about what was going
25 on here.

330

1 MR. BARLOW: That's understandable.
2 What about before Mr. Stansbury's
3 investigational hearing? Did you talk to him about it?
4 THE WITNESS: What do you mean? Like coach
5 him?
6 MR. BARLOW: That's your word, not mine, sir.
7 THE WITNESS: No, no. What would I have talked
8 about it before he met you?
9 MR. BARLOW: I'm asking if before his hearing if
10 you spoke to him about the hearing.
11 THE WITNESS: Yeah, I did. I just told you what
12 I said. I said, Be honest with the questions.
13 MR. BARLOW: Why did you say that?
14 THE WITNESS: Because like he's just a -- he's
15 just a bumbly old guy that's going to sit there and get
16 nervous when two attorneys are sitting there talking to
17 him and he doesn't have one, and I just said, Just be --
18 give your honest answer.
19 MR. BARLOW: I would say that's a fair enough
20 assessment of Mr. Stansbury.
21 THE WITNESS: To about 99.5 percent.
22 MR. BARLOW: Yeah.
23 THE WITNESS: He made it feel -- me feel more
24 comfortable wearing blue jeans, though.
25 MR. BARLOW: Yes, I can understand that as

331

1 well.
2 So did he ask you, What should I say?
3 THE WITNESS: No.
4 MR. BARLOW: I mean, it was just --
5 THE WITNESS: What kind of question is that?
6 MR. BARLOW: Well, it's just strange that you
7 would feel the need to tell Mr. Stansbury, Tell the
8 truth.
9 THE WITNESS: No. I'm saying, You don't have an
10 attorney. They're going to rattle you. They're going
11 to ask you questions. They're going to ask you --
12 throwing questions from all over. The only thing you
13 need to defer to is the truth. You don't need to think
14 what the -- if you're thinking about what the answer is,
15 there's --
16 MR. BARLOW: Fair enough.
17 Is there a reason Steve Stansbury would be
18 willing to go to jail for you?
19 THE WITNESS: Not that I know of.
20 MR. BARLOW: Did you do something to help him in
21 his life that he would feel so beholden to you, he'd be
22 willing to go to jail for you?
23 THE WITNESS: That's all -- that's all from the
24 perspective of the person you're asking the question
25 on. I feel like I've done a lot for him, but I don't

332

1 know. I feel like I've done a lot for a lot of people.
2 Is this the last one now?
3 MR. BARLOW: Let me just check.
4 THE WITNESS: Or does it depend on how I answer
5 it?
6 MR. EVANS: Always.
7 That's going to look really mean in the
8 transcript. I laughed and said, "Always."
9 MR. BARLOW: You know -- and I apologize if
10 this was asked and answered or not answered or you
11 didn't know, but at one point you said you were doing,
12 oh, back then about a million, million and a half calls
13 a day.
14 THE WITNESS: Okay.
15 MR. BARLOW: Did that keep up in like -- in the
16 beginning of 2015, were you doing a million, a million
17 and a half calls a day?
18 THE WITNESS: I don't know. I haven't looked.
19 MR. BARLOW: Okay. Do you have a ballpark
20 idea?
21 THE WITNESS: I don't know.
22 MR. BARLOW: I want to just ask a couple
23 questions about you and Andy Salisbury meeting
24 Jamie Christiano.
25 THE WITNESS: Okay.

83 (Pages 329 to 332)

Allorey, Inc.

10/1/2015

<p style="text-align: right;">349</p> <p>1 We have the potential under our rules to</p> <p>2 withhold the transcript, but we are not doing that in</p> <p>3 this case because there's not -- we see no reason to do</p> <p>4 that.</p> <p>5 However, you'll be limited to your own</p> <p>6 transcript. We're going to not -- we're going to</p> <p>7 withhold everybody else's transcript from each other in</p> <p>8 case that was --</p> <p>9 THE WITNESS: What do you mean?</p> <p>10 MR. EVANS: Like you can't buy a copy of</p> <p>11 Steve Stansbury's transcript.</p> <p>12 THE WITNESS: I would hope I couldn't. I'd hope</p> <p>13 somebody couldn't buy this.</p> <p>14 MR. EVANS: Well, only you will be able to at</p> <p>15 this point.</p> <p>16 Anything else?</p> <p>17 MR. BARLOW: No. I just want to add my thanks</p> <p>18 on the record, too. You were very forthright, you spent</p> <p>19 lot of time here today, you came in from California, and</p> <p>20 we appreciate all of that, genuinely.</p> <p>21 THE WITNESS: Thank you.</p> <p>22 MR. EVANS: All right. Thank you.</p> <p>23 And we'll close the hearing.</p> <p>24 (Whereupon, the foregoing investigational</p> <p>25 hearing was concluded at 6:10 p.m.)</p>	<p style="text-align: right;">351</p> <p>1 CERTIFICATE OF DEPONENT</p> <p>2</p> <p>3</p> <p>4 I hereby certify that I have read and examined</p> <p>5 the foregoing transcript, and the same is a true and</p> <p>6 accurate record of the testimony given by me.</p> <p>7</p> <p>8 Any additions or corrections that I feel are</p> <p>9 necessary I will attach on a separate sheet of paper to</p> <p>10 the original transcript.</p> <p>11</p> <p>12 I hereby certify, under penalty of perjury, that</p> <p>13 I have affixed my signature hereto on the date so</p> <p>14 indicated.</p> <p>15</p> <p>16 DATED:</p> <p>17</p> <p>18 AARON MICHAEL JONES</p> <p>19</p> <p>20</p> <p>21</p> <p>22</p> <p>23</p> <p>24</p> <p>25</p>
<p style="text-align: right;">350</p> <p>1 CERTIFICATION OF REPORTER</p> <p>2</p> <p>3 DOCKET/FILE NUMBER: 152-3152</p> <p>4 CASE TITLE: Allorey, Inc.</p> <p>5 HEARING DATE: October 1, 2015</p> <p>6</p> <p>7 I HEREBY CERTIFY that the transcript contained</p> <p>8 herein is a full and accurate transcript of the notes</p> <p>9 taken by me at the hearing on the above cause before the</p> <p>10 FEDERAL TRADE COMMISSION to the best of my knowledge and</p> <p>11 belief.</p> <p>12</p> <p>13 DATED: OCTOBER 6, 2015</p> <p>14</p> <p>15</p> <p>16 JOSETT F. WHALEN, RMR</p> <p>17</p> <p>18</p> <p>19 CERTIFICATION OF PROOFREADER</p> <p>20</p> <p>21 I HEREBY CERTIFY that I proofread the transcript</p> <p>22 for accuracy in spelling, hyphenation, punctuation and</p> <p>23 format.</p> <p>24</p> <p>25 ELIZABETH M. FARRELL</p>	<p style="text-align: right;">352</p> <p>1 WITNESS: AARON MICHAEL JONES</p> <p>2 DATE: October 1, 2015</p> <p>3 CASE: Allorey, Inc.</p> <p>4 Please note any errors and the corrections thereof on</p> <p>5 this errata sheet. The rules require a reason for any</p> <p>6 change or correction. It may be general, such as "to</p> <p>7 correct stenographic error" or "to clarify the record"</p> <p>8 or "to conform with the facts."</p> <p>9 PAGE LINE CORRECTION REASON FOR CHANGE</p> <p>10</p> <p>11</p> <p>12</p> <p>13</p> <p>14</p> <p>15</p> <p>16</p> <p>17</p> <p>18</p> <p>19</p> <p>20</p> <p>21</p> <p>22</p> <p>23</p> <p>24</p> <p>25</p>

88 (Pages 349 to 352)

In the Matter of:

Allorey, Inc.

September 8, 2016

Eric Oakley

Condensed Transcript with Word Index



For The Record, Inc.

(301) 870-8025 - www.ftrinc.net - (800) 921-5555

1

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

FEDERAL TRADE COMMISSION

IN RE: ALLOREY, INC.

EXAMINATION UNDER OATH OF ERIC OAKLEY

Date and Time: Thursday, September 8, 2016
9:08 a.m. to 3:52 p.m.
Location: 333 South Hope Street
43rd Floor
Los Angeles, California
Reporter: Grace Chung, CSR. No. 6246
RMR, CRR, CLR

3

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

A P P E A R A N C E S

For the FTC:
JAMES EVANS, ESQ.
Federal Trade Commission
Bureau of Consumer Protection
Division of Marketing Practices
600 Pennsylvania Avenue NW, CC-8528
Washington, DC 20580
(202) 326-2026
jevans1@ftc.gov

IAN L. BARLOW, Hearing Officer
Federal Trade Commission
Bureau of Consumer Protection
Division of Marketing Practices
600 Pennsylvania Avenue, NW
Mail Stop CC-8528
Washington, DC 20580
(202) 326-3120
ibarlow@ftc.gov

For Eric Oakley:
SHERPPARD MULLIN RICHTER & HAMPTON
BY: CHARLES L. KREINDLER, ESQ.
333 South Hope Street
43rd Floor
Los Angeles, California 90071
(213) 620-1780
ckreindler@sheppardmullin.com

2

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

EXAMINATION UNDER OATH of ERIC OAKLEY,
taken on behalf of Federal Trade Commission, at 333
South Hope Street, 43rd Floor, Los Angeles,
California, beginning at 9:08 a.m. and ending at
3:52 p.m., on September 8, 2016, before GRACE
CHUNG, CSR No. 6246, RMR, CRR, CLR.

4

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

INDEX

WITNESS EXAMINATION PAGE
ERIC OAKLEY
BY MR. EVANS 9

EXHIBITS

NO. DESCRIPTION PAGE
Exhibit 249 E-mail from Eric Oakley to Raymund Verallo, dated July 16, 2014 85

Exhibit 250 E-mail exchange, with top e-mail from support@shoutpoint.com to mihaim@netdotsolutions.com, dated October 31, 2011 92

Exhibit 251 E-mail exchange, with top e-mail from Raymund Verallo to Justin Ramsey, dated June 14, 2010 96

Exhibit 252 E-mail from Eric Oakley to Justin Ramsey, dated May 16, 2016 98

Exhibit 253 E-mail from Justin Ramsey to Eric Oakley and Mike Jones, dated September 3rd, 2011 126

Exhibit 254 Exchange of e-mails on September 14th, 2011, between Justin Ramsey and Eric Oakley 132

Exhibit 255 E-mail related to affiliate program 134

Exhibit 256 E-mail from Houston Fraley to Richard Paik and others 137

Exhibit 257 E-mail exchange, with top e-mail from Sunny Vadhera to Justin Ramsey and others, dated November 14, 2012 142

Exhibit 258 E-mail exchange, with top e-mail from Justin Ramsey to Houston Fraley, dated December 21, 2012 144

Allorey, Inc.

9/8/2016

<p style="text-align: right;">5</p> <p>1 Exhibit 259 E-mail exchange, with top e-mail 167 2 from Jamie Christiano to Bryan 3 Lucas, dated October 13, 2009 4 Exhibit 260 E-mail exchange, with top e-mail 169 5 from Heather Griffin to Mike 6 Jones, dated October 27, 2009 7 Exhibit 261 E-mail from Eric Oakley to Justin, 171 8 dated April 26, 2010 9 10 Exhibit 262 E-mail dated June 12, 2012, from 172 11 Eric Oakley to Justin Ramsey 12 Exhibit 263 E-mail from Justin Ramsey to Erick 173 13 Oakley, dated August 14, 2012 14 15 Exhibit 264 E-mail from Mihai Marinescu to 179 16 Andy Salisbury, dated August 6, 17 2013 18 19 Exhibit 265 E-mail dated April 25th, 2014, 183 20 from Eric Oakley to Justin Ramsey 21 Exhibit 266 E-mail dated June 11, 2014, from 185 22 Justin Ramsey to Eric Oakley and 23 Mike Jones 24 Exhibit 267 E-mail exchange, with top e-mail 186 25 from Mike Jones to Steven 26 Stansbury, dated June 12, 2014 27 Exhibit 268 E-mail from July 14th, 2014, from 191 28 Eric Oakley to Mike Jones 29 30 Exhibit 269 E-mail from Tyler Hall to Justin 195 31 Ramsey, dated November 20, 2014 32 Exhibit 270 E-mail from Tyler Hall to Mihai 196 33 Marinescu, dated March 6, 2015 34 35 Exhibit 271 E-mail exchange, with top e-mail 198 36 from Eric Oakley to Tyler Hall, 37 dated June 6, 2015 38 39 40 41 42 43 44 45</p>	<p style="text-align: right;">7</p> <p>1 today are myself -- I am Ian Barlow -- and I'm a 2 hearing officer for this proceeding, and James Evans, 3 who is Commission counsel. Appearing for Mr. Oakley 4 is Charles Kreindler of Sheppard Mullin. 5 As noted when this investigational hearing 6 was originally convened, this proceeding is in 7 relation to a nonpublic Commission investigation to 8 determine whether certain telemarketers, sellers, or 9 others assisting them, have engaged in or are 10 engaging in: One, unfair or deceptive acts or 11 practices in or effecting commerce in violation of 12 Section 5 of the Federal Trade Commission Act, 15 13 USC, Section 45, as amended; and/or, two, deceptive 14 or abusive telemarketing acts or practices in 15 violation of the Commission's telemarketing sales 16 rule, 16 CFR, Part 310, as amended, including, but 17 not limited to, the provision of substantial 18 assistance or support to telemarketers engaged in 19 unlawful practices. 20 The procedures, which will be followed in 21 this investigational hearing, were outlined to the 22 Commission's rules of practice, specifically part 2, 23 "Nonadjudicated Procedures," subpart A, which 24 pertained to investigations in investigational 25 hearings beginning with Section 2.1 through 2.14.</p>
<p style="text-align: right;">6</p> <p>1 2 Los Angeles, California 3 Thursday, September 8, 2016 4 5 ERIC OAKLEY, 6 having been first duly sworn or affirmed, 7 was examined and testified as follows: 8 9 MR. BARLOW: Good morning. My name is Ian 10 Barlow of the Federal Trade Commission. This is 11 the continued investigational hearing of Eric 12 Oakley. Today's session continues the 13 investigational hearing originally convened on 14 September 24th, 2015. 15 This investigational hearing is convened at 16 12 -- 9:08 a.m. Pacific Time, 12:08 p.m. Eastern 17 Time, on Thursday, September 8, 2016. The witness, 18 Eric Oakley, his counsel, and the court reporter are 19 at the Los Angeles office of Sheppard Mullin at 333 20 South Hope Street, 43rd Floor, Los Angeles, 21 California. And counsel for the Federal Trade 22 Commission at the Washington, D.C. office of the 23 Federal Trade Commission in the Constitution Center 24 Building, 400 7th Street Southwest, Washington, D.C. 25 Appearing for the Federal Trade Commission</p>	<p style="text-align: right;">8</p> <p>1 I would like to draw your attention, 2 particularly, to Section 2.9 of the Commission's 3 rules which provides that any person compelled to 4 appear and testify or produce documents or evidence 5 may be accompanied, represented, and advised by 6 counsel according to Federal Trade Commission rules. 7 Representation by counsel in this hearing will be in 8 accordance with those rules as prescribed by Section 9 2.9, subparts B1 through 6. 10 The purpose of this proceeding is to 11 receive testimony under civil investigated demands 12 duly served on Mr. Oakley as modified by a letter 13 from Lois Greisman, Associate Director of the 14 Division of Marketing Practices. The CID was issued 15 and authorized pursuant to Federal Trade Commission 16 resolution in File Number 0123145, dated April 11, 17 2011. In order to facilitate reference through this 18 hearing, I request that commission counsel will place 19 into the record as commission exhibit a copy of the 20 CID, including the Commission's resolution and 21 attached specifications. 22 With those announcements made, I will turn 23 this proceeding over to James Evans. 24 MR. EVANS: Thank you. 25</p>

2 (Pages 5 to 8)

9

EXAMINATION

BY MR. EVANS:

Q. Good morning, again, Mr. Oakley.

A. Good morning.

Q. Before we start, I'm going to give you a few, just general, ground rule instructions, but there is one that I want to lead off with because we are via video conference and there is just a slight delay. I want to make sure that we are both on the same page; that is, please wait until I finish asking a question completely before you start answering, and I will do my best to let you finish your answer completely before I ask the next question.

Does that make sense?

A. Yes.

Q. Okay. Great. If you could first state your full name for the record?

A. Eric Michael Oakley.

Q. And if your counsel could identify himself for the record?

MR. KREINDLER: Yes. Chuck Kreindler.

BY MR. EVANS:

Q. Thanks.**And we will first introduce Exhibit 98,**

10

which has been previously marked. This is a copy of the civil investigative demand issued to you by the Federal Trade Commission on August 27 of 2015; is that correct?

A. Yes.

Q. Next we look at Exhibit 248, which has been previously marked.

MR. BARLOW: Mr. Oakley, can I just ask you to give me a test yes and no to hear your volume?

A. Yes, no.

MR. EVANS: That's great. As long as you speak up like that, that will be great.

MR. BARLOW: A moment ago, I couldn't hear, but it seems resolved.

BY MR. EVANS:

Q. Exhibit 248 is a copy of a letter dated July 22 -- I'm sorry, September 17, 2015, to your counsel, modifying the CID that we just looked at; is that correct?

A. Yes.

Q. And under that CID, as modified by that letter, we last met in Santa Ana for the first part of this investigational hearing on September 24, 2015; correct?

11

A. Yes.

Q. Other than that occasion, have you ever given testimony under oath before?

A. No.

Q. Okay. So let me go over a few more ground rules, then. First, I will be asking you a series of questions, and you are under oath to provide full, complete, and truthful answers to those questions. Do you understand that?

A. Yes.

Q. Do you understand that the oath is the same one you would take in front of a federal judge in a courtroom?

A. Yes.

Q. The court reporter is taking down everything that we say here. So please answer with a verbal response to every question as opposed to shaking your head or saying noise like "uh-huh." Do you understand?

A. Understood.

Q. If you don't understand a question I ask you, please let me know before you answer, and I will try to explain or rephrase the question. Otherwise, if you answer my question, I will assume that you understood the question. Does that make

12

sense?

A. Yes.

Q. If you're not sure of an answer, or you don't have a complete answer, based on your personal knowledge, let us know that, and then also answer the question to the extent that you can. Okay?

A. Okay.

Q. From time to time, your counsel might object to a question. After the objection, please go ahead and answer the question unless he specifically tells you not to. Okay?

A. Okay.

Q. I have to ask: Are you sick or have you taken or do you intend to take any medication, drugs, or alcohol that would affect your ability to testify truthfully and honestly today?

A. No.

Q. Do you agree to give me full, fair, and truthful answers to my questions?

A. Yes.

Q. If, at any time, you want to take a break, please let us know, and we can do that, but we generally won't take a break while there is a question pending, and also we will break for your

13

1 lunch hour out there on the West Coast.

2 So first, I would like to just get some
3 basic information about you. What's your current
4 home address?

5 A. [REDACTED], Costa Mesa, [REDACTED].

6 Q. And how long have you lived there?

7 A. Six to -- seven years, almost.

8 Q. Do you have any plans to move in the near
9 future?

10 A. Yes.

11 Q. Where will you be moving to?

12 A. Somewhere in the neighborhood.

13 Q. So staying in Southern California?

14 A. Yes.

15 Q. What phone numbers do you currently use?

16 A. My cell phone number (714) [REDACTED]. My
17 office line is (714) 361-8431.

18 Q. Do you use any other phone numbers?

19 A. No.

20 Q. For your cell phone, how long has that
21 been your phone number?

22 A. In excess of 10 years, probably.

23 Q. And the office number, how long has that
24 been your office number?

25 A. Maybe two to three years or older.

14

1 Q. Have you ever used the phone number
2 (714) 361-8420, or do you recognize that number?

3 A. Yeah, that was my previous office number,
4 and we switched offices, so I had new phone
5 numbers.

6 Q. Is that when you moved from 15991 Local
7 Lighthouse to 2795 Local Lighthouse -- sorry, by
8 Local Lighthouse, I meant Red Hill?

9 A. Most likely, yes.

10 Q. So when you moved to -- is it 2795 Red
11 Hill; is that right?

12 A. 2975.

13 Q. Thanks. I switched those numbers.

14 That's when you would have started using
15 8420? I'm sorry, 84 -- the one you just gave us?

16 A. To the best of my knowledge, most likely,
17 yes.

18 Q. And can you say the last four digits of
19 that number one more time?

20 A. 8431? My current one or my old one? I'm
21 getting kind of confused.

22 Q. I'm sorry. Let's start again. Where was
23 Local Lighthouse's offices originally?

24 A. 15991 Red Hill.

25 Q. And what was your office phone number when

15

1 you were at that building?

2 A. (714) 361-8420.

3 Q. And where are the Local Lighthouse's
4 offices now?

5 A. 2975 Red Hill.

6 Q. And what's your office phone number now?

7 A. (714) 361-8431.

8 Q. And that switching phone number coincided
9 with the move in offices?

10 A. To the best of my knowledge, yes.

11 Q. Okay. Thank you for helping me clarify
12 that.

13 BY MR. BARLOW:

14 Q. When was that move, if I could ask?

15 A. March of 2013, I think.

16 BY MR. EVANS:

17 Q. What e-mail addresses do you currently
18 use?

19 A. My personal e-mail address is
20 oakley.eric@gmail.com. My Local Lighthouse e-mail
21 is eric.oakley@locallighthouse.com. There is
22 another one I have, eoakley@towncenter.com that I
23 very rarely use.

24 Q. What's that one for?

25 A. We tried to start a different type of

16

1 business months and months ago, and it never worked
2 out.

3 Q. How long have you had the Local Lighthouse
4 e-mail address?

5 A. Since about the time we started the
6 company. So February of 2010, I would say.

7 Q. Did you have a business e-mail address
8 before that?

9 A. Yes.

10 Q. What was that?

11 A. Eric@savilo.com.

12 Q. That's S-A-V-I-L-O?

13 A. Yes.

14 Q. And when did you start using that e-mail
15 address?

16 A. Late 2009, early 2010 -- or 2009, I think.

17 Q. And did you ever use the Savilo address
18 and the Local Lighthouse address for any
19 overlapping period of time?

20 A. Yes, most likely.

21 Q. That would have been, you said, in early
22 2010, when you got the Local Lighthouse address?

23 A. Yes.

24 Q. When did you stop using the Savilo
25 address?

4 (Pages 13 to 16)

Allorey, Inc.

9/8/2016

17

1 A. I don't know the exact date, but I would
2 say probably around 2010.

3 **Q. Have you gone by any names other than Eric**
4 **Oakley?**

5 A. No.

6 **Q. Have you ever used a phone name when on**
7 **the phone with consumers?**

8 A. A phone name?

9 **Q. If you've been on the phone with**
10 **customers, have you ever used a different name**
11 **other than your own?**

12 A. No.

13 **Q. Do you currently live with anyone?**

14 A. Yes.

15 **Q. Who is that?**

16 A. My wife and baby daughter.

17 **Q. Okay. Let's move to your employment**
18 **history. Are you currently employed?**

19 A. Yes.

20 **Q. Where?**

21 A. Local Lighthouse.

22 **Q. And are you employed anywhere else right**
23 **now?**

24 A. No.

25 **Q. Do you have an ownership interest in any**

18

1 **other businesses presently?**

2 A. Yes.

3 **Q. What are those businesses?**

4 A. Oakley Consulting Group, Searchlight
5 Payments. That should be it.

6 **Q. What does Oakley Consulting Group do?**

7 A. I started years back just to be kind of
8 consulting for different businesses, but it was
9 mainly -- I just helped out Local Lighthouse, and I
10 got my -- I used to get my distributions through
11 Local Lighthouse, too, that company, and would pay
12 myself a salary from that company.

13 **Q. Does Oakley Consulting Group have office**
14 **space?**

15 A. No.

16 **Q. Did it ever have office space?**

17 A. No.

18 **Q. So Oakley Consulting Group is just you;**
19 **correct?**

20 A. Correct.

21 **Q. There's no other employees of Oakley**
22 **Consulting Group?**

23 A. No.

24 **Q. What does Searchlight Payments do?**

25 A. It helps with the collection of billings

19

1 for our Local Lighthouse clients.

2 **Q. How did it do that it?**

3 A. It helped open up merchant accounts for
4 Local Lighthouse, and collected the billings on
5 Local Lighthouse's behalf.

6 **Q. Is Searchlight Payments an ISO, if you**
7 **know what that means?**

8 A. ISO? No.

9 **Q. So it's not -- Searchlight Payments does**
10 **not create the merchant accounts?**

11 A. No.

12 **Q. What's your ownership percentage of**
13 **Searchlight Payments?**

14 A. 50 percent.

15 **Q. Who owns the other 50 percent?**

16 A. Richard Paik.

17 **Q. Does Searchlight Payments have office**
18 **space?**

19 A. No.

20 **Q. But you say it operates out of Local**
21 **Lighthouse's offices?**

22 A. Yes.

23 **Q. What role do you play with Searchlight**
24 **Payments?**

25 A. None, really.

20

1 **Q. Are there other employees of Searchlight**
2 **Payments?**

3 A. No. Just a company owned by Richard and I
4 with no employees.

5 **Q. So it's just a service provider to Local**
6 **Lighthouse?**

7 A. Correct.

8 **Q. Local Lighthouse's customers pay**
9 **Searchlight Payments on behalf of -- or for Local**
10 **Lighthouse?**

11 A. Searchlight Payments opened up merchant
12 accounts for Local Lighthouse to collect the
13 billings for Local Lighthouse, if that makes sense.

14 **Q. Understood. Yes.**

15 **Are you familiar with First Page Ranking?**

16 A. Yes.

17 **Q. Is First Page Ranking still operating?**

18 A. No.

19 **Q. Is it correct to say that Searchlight**
20 **Payments does the same thing that First Page**
21 **Ranking did?**

22 A. Correct.

23 **Q. And is the same true of Local Business**
24 **Marketing?**

25 A. Yes.

5 (Pages 17 to 20)

37

1 that a little bit more later, but did the dialing
2 companies operate out of the same office as Local
3 Lighthouse?

4 A. Yes.

5 **Q. Who ran the dialing companies?**

6 A. Mike Jones.

7 **Q. Who had shared the ownership of Local**
8 **Lighthouse?**

9 A. Richard and myself.

10 **Q. Did anyone else get distributions from**
11 **Local Lighthouse?**

12 A. Yes.

13 **Q. Who were those?**

14 A. Myself, Richard, Mike, for a portion of
15 the time, Houston.

16 **Q. I'm sorry. For a portion of the time, was**
17 **that referring to Mike or to Houston?**

18 A. Houston and Mike.

19 **Q. For what period of time did Mike**
20 **receive -- Mike Jones receive distributions from**
21 **Local Lighthouse?**

22 A. From the time that Local Lighthouse could
23 distribute, which was probably two years after
24 starting the business in 2011, up until maybe early
25 2015.

38

1 **Q. And what period of time did Houston Fraley**
2 **receive distributions from Local Lighthouse?**

3 A. Probably '14, 2014, to late 20- -- no,
4 2014 to 2015, perhaps.

5 **Q. So when you mentioned a little bit that**
6 **your role changed after Houston came in, how else**
7 **did your role change at Local Lighthouse over time?**

8 A. It depended on -- actually, it always kind
9 of changed. Depending on what we needed, I was
10 kind of doing everything. Spent a lot of time in
11 what we call the back-end, which is the operations
12 or the fulfillment of the product, the websites.

13 A lot went into them, from building the
14 actual to the content on the website. So we had
15 content writers. We had social media people, so
16 customer service. You know, we grew kind of fast and
17 started to have a thousand, two thousand clients, so
18 we had to have a lot of employees. But I also helped
19 with the marketing and sales aspect.

20 **Q. How did Local Lighthouse market?**

21 A. We called business owners from the dialer
22 Telweb.

23 **Q. And was that using prerecorded messages?**

24 A. Yes.

25 **Q. Where did Local Lighthouse get the phone**

39

1 **numbers that it called?**

2 A. Shortly after we started, I knew a company
3 called LRG, and I contacted them, and they had a
4 big business database. And we bought -- I want to
5 say maybe 20 million business phone numbers and
6 that lasted quite some time, probably three years.

7 And then after that, we kind of just found
8 different data providers and continued to buy
9 business data, because, you know, you can't call
10 the same business owner dozens and dozens of times
11 and expect to get different results.

12 **Q. How did Local Lighthouse pay for its use**
13 **of the dialer?**

14 A. It paid the dialing company, which then
15 took a portion of the profit and then paid Telweb.

16 **Q. And by "dialing company," you mean some**
17 **company that Mike Jones ran?**

18 A. Correct.

19 **Q. And you didn't name a specific company.**
20 **Did the dialing company change over time?**

21 A. Yes.

22 **Q. Was Velocity -- Velocity predated Local**
23 **Lighthouse; is that correct?**

24 A. It might have ran --

25 **Q. Velocity was shut down in late 2011; is**

40

1 **that right?**

2 A. Yes, that's right. Local Lighthouse
3 started in early 2011. So it might have had some
4 overlap.

5 **Q. Okay. That's right. But, in general,**
6 **Velocity represents the type of dialing company**
7 **that would have been the middleman between Local**
8 **Lighthouse and Telweb?**

9 A. Correct.

10 **Q. Why did those companies change over time?**

11 A. I mean, now I know that they probably got
12 in trouble and got too much heat and Mike asked to
13 turn them over, so it pretty much starts the clock
14 over again.

15 **Q. How do you know that now?**

16 A. Because I'm sitting here talking to you
17 guys.

18 **Q. So maybe you can explain a little more**
19 **about -- how do you know that Mike would want to**
20 **have a turnover in the company?**

21 A. That's just always how it happened. He --
22 I think he had Richard open up Transpoint, and had
23 me open up Velocity, and had Ray open up one and
24 another open up another. That's just what I
25 understood to be the business strategy, you know.

10 (Pages 37 to 40)

41

1 **Q. By "Ray," you mean Ray Verallo?**
 2 A. Yes.
 3 **Q. Did that seem weird to you, to churn**
 4 **through companies like that?**
 5 A. Yeah.
 6 **Q. Was there any difference between those**
 7 **companies other than their name and who owned them?**
 8 A. No.
 9 **Q. Did Mike Jones ever tell you why he**
 10 **churned through companies like that?**
 11 A. No.
 12 **Q. You said he asked other people to open**
 13 **them; is that right?**
 14 A. Yes.
 15 **Q. Did Mike Jones put his name on any of**
 16 **those companies?**
 17 A. No.
 18 **Q. Do you know why not?**
 19 A. I know now, but, at the time, I didn't
 20 give it any thought.
 21 **Q. Why do you think he kept his name off the**
 22 **companies now?**
 23 A. (No verbal response.)
 24 **Q. Do you know this, or are you speculating?**
 25 A. No, I'm speculating. I don't know.

42

1 **Q. Why do you think Mike Jones formed so many**
 2 **companies?**
 3 A. Because that was the way to skate around
 4 the system or get caught or get in trouble.
 5 **Q. And what's your basis for that**
 6 **understanding?**
 7 A. That Velocity was opened for 10 months and
 8 got a lawsuit or a complaint from the state of
 9 Washington, and I said, "I don't want to do it
 10 anymore." And then he had someone else do it, and
 11 they got in trouble, or they probably got lawsuits.
 12 So that's just what I understand the whole, like I
 13 said, the business strategy to be.
 14 **Q. Did anybody, who opened a company for Mike**
 15 **Jones, ever talk to you about their experience**
 16 **doing that?**
 17 A. No.
 18 **Q. Did anybody ever tell you why their**
 19 **companies were closing?**
 20 A. No.
 21 **Q. Going back to Velocity, who received**
 22 **distributions from Velocity?**
 23 A. Mike Jones.
 24 BY MR. BARLOW:
 25 **Q. Just to be clear, distributions of profit;**

43

1 **right?**
 2 A. Mike Jones, Richard Paik, and myself.
 3 BY MR. EVANS:
 4 **Q. And you fully owned the company; correct?**
 5 A. Correct.
 6 **Q. Was there a written agreement to give**
 7 **distributions to Mike and Richard?**
 8 A. No.
 9 **Q. Did -- what was Richard's role at Local**
 10 **Lighthouse?**
 11 A. His title was CFO. He handled all things,
 12 money and much more. That's my answer.
 13 **Q. If there needed to be a final say on**
 14 **something, would that be you or Richard or both of**
 15 **you or someone else?**
 16 MR. KREINDLER: This is for Local
 17 Lighthouse?
 18 MR. EVANS: Yes, for Local Lighthouse.
 19 A. Both of us. We have always been really
 20 good at deciding things together. Not all the
 21 time, but mostly.
 22 BY MR. EVANS:
 23 **Q. Now, what about for the dialing companies**
 24 **that Mike Jones ran, what did Richard contribute to**
 25 **those?**

44

1 A. He handled the books.
 2 **Q. We talked a little bit about how you**
 3 **worked in sales and how you owned Velocity. What**
 4 **other work did you do for the dialing companies?**
 5 A. Nothing.
 6 BY MR. BARLOW:
 7 **Q. Just while we are on the dialing**
 8 **companies, just to be clear, when we talk about**
 9 **"the dialing companies," we are talking about the**
 10 **companies ultimately controlled by Mike Jones;**
 11 **right?**
 12 A. Correct.
 13 **Q. And what did those companies do, in**
 14 **general?**
 15 A. They either found the clients or kept the
 16 clients happy and had them send money to those
 17 companies and facilitate the dialing for them.
 18 They would provide them data or their clients had
 19 their own data. They basically provided them
 20 access to the Telweb platform for a portion of the
 21 profit.
 22 **Q. And the Telweb platforms, those were**
 23 **companies owned and controlled by Jamie Christiano?**
 24 A. To my knowledge, yes, Jamie Christiano is
 25 the owner of Telweb.

11 (Pages 41 to 44)

45

1 **Q. So the dialing companies connected people**
2 **to the Telweb dialing platform; right?**

3 A. Correct. The dialing companies were
4 basically a reseller of Telweb, and Mike was a
5 major reseller with Jamie, or for Jamie.

6 **Q. And what kind of calls were the dialing**
7 **companies' customers placing using the Telweb**
8 **dialing platform?**

9 A. Robocalls.

10 **Q. That delivered prerecorded messages?**

11 A. Correct.

12 **Q. And for what industries?**

13 A. Tax settlement, debt settlement, auto
14 warranty, home security, mortgage, loans, probably
15 many, many others.

16 **Q. And these were, like, press-1 robocalls,**
17 **where a consumer heard a prerecorded message, and**
18 **if they wanted more info, they would press a button**
19 **and be connected to a live operator?**

20 A. Yes.

21 **Q. Did that, more or less, stay the same the**
22 **entire time that Mike Jones was reselling access to**
23 **Telweb?**

24 A. Yes.

25 BY MR. EVANS:

46

1 **Q. How do you know that the clients of the**
2 **dialing companies were making robocalls?**

3 A. Because that's what the platform
4 performed.

5 **Q. Did it do anything else?**

6 A. Yeah. I believe it also did what's called
7 predictive dialing where it would dial for the
8 agent that was logged into the platform, but there
9 was no prerecorded messages. And it wouldn't blast
10 out millions of phone numbers, just one per
11 logged-in agent with a headset on.

12 **Q. Did you ever hear of any complaints**
13 **against the dialing companies?**

14 A. Are you referring to Telweb, or are you
15 referring to the other entities that we spoke
16 about?

17 **Q. Sure. Did you ever hear about any**
18 **consumer complaints about the Mike Jones-controlled**
19 **dialing companies?**

20 A. Well, I received one when I had Velocity.
21 I don't know about the company's exact names, but
22 there was always, you know, blogs out there that
23 said, "These people keep calling me." But I don't
24 know if that was from the company a/k/a the
25 reseller or the clients doing the dialing, like,

47

1 for auto warranty or whatever.

2 **Q. Did any of those press-1 transfers come**
3 **into call centers that were controlled by Mike**
4 **Jones?**

5 A. Yes.

6 **Q. Did you hear from call center**
7 **representatives there about any complaints?**

8 A. No.

9 **Q. What about state attorney generals? Did**
10 **you ever hear about complaints from state attorney**
11 **generals to the dialing companies?**

12 A. Yes. I know that Mike and Andy and Nick
13 Long were involved in a case in Texas. I think it
14 was the state attorney there, something about
15 Verizon got in the mix on that one, but, yeah.

16 **Q. What was that case about?**

17 A. I thought it was about -- I'm not really
18 sure. Something about dialing. It was back in
19 2009, I think.

20 **Q. How did you hear about that case?**

21 A. I heard Mike or Andy talking about it and
22 Nick Long. Yeah. I don't know. Just through word
23 of mouth.

24 **Q. So you said a minute ago that for the life**
25 **of the Mike Jones dialing companies that you**

48

1 **observed, they basically did the same thing, which**
2 **was to send out robocalls and use that to generate**
3 **leads for their clients; is that correct?**

4 A. Yes, and provide, as a reseller role, the
5 dialing platform.

6 **Q. And so the companies that were the clients**
7 **paid the dialing company, the dialing company took**
8 **a cut and paid Telweb?**

9 A. Correct.

10 **Q. Did everyone working with the dialing**
11 **companies know what the nature of those calls were?**

12 A. I don't know.

13 **Q. Did you have meetings where you talked**
14 **about what the client's calls were?**

15 A. Sorry. Can you specify? Did I have
16 meetings about?

17 **Q. Did people working for the dialing**
18 **companies, did you get together and discuss what**
19 **kind of calls the dialing companies' clients were**
20 **making?**

21 A. No.

22 **Q. Did you ever talk to Mike Jones about what**
23 **the dialing companies' clients were doing?**

24 A. I don't know.

25 BY MR. BARLOW:

12 (Pages 45 to 48)

Allorey, Inc.

9/8/2016

49

1 **Q. Let me ask you this --**

2 A. Maybe I don't understand it. Sorry. I
3 don't know if I understand the question, I guess.

4 **Q. Let me ask you this: We have been calling**
5 **them the dialing companies that resell access to**
6 **Telweb. Who were their customers? Who were the**
7 **dialing companies' customers?**

8 A. Companies that wanted to generate leads
9 for others or generate leads for themselves from
10 different industries like auto warranty, mortgage,
11 home security systems.

12 **Q. Who was the biggest customer?**

13 A. The biggest customer of the dialing
14 company?

15 **Q. Yeah. Tell me the name of a person or a**
16 **company that actually paid Velocity or paid Allorey**
17 **or paid one of the other Mike Jones' companies that**
18 **would be selling access to that? Who were they**
19 **giving access to?**

20 A. Probably Justin Ramsey, this guy named
21 Craig Rabino. That's all I --

22 **Q. Right. And Local Lighthouse was also a**
23 **customer paying for access to Telweb; right?**

24 A. Oh, yes. Yes.

25 **Q. And then, a few minutes ago, you also said**

50

1 **that there were some other call centers controlled**
2 **by Mike Jones that were receiving press-1 robocalls**
3 **that would dial through Telweb?**

4 A. Sure.

5 **Q. What were those call centers controlled by**
6 **Mike Jones?**

7 A. Savilo was one.

8 **Q. Okay. What else?**

9 A. Mike used to own an auto warranty company.
10 I'm not sure.

11 **Q. Okay. And so all those were Jones' and**
12 **the dialing company enterprise customers who were**
13 **purchasing access to Telweb; right?**

14 A. Correct.

15 **Q. So I think when Mr. Evans was asking you**
16 **about what they do, he mentioned, what does Justin**
17 **Ramsey -- what kind of calls did Justin Ramsey**
18 **place using Telweb?**

19 What kinds of calls does Craig Rabino
20 place using Telweb? Like, are they for auto
21 warranty? Are they for home security, et cetera?
22 I think that's what the question meant.

23 So let's break it down. What industries
24 was Craig Rabino generating leads for by using
25 Telweb?

51

1 A. Home security, auto warranty, and probably
2 many more.

3 **Q. What about Justin Ramsey?**

4 A. The same.

5 **Q. Okay. And what about Mike Jones, the call**
6 **centers that Mike Jones controlled?**

7 A. The same.

8 **Q. Did Mike Jones control call centers the**
9 **entire time that he was also reselling access to**
10 **Telweb?**

11 A. Yeah, up until the end of Savilo.

12 THE WITNESS: Am I not understanding it
13 correctly?

14 MR. KREINDLER: Maybe we should take a
15 five-minute break.

16 MR. EVANS: That sounds fine.

17 MR. KREINDLER: Why don't we go off the
18 record.

19 (Recess taken from 10:16 a.m. to
20 10:23 a.m.)

21 MR. EVANS: We will go back on the record.

22 **Q. Before we went off the record, we were**
23 **talking about the dialing companies. I want to get**
24 **a little bit more specific with what those are. So**
25 **we talked a little bit about Savilo already. You**

52

1 **mentioned, at one point, Transpoint Technologies.**
2 **Can you explain what was Transpoint?**

3 A. To my knowledge, that was a dialing
4 company that Richard had opened on behalf of Mike.

5 **Q. And just -- what's your understanding of**
6 **what role it played as a dialing company?**

7 A. None. This was way before I was involved
8 in that.

9 **Q. Okay. Are you familiar with Allorey,**
10 **Incorporated?**

11 A. Yes.

12 **Q. What's your understanding of what**
13 **Allorey's role was?**

14 A. Allorey was the dialing company and
15 reseller of Telweb services that was owned by Ray
16 Verallo.

17 **Q. Did it do anything different than what**
18 **Velocity had done?**

19 A. To my knowledge, no.

20 **Q. Are you familiar with Data World**
21 **Technologies?**

22 A. Yes.

23 **Q. What's your understanding of what Data**
24 **World did?**

25 A. From what I understand, it was a company

13 (Pages 49 to 52)

53

1 owned by Steve Stansbury. And I don't know if it
2 did data or ANI provider. That's kind of where
3 I -- I'm not sure.

4 **Q. ANI is A-N-I; correct?**

5 A. Yes.

6 **Q. Can you explain what that means?**

7 A. Oh, gosh. I will try what I think it is.

8 **Q. To your knowledge.**

9 A. To my knowledge, is -- Data World
10 Technologies would buy phone numbers from a phone
11 number provider, and they would use those phone
12 numbers as the caller ID to place these calls. And
13 somehow there was money to be made off of ANI phone
14 numbers. I don't know how.

15 **Q. The calls you are referring to are the
16 Telweb calls that were being made?**

17 A. Yes.

18 **Q. What's your basis for this understanding
19 of how ANI works?**

20 A. I was a part of the conversations where
21 I've heard what it is and how it works and stuff
22 like that.

23 **Q. Are you familiar with Secure Alliance
24 Corporation?**

25 A. Yes.

54

1 **Q. What did Secure Alliance do?**

2 A. I'm pretty sure it's the same function as
3 Data World Technologies.

4 **Q. Are you familiar with Digital Marketing
5 Solutions?**

6 A. Yes.

7 **Q. What's your understanding of what that
8 company did?**

9 A. I think that was a company -- I think that
10 was a dialing company that was owned by Kasia. I'm
11 pretty sure.

12 **Q. Kasia Kinaman?**

13 A. Yes.

14 **Q. Are you familiar with Dial Soft
15 Technologies?**

16 A. Yes.

17 **Q. What's your understanding of what that
18 company did?**

19 A. I don't know exactly, but I think it was
20 a -- for some reason, I don't know why, I think
21 Jamie and Telweb wanted a company in between his
22 company and the dialing companies like Mike had.
23 And I think Dial Soft served that purpose. But
24 that's all I really know on that.

25 **Q. And how did you come to know that?**

55

1 A. Part of conversations where I've heard
2 that. I don't know.

3 **Q. Who was talking about that?**

4 A. Mike Jones, Andy Salisbury, Richard.

5 **Q. Are you familiar --**

6 BY MR. BARLOW:

7 **Q. What did you hear in those conversations
8 with Mike Jones and Andy Salisbury and Richard,
9 about why Jamie Christiano wanted a separate
10 company between his own and Jones' other dialing
11 companies?**

12 A. I think it was for -- to create another --
13 another barrier between the people doing the
14 dialing and the platform provider. But that's all
15 I knew to that time.

16 **Q. Who wanted that extra barrier?**

17 A. To my knowledge, Jamie Christiano did.

18 **Q. And then why would Jamie Christiano want
19 an extra barrier between him and the people doing
20 the dialing?**

21 A. Because some people doing the dialing, or
22 the people doing the dialing, were calling
23 improperly, which may cause trouble and --

24 **Q. And Jamie was --**

25 A. Yeah. And Jamie was aware of it and

56

1 wanted to just have another barrier from all that,
2 that was going on.

3 **Q. This decision to add another barrier,
4 insulating Jamie Christiano from the improper
5 calling, this was made after you had received the
6 subpoena or demand from the state of Washington;
7 right?**

8 A. Yes.

9 **Q. And that same decision, to add the extra
10 barrier, was made after Mike Jones and Andy
11 Salisbury and Nick Long had settled claims with the
12 state of Texas; right?**

13 A. Correct.

14 **Q. And there had been other government
15 inquiries as well; right?**

16 A. Other government inquiries. Attorney
17 generals or state attorneys or -- yeah.

18 **Q. Yes?**

19 A. Yes, probably. I don't know specifically.

20 **Q. And Jamie Christiano was aware of those;
21 right?**

22 A. I don't know.

23 BY MR. EVANS:

24 **Q. What do you mean by "improper calling"?**

25 A. Robocalling, prerecorded messages, people

Allorey, Inc.

9/8/2016

57

1 calling the DNC, all that. Yeah, I'm sure Jamie
2 knew.

3 BY MR. BARLOW:

4 **Q. What makes you sure you're sure Jamie**
5 **knew?**

6 A. Because he went through efforts to further
7 separate himself from those people that were doing
8 it. But, ultimately, it was his platform that he
9 allowed people to utilize.

10 **Q. Jamie Christiano never said, hey, guys, I**
11 **want to cut you off if I get another subpoena, did**
12 **he?**

13 A. I've never had a conversation with Jamie
14 Christiano.

15 **Q. Fair enough.**

16 A. I've never met the guy or seen him.

17 **Q. In your conversations with Richard and**
18 **Andy and Mike about this, tell me what else you**
19 **heard.**

20 A. That was it. I wasn't involved in those
21 conversations, really. All I knew, maybe through
22 passing, was Dial Soft was a new company that was
23 owned by some of those people.

24 And it was another company that went
25 between Jamie and the dialing companies that we

58

1 mentioned, like, Velocity or Allorey, because Jamie
2 wanted to get further removed from that. And for
3 that, Dial Soft got a lesser rate. So I think Dial
4 Soft made money too. So it was, like, Jamie, then
5 Dial Soft, then the dialing company, then their
6 client. So it was a big --

7 **Q. Did Jamie agree to reduce the rates in**
8 **exchange for Mike and Andy creating this new**
9 **buffer?**

10 A. To the best of my knowledge, yes. But I
11 don't know that.

12 **Q. What do you base that on?**

13 A. Just things I've heard Andy or Richard or
14 Mike talk about, that Dial Soft -- I know Dial Soft
15 made money. And they passed the same rates to
16 Mike's dialing companies, so, yeah.

17 **Q. When did this take place, this added**
18 **buffer? Do you recall?**

19 A. Is it in the chart?

20 **Q. Well, what --**

21 A. Late 2013.

22 **Q. For the record, you are referencing a**
23 **chart. Is it correct that that chart was prepared**
24 **by your attorneys in consultation with you and**
25 **Richard Paik?**

59

1 A. Yes.

2 **Q. Based on information provided by you and**
3 **Richard Paik?**

4 A. Yes.

5 **Q. What happened at that time? Was there**
6 **something specific that happened at that time that**
7 **made Jamie want this additional buffer?**

8 A. Yes, there was. It had to do with
9 regulations for dialing. I think it was no more
10 cell phones.

11 **Q. Under the Telephone Consumer Protection**
12 **Act?**

13 A. Yes. I believe it was that regulation
14 that was changing around that time period.

15 BY MR. EVANS:

16 **Q. Was it hard to keep track of all these**
17 **dialing companies?**

18 A. I never really had to until now.

19 **Q. Did anybody really need to keep track?**

20 A. No. I guess once they were -- once they
21 closed, then it didn't really matter. But in order
22 to keep opening up new ones, someone had to be on
23 the ball.

24 **Q. How long did you continue to work in**
25 **finding clients for the dialing companies?**

60

1 A. I never really found clients for the
2 dialing companies.

3 **Q. Okay. Who did?**

4 A. Mike always had the clients. I don't know
5 how he found them, but I think it's a small
6 community, and it's -- if they could give him a
7 lower price than he did, and that's how he got the
8 clients.

9 **Q. These dialing companies that were just**
10 **listed, where did they operate out of?**

11 A. 15991 Red Hill, as well as 2975 Red Hill.

12 **Q. So they moved when Local Lighthouse moved?**

13 A. Correct.

14 **Q. So, basically, the dialing companies and**
15 **Local Lighthouse shared office space for most of**
16 **their existence; is that correct?**

17 A. You could say that. The dialing companies
18 didn't have any employees. It was Richard doing
19 the books and Mike running the show, so wherever
20 they were, I guess that's where their offices were.

21 **Q. So Mike Jones once described the dialing**
22 **company to us as "binders on Richard's bookshelf."**
23 **Does that sound about right?**

24 A. Yes.

25 **Q. They were opened and closed and churned**

15 (Pages 57 to 60)

Allorey, Inc.

9/8/2016

61

1 through for Mike's purposes, but there was no
2 practical difference in the way the dialing
3 operation ran as those companies changed; is that
4 right?

5 A. Correct.

6 Q. You received a percentage of distributions
7 from Allorey; is that correct?

8 A. Yes.

9 Q. Why did you receive distributions from
10 Allorey?

11 A. Because I had distributions when I set up
12 Velocity, and, for some reason, it never went away.

13 Q. So is that the same for Digital Marketing
14 Solutions?

15 A. I need to check.

16 MR. EVANS: Do you want to go off record?

17 MR. KREINDLER: Yes, give us a second.

18 (Discussion held off the record.)

19 BY MR. EVANS:

20 Q. Okay. So you received distributions from
21 Digital Marketing Solutions; is that correct?

22 A. No.

23 Q. Okay.

24 BY MR. BARLOW:

25 Q. Why not?

62

1 A. I don't know.

2 BY MR. EVANS:

3 Q. So I think it was previously represented
4 that you received 14.55 percent distributions from
5 Digital Marketing Solutions; is that correct or no?

6 A. I never received profit distributions from
7 Digital Marketing Solutions.

8 Q. Okay. Did you receive distributions from
9 Secure Alliance?

10 A. Yes, I think so.

11 Q. And why did you receive distributions from
12 Secure Alliance?

13 A. Secure Alliance, I think earlier I said it
14 was an ANI provider, but it also was a lead
15 provider. And it provided auto warranty leads or
16 home security leads, and I was part of the
17 operation on that, which is why I received those
18 distributions.

19 Q. What work did you do for Secure Alliance?

20 A. I helped manage the accounts or manage the
21 clients, as well as the operations of the call
22 center portion of it.

23 Q. Where was their call center?

24 A. For a time, it was at 15991 Red Hill. And
25 I believe we tried the call center -- Andy

63

1 Salisbury's call center in Guatemala for a period.

2 Q. When was that period?

3 A. 2012 to 2013 would be my best guess.

4 Q. And what was the call center in Guatemala
5 called?

6 A. World Connection.

7 Q. And what was its relationship to Andy
8 Salisbury?

9 A. Andy had an ownership interest in it.

10 Q. At that time?

11 A. Yes, at that time.

12 Q. So Secure Alliance, in addition to being
13 an ANI provider, had a call center that generated
14 leads, and did you -- what kind of leads were you
15 generating in Secure Alliance?

16 A. Home security and auto warranty leads.

17 Q. And how did Secure Alliance generate those
18 leads?

19 A. We we utilized the Telweb platform and
20 placed prerecorded phone calls.

21 Q. And did you know that they were
22 prerecorded phone calls?

23 A. Because I was part of the operation. I
24 knew that's the phone calls that were placed.

25 Q. You were in charge of the sales staff?

64

1 A. No. I managed a lot of that. I managed

2 the call center portion, as well as the clients. I
3 think Tyler, at the time, was running the dialer,
4 but everyone knew what we were doing. We were --

5 Q. How did everyone know what you were doing?

6 A. I mean, Tyler and Mike and Richard and --
7 we knew we were sending out robocalls on Telweb.

8 Q. That was just the business that Secure
9 Alliance was in; right?

10 A. Yes.

11 Q. It was a product that you were selling to
12 the clients?

13 A. Correct. I guess because I was there.

14 Q. Yeah. This time we've been talking about
15 Tyler. That's Tyler Hall; is that right?

16 A. Yes.

17 Q. How long did Secure Alliance operate, if
18 you know?

19 A. One to two years, I would say.

20 Q. And did you play that same kind of role at
21 Secure Alliance the whole time?

22 A. Yes.

23 Q. And that would have overlapped with your
24 work at Local Lighthouse; correct?

25 A. Correct.

16 (Pages 61 to 64)

81

1 is, though.

2 **Q. Okay. What about BinPhone?**

3 A. BinPhone? No.

4 **Q. Okay. Have you ever known Telweb to go by**
5 **any other names?**

6 A. Besides the ones I mentioned, no.

7 **Q. What about the software itself? You would**
8 **have always called that Telweb?**

9 A. Correct.

10 **Q. What website would someone go to to log in**
11 **to Telweb?**

12 A. I thought it was Telweb.com. I could be
13 wrong, though.

14 **Q. Did you have a user ID for Telweb?**

15 A. Yes.

16 **Q. What did you use it for?**

17 A. Looking at campaigns we had for Local
18 Lighthouse.

19 **Q. Could you pull reports from Telweb?**

20 A. Could I? Probably. I never really did.
21 I don't really know how to do that.

22 **Q. What kind of things were you looking for**
23 **when you looked at a campaign on Telweb?**

24 A. The number of agents that were on the
25 phone, so I could see how many of my salespeople

82

1 were on the phone and whether to turn up or turn
2 down the dialer. That's pretty much the primary
3 function I used it for.

4 **Q. What do you mean by "turn up" and "turn**
5 **down"?**

6 A. So if there's not enough people on the
7 phone, you could change the dial speed of it, and
8 it could blast out more phone calls, and vice
9 versa, if you wanted to dial it down.

10 **Q. Did you ever set up campaigns in Telweb?**

11 A. Probably. I don't think I know how to do
12 it, but I might have in the past.

13 **Q. So tell me just about Local Lighthouse,**
14 **who would have actually uploaded the data into**
15 **Telweb for a campaign?**

16 A. For Local Lighthouse, you said?

17 **Q. Yeah.**

18 A. It would have been Mike or Steve in the
19 early days and then Tyler after that.

20 **Q. And what about for calls being made**
21 **through the dialing companies? How did it work**
22 **getting data into Telweb for them?**

23 A. I couldn't say for a matter of fact, but
24 probably Steve Stansbury.

25 **Q. Could the clients of the dialing companies**

83

1 **have brought their own data?**

2 A. Sure.

3 **Q. Or they could buy it from the dialing**
4 **companies?**

5 A. Yes.

6 **Q. What about the caller IDs for Local**
7 **Lighthouse campaigns? Where did those come from?**

8 A. Probably from Secure Alliance or Data
9 World Technologies, because I don't think they had
10 their own ANI numbers. You know, I don't know
11 actually.

12 **Q. What about say -- okay. Local**
13 **Lighthouse's own office phone number, where did**
14 **those come from?**

15 A. TelePacific. I mean, the phone provider.

16 **Q. So Mike Jones and his company didn't have**
17 **any role in providing a regular phone service to**
18 **Local Lighthouse?**

19 A. No. We have contracts with TelePacific
20 and ShoreTel and...

21 **Q. Okay. What about the recorded message for**
22 **any given Local Lighthouse campaign? Where did**
23 **those come from?**

24 A. A lot of times I would write the script
25 for it or Houston, or -- and then give that script

84

1 to a voice-recording artist. We usually use this
2 lady called Debbie, and she would record it, and
3 then give it to Tyler, and Tyler would upload it
4 into Telweb.

5 **Q. What is Debbie's last name?**

6 A. I think it starts with a G. I don't know,
7 though.

8 **Q. She is just an independent voice-recording**
9 **artist?**

10 A. Correct.

11 **Q. How much does it cost to get a message**
12 **recorded?**

13 MR. KREINDLER: You mean with Debbie or
14 with the whole thing?

15 MR. EVANS: Debbie.

16 **Q. Just how much did you pay Debbie for a**
17 **message?**

18 A. I don't know. 50 to 75 dollars per
19 message, probably.

20 **Q. Do you know for the dialing companies'**
21 **clients, where did those prerecorded messages come**
22 **from?**

23 A. I don't know.

24 **Q. For Secure Alliance, where did Secure**
25 **Alliance's prerecorded messages come from?**

21 (Pages 81 to 84)

85

1 A. Mike Jones, I think.
 2 **Q. He had someone record them?**
 3 A. I don't remember. Probably, yeah.
 4 **Q. Have you ever known of a campaign where**
 5 **somebody, who you worked with, used their own voice**
 6 **and recorded their own message to broadcast?**
 7 A. I don't think so.
 8 **Q. That was usually outsourced?**
 9 A. Yeah, professionally done.
 10 **Q. Yeah.**
 11 A. Yeah. I've never done it, I don't think.
 12 **Q. So let's look at an exhibit, which has not**
 13 **been marked previously, but the Bates number is**
 14 **P&O221.**
 15 **It's an e-mail from July 2014.**
 16 **(Deposition Exhibit 249 was marked for**
 17 **identification by the reporter and is**
 18 **attached hereto.)**
 19 BY MR. EVANS:
 20 **Q. Just take a second to look at this. And**
 21 **this is an e-mail that you sent on July 16, 2014,**
 22 **with the subject "Security Dialing Problems"; is**
 23 **that right?**
 24 A. Yes.
 25 **Q. And you say in the first paragraph, "We**

86

1 **need to figure out why the people that are pressing**
 2 **1 are not getting connected. We are losing 20**
 3 **percent of our calls due to this"; is that correct?**
 4 A. Yes.
 5 **Q. Do you remember this incident?**
 6 A. No, not in particular.
 7 **Q. But -- so breaking it down, based on what**
 8 **you do know, what are you referring to when you say**
 9 **"people pressing 1"?**
 10 A. Sent out a prerecorded message and the
 11 recipient pressing the number 1.
 12 **Q. And I think you said earlier that after**
 13 **that, the call would be transferred to an operator**
 14 **somewhere?**
 15 A. Correct.
 16 **Q. You mentioned that "All or other campaigns**
 17 **like SCO match up fine." What would "SCO" be**
 18 **referring to?**
 19 A. Our Local Lighthouse campaign.
 20 **Q. So since the subject is "Security," this**
 21 **is something different than SCO. These are -- your**
 22 **e-mails are referring to security calls?**
 23 A. Correct.
 24 **Q. And that would be lead generation for home**
 25 **security systems?**

87

1 A. Yes.
 2 **Q. And your e-mail is to Ray Verallo, Justin**
 3 **Ramsey, Mike Jones, Steve Stansbury, Richard Paik,**
 4 **and Houston Fraley; correct?**
 5 A. Correct.
 6 **Q. So certainly everyone on this e-mail was**
 7 **familiar with the type of call that was being made**
 8 **to generate the home security leads; is that right?**
 9 A. Yes.
 10 **Q. You discussed this kind of thing amongst**
 11 **each other commonly?**
 12 A. The status of the campaign? Sure.
 13 **Q. Did Telweb often have problems like this?**
 14 A. Yes, I think so.
 15 **Q. What would you do when Telweb was having a**
 16 **problem with connecting press-1s?**
 17 A. Pretty much like I did in this e-mail,
 18 tell Ray, who was the kind of IT guy for the
 19 dialing. Hopefully he gets some answers from
 20 Jamie's team at Telweb.
 21 **Q. Did it usually take long to fix these**
 22 **things?**
 23 A. A lot of times they never fixed it or said
 24 they fixed it and did nothing. You never really
 25 knew. It was kind of behind the curtains.

88

1 **Q. Did you ever have any interaction with**
 2 **people at Telweb about problems like this?**
 3 A. I would probably send some e-mails because
 4 I had their e-mails, but I didn't deal with them on
 5 a daily basis. Maybe if I was getting really
 6 frustrated or something wasn't working, I would
 7 shoot off an e-mail and cc some of them.
 8 **Q. Now, looking at the time period and the**
 9 **type of calls you are talking about, would this**
 10 **have been through Secure Alliance?**
 11 A. Yes.
 12 **Q. And the calls that Secure Alliance was**
 13 **making were to residential consumers; is that**
 14 **right?**
 15 A. Correct.
 16 **Q. Because you were selling home security**
 17 **systems, you needed to find people who owned their**
 18 **own home; right?**
 19 A. Correct.
 20 BY MR. BARLOW:
 21 **Q. Let me just ask you a couple of more**
 22 **questions. Why is Justin Ramsey on this e-mail?**
 23 A. I think he got us that client, or he was
 24 being paid on -- I think he was doing leads for the
 25 same client as we were himself. But for some

22 (Pages 85 to 88)

89

1 reason, I think he was involved with our operation
2 and maybe got paid because he introduced us to the
3 client. But I couldn't be exactly sure.

4 **Q. So who was the client?**

5 A. At the time it was probably -- actually I
6 know. It was VMS or Alliance Home Security.

7 **Q. And so were you being paid -- when I say**
8 **"you," Secure Alliance was getting paid for -- what**
9 **was it getting paid for by Alliance?**

10 A. We would generate the leads and then they
11 would sell the home security system and schedule
12 the installation. If it did get installed, we got
13 paid off of installations.

14 **Q. Where did the press-1 transfers go?**

15 A. Press 1 -- if people pressed 1, it went to
16 our call center, and then we would prequalify that
17 lead, and then transfer that lead over to their
18 sales floor.

19 **Q. And when you -- so when Secure Alliance**
20 **prequalified the lead -- what does prequalified**
21 **mean?**

22 A. We would ask certain qualifier questions.
23 For example, do you own your own home? Are you
24 interested in a home security system? If they
25 answer the questions correctly or according to the

90

1 script, then it would be deemed as a lead, and we
2 would transfer that lead to the client.

3 **Q. And how did you transfer the lead to the**
4 **client?**

5 A. The call center agent would press a
6 button, and it gets shot over to a sales agent, and
7 they would introduce themselves and introduce the
8 lead and do a warm handoff that way.

9 **Q. And it was a live transfer, the whole**
10 **time. The consumer never hung up the phone**
11 **throughout that process?**

12 A. Correct.

13 BY MR. EVANS:

14 **Q. Did Secure Alliance have other home**
15 **security alliance clients at the same time as best**
16 **VMS?**

17 A. No.

18 **Q. So it worked exclusively for VMS in the**
19 **home security area?**

20 A. Yes.

21 **Q. Did Telweb have "do not call" features**
22 **built into it?**

23 A. Yes.

24 **Q. And how did that work?**

25 A. I believe it was just a click or no click

91

1 to enable -- to not call the DNC, or the
2 do-not-call list.

3 **Q. So was there a checkbox to turn on and off**
4 **the DNC list?**

5 A. Thank you. Checkbox, yes.

6 **Q. So how easy was it to just not use the DNC**
7 **list and call all numbers?**

8 A. One click of the mouse.

9 **Q. Who had the authority to make that click?**

10 A. I think anybody that had access to that
11 particular campaign.

12 **Q. Are you aware of campaigns where the DNC**
13 **list was unchecked?**

14 A. Yes, probably. I couldn't tell you
15 specifically or in particular. I mean, for our
16 Local Lighthouse campaign, no, I think we always
17 had it checked. I don't know.

18 **Q. Are you aware of different types of DNC,**
19 **like the national do-not-call list, state**
20 **do-not-call list, and customer-specific do-not-call**
21 **list?**

22 A. Yes.

23 **Q. Were there separate checkboxes for**
24 **different types of do-not-call lists, or was there**
25 **just one master checkbox?**

92

1 A. I think there was customer DNC separated
2 and just another DNC checkbox. That was supposed
3 to --

4 **Q. Like the national --**

5 A. Yeah. That was supposed to be the
6 national do-not-call list.

7 **Q. Did Telweb have a similar checkbox for**
8 **cell phones and not calling cell phones?**

9 A. Yes.

10 **Q. Let's look at an unpreviously marked**
11 **exhibit that is NDS0005933.**

12 (Deposition Exhibit 250 was marked for
13 identification by the reporter and is
14 attached hereto.)

15 MR. EVANS: For the record, this is a
16 double-sided exhibit: all of the Bates numbers I
17 am giving are before the dash, and then after the
18 dash is a page number within that exhibit.

19 **Q. So let's actually start on the back of**
20 **this one, and this is an e-mail from you on October**
21 **31, 2011, with the subject, "Including a Phone**
22 **Number." And in the body you say, "Please place**
23 **number of universal. Do not call this urgent"; is**
24 **that correct?**

25 A. Yes.

23 (Pages 89 to 92)

93

1 **Q. I will just ask you: Do you happen to**
2 **remember this specific incident?**

3 A. No.

4 **Q. I didn't think so. But, in general, what**
5 **does this e-mail represent? What's going on here?**

6 A. It probably represents a client -- or
7 someone that got a phone call that was not super
8 happy about it and told the call center rep to take
9 me off the list pretty sternly. And you would kind
10 of push that phone number out to, like I did here,
11 Steve or Tyler or Ray, who were kind of the IT guys
12 for the system. And they would place it on the
13 do-not-call list or the customer do-not-call list,
14 and then that way they would not be called again.

15 **Q. At least by that customer?**

16 A. Correct.

17 **Q. And did you send e-mails like this often?**

18 A. I wouldn't say "often." If somehow it got
19 back to me, maybe periodically.

20 **Q. Were you aware of this kind of request**
21 **coming in often?**

22 A. I would say this happened once a month,
23 once every couple of weeks, that I was aware of.

24 **Q. And so those are only ones that came to**
25 **your attention?**

94

1 A. Correct. I mean, yeah.

2 **Q. Was -- did each customer service rep have**
3 **an ability to put somebody's number on the**
4 **do-not-call list?**

5 A. Yes. We had an internal customer
6 do-not-call mechanism that Ray Verallo created
7 where we gave access to each one of our call center
8 reps. If they spoke to someone that didn't want to
9 be called again, they would put their phone number
10 into there.

11 And then that would eventually circulate
12 to the Telweb's customer do-not-call list. But I
13 think it took a couple of days, which is why, I
14 think, some of these e-mails got sent out. Because
15 if do you it manually, it happens right away.

16 **Q. So under what circumstances would it rise**
17 **to the level of you sending an e-mail?**

18 A. If -- maybe the call center rep told their
19 manager, and the manager said, "Hey, this guy was
20 really, really mad. He's going to sue you guys or
21 something." I don't know, then I would probably
22 send an e-mail. I don't know if it was as urgent
23 as I put it there, but -- I don't know.

24 **Q. Why were people mad about getting calls**
25 **from you?**

95

1 A. Because we were soliciting to people, just
2 like those people's homes, they have no
3 solicitation signs and there are people still knock
4 on their door, and they get mad. It's the same
5 principle.

6 **Q. Do you get robocalls on your phone?**

7 A. All the time.

8 **Q. Are they annoying?**

9 A. Yeah.

10 BY MR. BARLOW:

11 **Q. Are you on the DNC list?**

12 A. No, I'm not.

13 MR. KREINDLER: I was going to say I am,
14 but it doesn't stop them from coming to me.

15 MR. BARLOW: We are trying, Mr. Kreindler.
16 We're trying.

17 BY MR. EVANS:

18 **Q. Turning back to the first page of this**
19 **exhibit, this e-mail that Mike Jones forwarded to**
20 **David Watkins. Do you know who David Watkins is?**

21 A. Yeah. He was -- I think he was like an IT
22 guy at Shoutpoint, or still is. I don't know.

23 **Q. And Shoutpoint was one of the Telweb**
24 **companies?**

25 A. Yes.

96

1 **Q. I think we can set that one aside.**

2 MR. KREINDLER: This is probably a good
3 time to take a quick break.

4 MR. EVANS: Sure. That's fine. We will
5 go off the record.

6 (Recess taken from 11:33 a.m. to
7 11:43 a.m.)

8 MR. EVANS: We are back on the record.
9 We will turn to another exhibit, which is
10 a new one, P&O0001569-01.

11 (Deposition Exhibit 251 was marked for
12 identification by the reporter and is
13 attached hereto.)

14 BY MR. EVANS:

15 **Q. We are looking at what is now Exhibit 251,**
16 **Bates number 1569. This is an e-mail chain that**
17 **you were copied on, on June 14, 2010; is that**
18 **correct?**

19 A. Yes.

20 **Q. It starts with Justin Ramsey e-mailing**
21 **asking to have a file deleted from the customer DNC**
22 **ASAP.**

23 **What does that mean?**

24 A. I have no idea.

25 **Q. Did you ever encounter situations that you**

201

1 offering the same proposal to two more lead
2 providers."

3 Who are they?

4 A. I think they were the companies I
5 mentioned earlier, Novia Marketing and Erevna.
6 They had offshore call centers.

7 Q. So in the end, Local Lighthouse tried out
8 all three, those two companies and Justin's
9 offering; is that right?

10 A. No, we never went with Justin.

11 Q. Okay. So then on the first page, you say
12 that it's premature. You don't want to try it out
13 until August.

14 At that point, are you talking about the
15 Avatar or the leads?

16 A. I'm talking about Avatar at that point.

17 Q. So the rest of this conversation is about
18 Avatar, and it ends with you saying, "We don't want
19 to put any other leads into our floor till August."
20 And that's referring to leads that would have been
21 prequalified by Avatar?

22 A. Correct.

23 Q. And according to what you just said,
24 eventually, even in August, you never ended up
25 going with Justin for their service?

202

1 A. Correct. I stopped talking to Justin
2 probably a month before August or June.

3 Q. Which is not long after this e-mail?

4 A. Correct.

5 Q. Got it. Okay. That's going to be it.
6 This was really helpful, and we appreciate it. As
7 Mr. Barlow said a minute ago, your candid, whole,
8 complete answers have been very helpful. And, as
9 you know, we got your signed order. We are going
10 to recommend it to the Commission.

11 And though the wheels turn slowly, we will
12 keep Mr. Kreindler up to date about the progress
13 and get it on file in court as soon as we can, and
14 then you won't have to worry about that anymore.

15 So thank you for your testimony today, and
16 unless there is anything else on your end, we will
17 close the hearing.

18 MR. KREINDLER: Nothing more on our end.

19 MR. EVANS: Let's go off the record.

20 (Proceedings adjourned
21 at 3:52 p.m.)
22
23
24
25

203

1 STATE OF CALIFORNIA)
2 COUNTY OF LOS ANGELES) ss.

3
4 I, GRACE CHUNG, C.S.R. No. 6246,
5 Registered Merit Reporter and Certified Realtime
6 Reporter, reported in shorthand the proceedings
7 had at the time and place set forth, and that the
8 above and foregoing pages contain a full, true,
9 and accurate transcript of the said proceedings.

10 In witness whereof, I have hereunto
11 subscribed my name.
12

13 Dated: _____
14

15
16
17 GRACE CHUNG, CSR No. 6246
18
19
20
21
22
23
24
25

In the Matter of:

Allorey, Inc.

August 18, 2016

Richard Paik

Vol. 2

Condensed Transcript with Word Index



For The Record, Inc.

(301) 870-8025 - www.ftrinc.net - (800) 921-5555

Allorey, Inc.

8/18/2016

99	101
<p>1 FEDERAL TRADE COMMISSION</p> <p>2</p> <p>3</p> <p>4 In Re:)</p> <p>5 Allorey, Incorporated.)</p> <p>6</p> <p>7</p> <p>8</p> <p>9</p> <p>10</p> <p>11 Thursday, August 18, 2016</p> <p>12</p> <p>13 333 South Hope Street</p> <p>14 43rd Floor</p> <p>15 Los Angeles, California</p> <p>16</p> <p>17</p> <p>18 The above-entitled matter came on for</p> <p>19 investigational hearing, pursuant to Notice,</p> <p>20 at 9:34 a.m.</p> <p>21</p> <p>22</p> <p>23</p> <p>24</p> <p>25</p>	<p>1 I N D E X</p> <p>2</p> <p>3 WITNESS EXAMINATION PAGE</p> <p>4 Richard Paik By Mr. Evans 106</p> <p>5 By Mr. Barlow 226</p> <p>6 Afternoon Session By Mr. Evans 230, 315, 226</p> <p>7 By Mr. Barlow 309, 319</p> <p>8</p> <p>9 DEPOSITION EXHIBITS INITIAL REFERENCE</p> <p>10 FTC's Exhibit Number 82 107</p> <p>11 FTC's Exhibit Number 230 107</p> <p>12 FTC's Exhibit Number 231 123</p> <p>13 FTC's Exhibit Number 151 200</p> <p>14 FTC's Exhibit Number 129 211</p> <p>15 FTC's Exhibit Number 232 221</p> <p>16 FTC's Exhibit Number 128 239</p> <p>17 FTC's Exhibit Number 233 240</p> <p>18 FTC's Exhibit Number 234 244</p> <p>19 FTC's Exhibit Number 126 247</p> <p>20 FTC's Exhibit Number 219 256</p> <p>21 FTC's Exhibit Number 220 261</p> <p>22 FTC's Exhibit Number 57 262</p> <p>23 FTC's Exhibit Number 235 267</p> <p>24 FTC's Exhibit Number 236 236</p> <p>25 FTC's Exhibit Number 93 296</p>
100	102
<p>1 A P P E A R A N C E S</p> <p>2</p> <p>3 For the Federal U.S. FEDERAL TRADE COMMISSION</p> <p>4 Trade Commission: JAMES EVANS, ESQ.</p> <p>5 (Via Videoconference)</p> <p>6 400 7th Street</p> <p>7 Washington, D.C. 20024</p> <p>8 (202) 326-2026</p> <p>9 james.evans@ftc.gov</p> <p>10 U.S. FEDERAL TRADE COMMISSION</p> <p>11 IAN BARLOW, HEARING OFFICER</p> <p>12 (Via Videoconference)</p> <p>13 400 7th Street</p> <p>14 Washington, D.C. 20024</p> <p>15 (202) 326-2222</p> <p>16 ian.barlow@ftc.gov</p> <p>17</p> <p>18 For the Witness SHEPPARD, MULLIN, RICHTER &</p> <p>19 and the Defendants: HAMPTON, LLP</p> <p>20 CHARLES KREINDLER, ESQ.</p> <p>21 333 South Hope Street</p> <p>22 43rd Floor</p> <p>23 Los Angeles, California 90071</p> <p>24 (213) 620-1780</p> <p>25 ckreindler@sheppardmullin.com</p>	<p>1 DEPOSITION EXHIBITS INITIAL REFERENCE</p> <p>2 (Continued)</p> <p>3 FTC's Exhibit Number 141 300</p> <p>4 FTC's Exhibit Number 237 304</p> <p>5 FTC's Exhibit Number 238 305</p> <p>6 FTC's Exhibit Number 239 320</p> <p>7 FTC's Exhibit Number 240 322</p> <p>8 FTC's Exhibit Number 241 325</p> <p>9 FTC's Exhibit Number 242 328</p> <p>10 FTC's Exhibit Number 243 333</p> <p>11 FTC's Exhibit Number 244 337</p> <p>12 FTC's Exhibit Number 245 339</p> <p>13 FTC's Exhibit Number 246 343</p> <p>14 FTC's Exhibit Number 247 345</p> <p>15</p> <p>16</p> <p>17 INFORMATION REQUESTED</p> <p>18 None.</p> <p>19</p> <p>20</p> <p>21 QUESTIONS INSTRUCTED NOT TO ANSWER</p> <p>22 None.</p> <p>23</p> <p>24</p> <p>25</p>

1 (Pages 99 to 102)

Allorey, Inc.

8/18/2016

103

1 LOS ANGELES, CALIFORNIA; THURSDAY, AUGUST 18, 2016
2 9:34 A.M.

3
4 RICHARD PAIK,
5 called as a witness by the Federal
6 Trade Commission, was duly sworn.

7
8 MR. BARLOW: All right. Good morning. This
9 is the continued investigational hearing of Richard
10 Paik, P-a-i-k. Today's session continues the
11 investigation hearing. The original convened on
12 September 24th, 2015. This investigational hearing
13 is convened at 9:00 o'clock a.m. Pacific time, noon
14 Eastern time. It's actually 12:07 Eastern time,
15 9:07 a.m., Pacific. The witness, Mr. Paik, his
16 counsel, and the court reporter are at the
17 Los Angeles office of Sheppard Mullin, at
18 333 South Hope Street, 43rd Floor, Los Angeles,
19 California, and counsel for the Federal Trade
20 Commission are at the Washington, D.C., office of
21 the Federal Trade Commission in the Constitution
22 Center Building, 400 7th Street Southwest,
23 Washington, D.C. Appearing for the Federal Trade
24 Commission, myself, Ian Barlow, appearing as the
25 Hearing Officer, and James Evans, as Commission

104

1 Counsel. Appearing for Mr. Paik is Charles
2 Kreindler of Sheppard Mullin.

3 As noted when this investigational hearing
4 originally convened, this proceeding is in relation
5 to a nonpublic Commission investigation to determine
6 whether certain telemarketers, sellers, or others
7 assisting them have engaged in or are engaging in:
8 1, unfair deceptive acts or practices in or
9 affecting commerce in violation of Section 5 of the
10 Federal Trade Commission Act, 15 U.S.C. Section 45,
11 as amended, and/or 2, deceptive or abusive
12 telemarketing acts or practices in violation of the
13 Commission's Telemarketing Sales Rule, 16 C.F.R.,
14 Part 310, as amended, including but not limited to
15 the provision of substantial assistance or support
16 to telemarketers engaged in unlawful practices.

17 The procedures which will be followed in
18 this investigational hearing are outlined in the
19 Commission's Rules of Practice, specifically Part 2,
20 non-adjudicative procedures, Subpart A, which
21 pertain to investigations and investigational
22 hearings, beginning with Section 2.1 through 2.14.

23 I would like to draw your attention
24 particularly to Section 2.9 of the Commission's
25 rules, which provides that any person compelled to

105

1 appear and testify or produce documents here as
2 evidence may be accompanied, represented, and
3 advised by counsel, according to Federal Trade
4 Commission rules.

5 Representation by counsel in this hearing
6 will be in accordance with those rules, as
7 prescribed by Section 2.9, Subparts B1 through B6.

8 The purpose of this proceeding is to receive
9 testimony under Civil Investigative Demand duly
10 served on Mr. Paik, as modified by a letter from
11 Lois Greisman, Associate Director of the Division of
12 Marketing Practices. This CID was authorized and
13 issued pursuant to the Federal Trade Commission
14 Resolution in File Number 0123145, dated April 11,
15 2011.

16 In order to facilitate reference during this
17 hearing, I've requested Commission Counsel to place
18 into the record as Commission exhibits copies of the
19 CID, including the Commission's resolution, any
20 facts, specifications, as well as the modification
21 letter.

22 With those announcements made, I will turn
23 this proceeding over to Commission Counsel James
24 Evans.
25

106

1 EXAMINATION

2 BY MR. EVANS:

3 **Q. Okay. Good morning, Mr. Paik. Thank you**
4 **for being here today. My name is James Evans. I'm**
5 **an attorney with the Federal Trade Commission. We**
6 **met last September. And this is my colleague, Ian**
7 **Barlow.**

8 **Can you all hear me all right?**

9 A. Yes.

10 **Q. Okay, great. And I can hear you. And we**
11 **appreciate your flexibility doing this by video.**

12 **If you could please state your full name for**
13 **the record.**

14 A. Richard Paik.

15 **Q. Do you have a middle name?**

16 A. Yes. Sang. Richard Sang Paik.

17 **Q. Okay. And can you spell your middle name.**

18 A. S-a-n-g.

19 **Q. Thank you.**

20 **And would Counsel please identify themselves**
21 **for the record.**

22 MR. KREINDLER: Yeah. Chuck Kreindler,
23 Sheppard Mullin, representing Mr. Paik.

24 MR. EVANS: Thank you.

25 ///

2 (Pages 103 to 106)

107

1 BY MR. EVANS:

2 Q. So first I'm going to introduce Exhibit 82,
3 which has been previously marked.

4 (The FTC's Exhibit 82 was previously
5 marked for identification by the
6 court reporter and is attached
7 hereto.)

8 BY MR. EVANS:

9 Q. This is a copy of the Civil Investigative
10 Demand issued to you by the Federal Trade Commission
11 on June 26, 2015; is that correct?

12 A. Yes.

13 MR. EVANS: Okay. And if we can introduce
14 Exhibit 230.

15 (The FTC's Exhibit 230 was previously
16 marked for identification by the
17 court reporter and is attached
18 hereto.)

19 BY MR. EVANS:

20 Q. And this is a copy of a letter dated
21 July 22, 2015, modifying the CID that we just looked
22 at; is that correct? Or it was sent to your
23 counsel, so --

24 A. Yeah.

25 Q. -- if you haven't seen this before --

108

1 A. I'm sure.

2 Q. I'd like -- okay.

3 So under the -- and you can set those two
4 aside now. Under this CID, as modified by the
5 letter, we met in Santa Ana for the first part of
6 this investigational hearing on September 24, 2015;
7 is that correct?

8 A. Yes.

9 Q. Other than that occasion, have you ever
10 given testimony under oath before?

11 A. 20, 30 years ago.

12 Q. Okay. So --

13 A. 20 years ago.

14 Q. So things were a little different in
15 September, so let me just go over some ground rules
16 to make sure that we're all on the same page.

17 In this investigational hearing, which is
18 like a deposition, I'll be asking you a series of
19 questions, and you're under oath to provide full,
20 complete, and truthful answers to my questions.

21 Do you understand that the oath would be the
22 same one you would take in front of a judge?

23 A. Yes.

24 Q. And do you understand what the oath
25 requires?

109

1 A. Yes.

2 Q. After the court reporter prepares a
3 transcript of today's investigational hearing, your
4 counsel may obtain a copy for you to read and sign.
5 And we can talk about that.

6 A. Okay.

7 Q. As you can see, the court reporter is
8 recording everything that we say. Because she can
9 only record our words, please answer each question
10 with a verbal response, and be sure to speak up so
11 that everyone can hear you, including over the
12 video. Okay?

13 A. No problem.

14 Q. And also -- and this is very important --
15 when we're on videotape there's a little delay --
16 the court reporter can only take down what one of us
17 says at a time, so please definitely be sure to wait
18 until I finish each question before you answer, and
19 I will be careful to make sure you finish your
20 answer before I ask the next question. Okay?

21 A. Okay.

22 Q. If you don't understand any question that I
23 ask you, please let me know before you respond, and
24 I'll try to explain or rephrase the question.
25 Otherwise, if you answer my question, I'll assume

110

1 that you understood it.

2 Do you understand?

3 A. Yes.

4 Q. If you're not sure of the answer or don't
5 have a complete answer based on your personal
6 knowledge, please still answer the question to the
7 extent that you can.

8 Does that make sense?

9 A. Yes.

10 Q. From time to time your counsel may object to
11 a question. After the objection I'm going to ask
12 you to go ahead and answer the question, unless he
13 specifically tells you not to.

14 Do you understand?

15 A. Yes.

16 Q. I have to ask: Are you sick or have you
17 taken or do you intend to take any medication,
18 drugs, or alcohol that would affect your ability to
19 testify truthfully and accurately here today?

20 A. I'm taking some antibiotic, but I don't see
21 any problem.

22 Q. It doesn't affect your clearheadedness?

23 A. No.

24 Q. Okay. Do you agree to give me full, fair,
25 complete, and truthful answers to my questions?

Allorey, Inc.

8/18/2016

111

1 A. Yes.
 2 **Q. If at any time you want to take a break,**
 3 **please let me know and we'll take a break. And**
 4 **understanding the time difference, we'll take a**
 5 **break for your lunch at whenever time you guys want**
 6 **to break for lunch.**
 7 A. Okay. Thank you.
 8 **Q. Okay. So first I'd like to get some basic**
 9 **information about you. What's your current home**
 10 **address?**
 11 A. [REDACTED] Irvine, California [REDACTED]
 12 **Q. And how long have you lived there?**
 13 A. Two years and three months.
 14 **Q. And where did you live before that?**
 15 A. [REDACTED] Tustin, California
 16 [REDACTED]
 17 **Q. And how long did you live there?**
 18 A. About two years.
 19 **Q. Okay. Do you have any plans to move in the**
 20 **future?**
 21 A. Yes. In December I'm planning to move to
 22 Texas, San Antonio.
 23 **Q. Okay. And why are you moving to Texas?**
 24 A. Just want some change, and I'd like to -- my
 25 sister lives in Texas. I heard a lot of good things

112

1 about it.
 2 **Q. Okay.**
 3 A. And real estate is much cheaper.
 4 **Q. Yeah. That's understandable.**
 5 A. Yes.
 6 **Q. What phone numbers do you currently use?**
 7 A. I use my cell phone number, [REDACTED].
 8 **Q. How long have you had that number?**
 9 A. Ten plus years.
 10 **Q. Okay. Do you have an office number?**
 11 A. Yes, but my direct number has been changing
 12 since I'm moving back office to office, and our
 13 DID --
 14 **Q. Do you --**
 15 A. -- has been changing constantly.
 16 **Q. Do you use your cell phone for business as**
 17 **well as personal use?**
 18 A. Yes.
 19 **Q. So if somebody wanted to get in touch with**
 20 **you about the business with you, what phone number**
 21 **would you expect them to call?**
 22 A. I expect them to call my cell phone because
 23 on my business card I put my cell phone number on
 24 there too.
 25 **Q. Great.**

113

1 **Okay. What email addresses do you currently**
 2 **use?**
 3 A. I use accounting@locallighthouse.com, which
 4 is basically the same as
 5 Richard.Paik@locallighthouse.com. Either one gets
 6 forwarded to each other. And I also use my personal
 7 email, RichardPaik1@gmail.com.
 8 **Q. And how long have you used the Local**
 9 **Lighthouse email addresses?**
 10 A. I've been using it since 2011.
 11 **Q. What email address did you use before that?**
 12 A. I use Savilo. Richard@savilo.com. That was
 13 used for business.
 14 **Q. Is that S-a --**
 15 A. That's S-a-v-i-l-o.
 16 **Q. Thanks.**
 17 **And did you have a business email address**
 18 **before that?**
 19 A. Yes. I used to have my own pers- -- my own
 20 import/export businesses, and that's the one I use.
 21 **Q. Okay.**
 22 A. RichardPaik@Matrix, M-a-t-r-i-x C-o-m-p
 23 C-o-r-p dotcom. It was -- yeah, it was kind of
 24 long.
 25 **Q. So after you left the import/export**

114

1 **business, did you have any other business email**
 2 **addresses, other than Savilo and Local Lighthouse?**
 3 A. Yes. There was actually, when I first got
 4 the job at OnPoint Media, Rich -- I'm not sure exact
 5 email address because it's been -- it was very short
 6 period of time -- it was couple of months only -- it
 7 was RichardPaik@onpoint.com, I guess. It was
 8 something like that.
 9 **Q. But that --**
 10 A. I do have email address at OnPoint dotcom, I
 11 believe.
 12 **Q. Okay. But that didn't last long, before you**
 13 **got the Savilo address?**
 14 A. Correct.
 15 **Q. Okay. Have you ever gone by any names other**
 16 **than Richard Paik?**
 17 A. Yes. When I was born, my Korean name was
 18 Sang Hyun Paik.
 19 **Q. Okay. In business have you ever gone by any**
 20 **other names?**
 21 A. No.
 22 **Q. Okay. What's the highest level of school**
 23 **that you finished?**
 24 A. High school. College. I --
 25 **Q. Which school is that?**

4 (Pages 111 to 114)

Allorey, Inc.

8/18/2016

115

1 A. Sunny Hill High in Fullerton. College I
2 attended four years but did not finish.

3 **Q. And where was that?**

4 A. UCI. University of Irvine.

5 **Q. Do you currently live with anyone?**

6 A. Yes. I'm married. I live with my wife,
7 Lonnie Kim, and my two little boys, Kevin Paik and
8 Dylan Paik.

9 **Q. Do you have any other dependents?**

10 A. No.

11 **Q. Now I'd like to talk about your employment
12 history, and we previewed that a little bit with
13 your email addresses, but when did you start the
14 import/export business?**

15 A. '94, '96.

16 **Q. And what was it called?**

17 A. Matrix Components Corp.

18 **Q. And just in one sentence, what did that
19 company do?**

20 A. Importing goods from China and selling it to
21 United States factories.

22 **Q. Okay. And then what employment did you have
23 after Matrix?**

24 A. 2009 January I was hired at OnPoint Media.

25 **Q. And did Matrix close after you left?**

116

1 A. Yes. It was closed about a couple of months
2 before.

3 **Q. Why did it close?**

4 A. 2009, 2008 we had a bad recession, plus one
5 of my products I was importing from China had a
6 defect on it, so I had -- my whole inventory was
7 shot, and so it had to be scrapped and I had to
8 close the company.

9 **Q. And so then you were looking for accounting
10 jobs specifically, or any kind of work?**

11 A. After I closed my company, a couple of
12 months later I needed to get a job. At that point
13 any job would have done. And I had -- I rent my
14 company since I was young, so I was pretty good
15 about bookkeeping, so I applied for a bookkeeping
16 job.

17 **Q. And that was with OnPoint Media?**

18 A. Correct.

19 **Q. And where did you find that job?**

20 A. I posted my resume, which -- on Sunday night
21 or something. Monday morning I got a call -- on
22 monster.com -- and Monday morning I got a call from
23 Eric Oakley for interview.

24 **Q. And Eric said he was with OnPoint Media?**

25 A. Uh --

117

1 MR. KREINDLER: If you remember.

2 THE WITNESS: I'm not sure. He -- he told
3 me to -- he give me the address to come. I think he
4 gave me the company information, but he gave me the
5 address and time to be, and I went to 15991, the
6 Red Hill office, and that's where I had my
7 interview, and couple of days later I was hired.

8 BY MR. EVANS:

9 **Q. Who conducted that interview?**

10 A. Eric Oakley.

11 **Q. Do you remember what Eric's job title was at
12 the time?**

13 A. No.

14 **Q. How long did you work for OnPoint Media?**

15 A. I think it last about three, four months.
16 Then --

17 **Q. And then what --**

18 A. Not sure exactly. It's just things -- I --
19 'cause at that time I was new there. They didn't
20 tell me much. Something about the regulation has
21 changed. And they decided to close the company
22 down.

23 **Q. And then did they open a new company?**

24 A. Yes, they did. Actually, they had a --

25 **Q. Who's "they"?**

118

1 A. Mike Jones, Andy, and Nick Long.

2 **Q. Is it Andy Salisbury?**

3 A. Correct. They --

4 **Q. I'm sorry I interrupted your.**

5 A. It was them three decided to use the company
6 called Savilo dot -- Savilo Service. Savilo,
7 basically.

8 **Q. Savilo Support Services?**

9 A. Yes. It was -- that company was owned by,
10 actually, Bob Olivas, or their bookkeeper for C1F
11 Media, and decided to use his company to continue on
12 the new lead generating company.

13 **Q. So did you work with Bob Olivas?**

14 A. Yes. We were in the same office. Bob
15 Olivas did work at the 15991 Red Hill office.

16 **Q. So what did OnPoint Media do?**

17 A. OnPoint Media was a lead generator. It was
18 generating warranty leads and selling it to warranty
19 providers.

20 **Q. And is that for extended auto warranties?**

21 A. Correct.

22 **Q. And what did Savilo do?**

23 A. Savilo decided to do predictive lead
24 generation. Basically, the same thing as OnPoint
25 was doing but in smaller scale, and it was changed

5 (Pages 115 to 118)

Allorey, Inc.

8/18/2016

119

1 from the voice broadcasting to predictive dialer,
2 which is --

3 **Q. So what -- yeah.**

4 **Can you explain both voice broadcasting and
5 predictive dialing?**

6 A. Yes. Voice broadcasting is the automated
7 message. The machine will call. Other side picks
8 up. It was -- it have a prerecorded message and
9 plays out, and person has option to press 1 or 2, to
10 continue on the call or disconnect the call.

11 Predictive dialer is -- it's still machine
12 is dialing, but there's a live person on both end.
13 You have a call center customer service being
14 connected to the -- whoever it is answering the call
15 on the other side.

16 **Q. Did Savilo also do voice broadcasting?**

17 A. Initially, no. It was all predictive
18 dialing. Then --

19 **Q. Did it later do voice broadcasting?**

20 A. Yes. Later on it did change to voice
21 broadcasting.

22 **Q. So how long did, was Savilo the company that
23 you worked for?**

24 A. I don't recall exactly, but it started 2009
25 or '10 and ended at '12, 2012.

120

1 **Q. What work did you do for Savilo?**

2 A. I was the bookkeeper.

3 **Q. And what all did that entail?**

4 A. General bookkeeping, general ledger, writing
5 checks. Also, processing payroll.

6 **Q. Were you a signer on the company's bank
7 accounts?**

8 A. Yes. I became a signer on the bank account.

9 **Q. Where did you -- what company did you work
10 for after Savilo?**

11 A. Start working in 2012 -- 2011 we created
12 Local Lighthouse, and that began my --

13 **Q. Started --**

14 A. February of 2011 we decided to incorporate
15 Local Lighthouse, and I believe March or April
16 what -- we were incorporated and started SEO company
17 selling SEOs.

18 **Q. Who's "we"?**

19 A. Me and Eric Oakley. And we started with
20 five, six employees.

21 MR. KREINDLER: Let him ask the question.

22 BY MR. EVANS:

23 **Q. So was there a time when Savilo and Local
24 Lighthouse were both -- you were working for both at
25 the same time?**

121

1 A. Yes. And -- hmm?

2 MR. KREINDLER: Let him ask the questions.

3 THE WITNESS: Yes.

4 BY MR. EVANS:

5 **Q. Fair enough.**

6 **How long did that last?**

7 A. While I was working at Local Lighthouse I
8 helped bookkeeping and accounting service for Mike
9 Jones's entities throughout the whole time, until --

10 **Q. So let's come back --**

11 A. -- July or -- no, no -- June of 2015.

12 **Q. Let's go back to Lighthouse.**

13 **Okay. Would you say after -- you said that
14 Savilo stopped being the company that you worked for
15 in around 2012. What was the next company in the
16 Mike Jones circle that you worked for?**

17 A. That was Allorey. Allorey, Inc.

18 **Q. That's A-l-l-o-r-e-y?**

19 A. Correct.

20 **Q. And how long was that the company that you
21 worked for?**

22 A. It started 2000 -- I guess, 12 and ended in
23 2000 -- December of 2014.

24 **Q. And what company came next?**

25 A. Digital Marketing. And that started

122

1 around --

2 **Q. Is that Digital Marketing Solutions?**

3 A. Yes. And that started, basically, January
4 2015 and ended in May or June of 2015.

5 **Q. And did you work for any other company after
6 that?**

7 A. I also kept track of the Secure Alliance. A
8 lot of company was overlapping each other. And
9 Secure Alliance started 2011, '12, and ended in
10 same, around June 2015.

11 **Q. Let me ask you, can you tell us what you're
12 looking at?**

13 A. I'm looking at the timeline chart of the
14 corporations.

15 **Q. And this is from a presentation that your
16 attorneys previously made?**

17 A. Yes.

18 MR. EVANS: Let me ask, Mr. Kreindler, would
19 you object to making those two pages an exhibit?

20 MR. KREINDLER: No.

21 THE WITNESS: Yeah, that's fine. Everything
22 is all public record.

23 MR. KREINDLER: Go ahead, Ian.

24 MR. EVANS: Should we make the entire
25 document an exhibit? Would that help? That way he

6 (Pages 119 to 122)

Allorey, Inc.

8/18/2016

123

1 can refer to parts of it?

2 MR. KREINDLER: Can I think about that
3 and --

4 MR. EVANS: Sure. Well, for now, the two
5 pages that are the timeline chart; is that okay?

6 MR. KREINDLER: Yes.

7 MR. EVANS: Okay. So let's get a sticker,
8 and we're going to mark that as Exhibit 231, those
9 two pages.

10 MR. KREINDLER: And for the record, it's
11 pages 43 and 44 of the presentation.

12 (The FTC's Exhibit 231 was marked
13 for identification by the court
14 reporter and is attached hereto.)

15 BY MR. EVANS:

16 **Q. So you mentioned that you did bookkeeping**
17 **services for Savilo, for Allorey, Digital Marketing**
18 **Solutions, and Secure Alliance. Let's turn back to**
19 **the first page of this chart.**

20 **What about C1F? Did you do any work for**
21 **C1F?**

22 A. No. Bob Olivas, he was in charge of doing
23 that.

24 **Q. What about OC Financial?**

25 A. Chris Long, I believe he was the owner of

124

1 that company, and he was in charge of the
2 bookkeeping and all the accounting.

3 **Q. Now, what about Transpoint Technologies?**

4 A. Oh, yes, that was a corporation that I
5 incorporated --

6 **Q. And when did you incorporate?**

7 A. -- November 2009. I was asked by --

8 **Q. Why did you incorporate?**

9 A. I was asked by Andy Salisbury and Mike Jones
10 and --

11 **Q. And why did they want you to incorporate**
12 **that company?**

13 A. OC Financial was running the -- and Chris
14 Long, something happened, and I guess he did not
15 want to do any more or they did not want him to do
16 any more. I'm not exactly sure which is which, but
17 they asked me to see if I wanted to do, incorporate
18 a company and have the dialer clients pay the
19 corporation.

20 **Q. So what did that company do?**

21 A. It collected money from the dialing clients
22 and paid the money to TelWeb, the dialing platform
23 company. I believe to NetDot Solutions or -- I
24 mean, they have NetDot Solution, Voice, Inc., either
25 one. We paid to whatever company they wanted me to

125

1 pay money to.

2 **Q. And who told you which company to pay the**
3 **money to?**

4 A. Instruction was actually given by Andy
5 Salisbury.

6 **Q. Okay. Where was Transpoint's office?**

7 A. It was -- I mainly work at the one -- the
8 Red Hill office, and I did all my work there.

9 **Q. Did Transpoint have any other offices?**

10 A. It had a mailbox, and it might have used my
11 home address as the main office location, but I
12 would basically run the business at the Red Hill
13 office.

14 **Q. And just going back for a second, where were**
15 **OC Financial's offices?**

16 A. OC Financial, I don't actually -- I don't
17 know where they were operating their business at,
18 but it was not at the Red Hill office.

19 **Q. And where was C1F's office?**

20 A. Pardon? Can you repeat the --

21 **Q. Where did C1F have an office?**

22 A. C1F had an office operating at the Red Hill
23 office when I was work -- start working in 2009.

24 **Q. And how did that work? Was there a**
25 **different room that was --**

126

1 A. Yeah, it was.

2 **Q. -- C1F or --**

3 MR. KREINDLER: Wait 'til he finishes the
4 question.

5 Sorry. Say it again.

6 MR. EVANS: Okay. Thanks.

7 BY MR. EVANS:

8 **Q. Was there a different room that was the**
9 **office for C1F?**

10 A. Yes.

11 **Q. Was it a different suite, or was it in the**
12 **same suite as other offices?**

13 A. Same suite. Just one other office.

14 **Q. Who sat in the office for C1F?**

15 A. Bob. And there was a female assistant. I
16 forgot her name. Starts with "A."

17 **Q. Who ran C1F?**

18 A. Mike, Andy, and Nick Long.

19 **Q. And what did C1F do?**

20 A. It collect money from dialing clients,
21 posted transaction to dialing platform, and send
22 wires back to NetDot Solution.

23 **Q. So it looks like, according to the chart,**
24 **Transpoint went from November 2009 to October 2010;**
25 **is that right?**

7 (Pages 123 to 126)

Allorey, Inc.

8/18/2016

127

1 A. Yes.
2 **Q. And did you provide the information that**
3 **this chart was based off of?**

4 A. Yes, I did.

5 **Q. So next in line is Velocity Information**
6 **Corp. Who owned Velocity Information Corp?**

7 A. Eric Oakley.

8 **Q. And who ran the day-to-day business?**

9 A. Day-to-day business was run by me.

10 **Q. So who made the decision to change from**
11 **Transpoint to Velocity?**

12 A. 2010 I did not want to have my name on this
13 corporation and moving this money. And when I gave
14 that information to Andy and Mike, they decided to,
15 okay, find somebody else. And Mike, Eric, and I met
16 and we discussed it, and Eric decided to have a
17 corporation, and that was the Velocity Information.

18 **Q. Why did you decide that you didn't want to**
19 **have your name on it anymore?**

20 A. Well, there was a few reasons. I didn't
21 want to have all that money going through
22 corporation under my name. I was -- later on when
23 there's, let's say, IRS issue, I didn't want to
24 have, cause any audits or anything.

25 And second --

129

1 collect, you know, the money for that day, every day
2 I would send that wire to NetDot Solution. And
3 that's all I did for Transpoint Technology,
4 Velocity, and Allorey, Inc.

5 Then it is up to the clients, Mike Jones,
6 and whoever that is loading the data, whoever is
7 turning on the campaign, turning up the campaign,
8 and NetDot Solution, however they want the system,
9 to make the dialer go on. My --

10 **Q. So --**

11 A. Go ahead.

12 **Q. Who found the clients?**

13 A. Mike Jones.

14 **Q. How did he find clients?**

15 A. I believe he's been working on this industry
16 since, from what I know or heard of, since early
17 2000, and so he has a lot of people that he knows
18 who dials. And he's known in dialing industry that
19 he has, he's one of the main contact point for
20 TelWeb, which is NetDot Solution. So I believe
21 people just contact him when they need a dialing
22 service.

23 **Q. Were there other contact points for TelWeb?**

24 MR. KREINDLER: If you know.

25 THE WITNESS: No. I mean --

128

1 **Q. Sorry. Go ahead.**

2 A. -- I wasn't sure exactly whether it was --
3 everything was up and up because I was not involved
4 on all the details of the business, so -- and I
5 didn't understand the whole business, and even all
6 the laws and regulation. So I just did not want to
7 have company under my name, doing the dialing
8 business on it.

9 **Q. So who managed the dialing part?**

10 A. Can you ask -- I mean --

11 MR. KREINDLER: What do you mean by
12 "manage"?

13 BY MR. EVANS:

14 **Q. So let's maybe look at -- can you explain,**
15 **in general, what your understanding of the dialing**
16 **part of the business was?**

17 A. Oh, okay. Let me explain what I was doing
18 and what --

19 **Q. Sure.**

20 A. -- what other peoples will do or might have
21 done. Me, I was the one in charge of making sure
22 the money is received from the clients and posting
23 that money to the dialing platform so they could
24 dial or do whatever they need to do. And my second
25 job after that point is collecting -- after you

130

1 BY MR. EVANS:

2 **Q. Is that --**

3 A. I mean --

4 **Q. -- no --**

5 A. I mean, if --

6 **Q. -- there were not?**

7 A. Another point of contact that I -- because I
8 know in TelWeb or -- or is it -- Mike Jones was the
9 only person.

10 **Q. Yeah, so let me rephrase that.**

11 **If I ran a business and I wanted to use**
12 **TelWeb, other than Mike Jones, is there anyone else**
13 **that you know of that I could have called to get**
14 **services from TelWeb?**

15 A. Initially, I didn't know anybody else. I
16 thought it was only Mike Jones was the only
17 reseller, main reseller. And as the years went on I
18 heard there was another guy -- I always forget his
19 name. I think I put it in the -- I'm not sure.
20 Then there's a -- 2015 I found out there was two
21 other main guys who sells TelWeb service.

22 **Q. How did you find that out?**

23 A. I started Googling.

24 **Q. Okay.**

25 A. Yeah, until that point I believe Mike Jones

8 (Pages 127 to 130)

Allorey, Inc.

8/18/2016

131

1 was only access to TelWeb, and he's the main
2 reseller.

3 **Q. And who were the two new people you found**
4 **out about last year?**

5 A. I do not actually remember the name of them,
6 but I --

7 Did we not provide the presentation?

8 MR. KREINDLER: I don't know, but we could
9 look. But if you don't remember, say --

10 THE WITNESS: I don't --

11 MR. KREINDLER: -- you don't remember.

12 THE WITNESS: I don't remember the name,
13 but --

14 BY MR. EVANS:

15 **Q. Have you heard of Michael Montez?**

16 A. I Googled the name. It popped up. I cut
17 and paste it, and I might have saved in the computer
18 or forwarded to Chuck, but I don't remember actually
19 the name too well.

20 **Q. So --**

21 MR. KREINDLER: But just answer --

22 I'm sorry, James.

23 Listen, you just have to listen to his
24 question and answer his question. If you've heard
25 of Mike Montez; yes or no or you don't know?

132

1 THE WITNESS: I don't remember.

2 BY MR. EVANS:

3 **Q. Have you heard of Adam Bentley?**

4 A. I don't remember.

5 **Q. Okay. Well, let's go back to some of the**
6 **companies we were talking about before.**

7 **Down at the bottom of the chart on this**
8 **page 43 it has "Lead Generator." What does that**
9 **mean, to be a lead generator?**

10 A. Lead generator are companies that has
11 customers, telemarketers in their staff, and they
12 will generate leads using couple of system -- voice
13 broadcasting or predictive dialer -- and they will
14 try to find the leads for the end user, which is the
15 client, for its home security service or warranty
16 leads.

17 **Q. So what is -- would be the relationship**
18 **between the dialer and the lead generator, on the**
19 **top and bottom of this page?**

20 A. Lead generator will pay the dialing company
21 for -- to use, have access to the dialing platform.

22 **Q. So earlier you mentioned that Mike Jones**
23 **would find the clients. Was he finding clients for**
24 **the lead generator or for the dialer company**
25 **directly?**

133

1 A. Both.

2 **Q. Okay. So there might have been other lead**
3 **generators, other than the one on the chart?**

4 A. Correct.

5 **Q. But the one on the chart is the one that --**
6 **would there -- strike that.**

7 **Savilo was associated with Mike Jones;**
8 **correct?**

9 A. Correct.

10 **Q. Was there any other companies associated**
11 **with Mike Jones that were lead generators during**
12 **this period of time, or just Savilo?**

13 A. From my knowledge, that's the one.

14 **Q. But there might have been some other lead**
15 **generators that were not Mike Jones's companies?**

16 A. He always had a lot of partnership going on
17 and he -- I don't know all the details, but he
18 always has some deals going on the side, beside our
19 group that we -- was working with.

20 **Q. And there's two names on here I haven't**
21 **talked about yet. What is Connect One?**

22 A. Connect One was one of the lead generating
23 company owned by Houston. I believe that's the
24 company you're talking about. It operated during
25 the OnPoint Media days, and I believe it was closed.

134

1 **Q. And what is Versatile One?**

2 A. That's also --

3 **Q. These are both in the bottom left corner.**

4 A. Yeah. That also belonged to Houston. You
5 know what? Connect One, I'm not sure exactly who
6 was belonged to, but it was a lead generating
7 company. I don't know who the actual owner is.
8 Versatile One was owned by Houston, and it was also
9 a lead generating company.

10 **Q. And that's -- I don't know if you said it,**
11 **but Houston Fraley?**

12 A. Correct.

13 **Q. F-r-a-l-e-y?**

14 A. Yes.

15 **Q. So just a minute ago you mentioned that Mike**
16 **Jones always had some partnerships that was outside**
17 **of your group. Who was in your group?**

18 A. Eric, me, Houston, Ray, Tyler, Steve. We're
19 the, basically the --

20 **Q. Let me just go back.**

21 A. -- staff and employee in a way. And then
22 Mike Jones.

23 **Q. That's Ray -- Thanks. You mentioned three**
24 **people. I want to make sure we get their full**
25 **names. Ray is Ray Verallo, Tyler is Tyler Hall; is**

9 (Pages 131 to 134)

Allorey, Inc.

8/18/2016

135

1 that right?
2 A. Correct.
3 **Q. Andy --**
4 A. And Steve Stansbury.
5 **Q. Yes.**
6 **And then you were just saying Mike Jones and**
7 **Andy Salisbury?**
8 A. Correct. And they were in charge.
9 **Q. So I'm going to come back to some of the**
10 **names in a minute, but let's turn the page now to**
11 **the second page of this chart. And it shows that**
12 **between September and October of 2011, the dialer**
13 **company changed from Velocity to Allorey; is that**
14 **right?**
15 A. Correct.
16 **Q. Where was Allorey's office?**
17 A. Dialing company, actually we do not need an
18 office, but the bookkeeping and transactions were
19 done at the Red Hill office.
20 **Q. And who owned Allorey?**
21 A. Allorey was owned by Ray Verallo.
22 **Q. Ray Verallo?**
23 A. Correct.
24 **Q. And did Ray get paid to do anything for**
25 **Allorey?**

136

1 A. He was the main IT support for the dialing
2 platform.
3 **Q. Did he get paid to have the company in his**
4 **name?**
5 A. Yes.
6 **Q. Let me go back a second.**
7 **Did Eric get paid to have Velocity in his**
8 **name?**
9 A. Yes.
10 **Q. And did you get paid to have Transpoint in**
11 **your name?**
12 A. Yes.
13 **Q. Did Bob Olivas get paid to have Savilo in**
14 **his name?**
15 A. I don't know.
16 **Q. How much did you get paid for having**
17 **Transpoint in your name?**
18 A. Roughly 15 percent of the net profit.
19 **Q. Who else had shares in the profits of**
20 **Transpoint?**
21 A. I'm sorry. It was not 15 percent. That's
22 later on. I had 10 percent on Transpoint.
23 **Q. Does anybody else have a share of**
24 **Transpoint?**
25 A. Yes. Nick Long, Mike, and Andy got

137

1 30 percent each.
2 **Q. What about Velocity? Do you know who got**
3 **shares and how those were broken down?**
4 A. By the time Velocity got involved, Nick and
5 Andy got separated from Mike, so when we came there,
6 Mike got 70 percent, I got 15, and Eric got
7 15 percent.
8 **Q. And you mentioned a minute ago that you're**
9 **not sure what happened to Nick Long. Is there**
10 **anything you remember about how he dropped out?**
11 A. He had a fallout with Mike and he got kind
12 of kicked out of the -- the group or something.
13 **Q. What did they fall out over?**
14 A. Respect.
15 **Q. Okay. Any explanation, or they just**
16 **disrespected each other?**
17 A. Something about Mike telling me Nick didn't
18 respect him.
19 **Q. Okay.**
20 A. And they --
21 **Q. What about Andy Salisbury? He did not have**
22 **a share of Velocity. Why was he not in there?**
23 A. He did not want to be involved with dialing
24 companies anymore. He didn't want any money from
25 it.

138

1 **Q. Why not?**
2 A. He want to get away from all those dialing
3 headaches.
4 **Q. What do you mean by "dialing headaches"?**
5 A. For example, at -- right now, what's going
6 on.
7 **Q. I understand.**
8 **You are aware that Andy Salisbury, Mike**
9 **Jones, OnPoint, and some others were sued by the**
10 **state of Texas in 2009?**
11 A. I heard about that. I don't know the exact
12 details. I heard something about settlement. They
13 had to pay sum of money to the state or AT&T. I'm
14 not sure. And I thought that was it and case
15 closed.
16 **Q. And did you ever have a conversation with**
17 **Andy about why he was not participating anymore?**
18 A. Yes, I believe so. And from what I recall,
19 he just didn't want to deal with all the headaches
20 of the dialing. He want to focus on his other
21 business that is more -- will not cause any kind of
22 problems.
23 **Q. So going back to the chart, why was there a**
24 **change from Velocity to Allorey?**
25 A. Eric did not want to be involved. He was

10 (Pages 135 to 138)

Allorey, Inc.

8/18/2016

139

1 still young at that time, and he got a subpoena or
2 lawsuit or something from Washington, and he did not
3 want to have his name on the company either.

4 **Q. So after he got the lawsuit from Washington,**
5 **he didn't want to have a part of the dialing company**
6 **anymore?**

7 A. No. So he want to get out of it. And at
8 that point, I discussed it with Mike and decided Ray
9 would be -- company would be open under Ray.

10 **Q. Who decided that?**

11 A. Mike.

12 **Q. And did Ray have anything to say about**
13 **opening a company in his name?**

14 A. When it was offered to Ray, he accepted it.

15 **Q. And what was the share of money for Allorey,**
16 **if I didn't ask you that already?**

17 A. It -- the dialing profit continued on.
18 15 percent me, 15 percent Eric, and 70 percent Mike,
19 and -- but Ray was going to get fixed \$750 to \$1,500
20 per month.

21 **Q. And what depended on how much money he would**
22 **get?**

23 **What factors went into deciding that every**
24 **month?**

25 A. When the dialing company is making more

140

1 money and lot of clients, he will get 1,500. If the
2 dialing clients dwindled down and is not making
3 enough money, then will go down to 750.

4 **Q. Now you continued to do the bookkeeping for**
5 **Allorey; is that right?**

6 A. Yes.

7 **Q. Is that -- well, did you do anything else in**
8 **exchange for your 15 percent of the profit?**

9 A. As I was saying, I was basically in charge
10 to make sure that when client sends money in, from
11 then the money is received, posted on the dialer,
12 and to send the money to the NetDot Solution every
13 day, every -- and basically, every business day,
14 6:00 a.m. to 5:00 p.m.

15 **Q. And did -- just to go off into that for a**
16 **little bit more, did the TelWeb companies also**
17 **extend credit to the dialing companies?**

18 A. Yes, they did.

19 **Q. Did you manage the credit line as well?**

20 A. There was always -- from the beginning, when
21 I was in -- start doing the bookkeeping or keeping
22 track of the dialing account, there was -- depends
23 on the, how the cash flow is. Mike will contact
24 Jamie and ask them to increase the credit line. And
25 it was always on a fixed terms. And within every

141

1 two week, every two to four week, the credit line
2 will trickle down again and --

3 **Q. And we're talking about Mike Jones and Jamie**
4 **Christiano?**

5 A. Correct.

6 **Q. And so if Mike wanted more credit, he would**
7 **contact Jamie?**

8 A. Yes. And Elisa.

9 **Q. Elisa Henry?**

10 A. Correct.

11 **Q. And was it like that the entire time you**
12 **were working with Mike?**

13 A. Yes.

14 **Q. Did you ever talk to Jamie Christiano?**

15 A. I met him once, I believe, very short period
16 of time, and I send him couple of emails, but I
17 never really talked to him directly.

18 **Q. Okay. Looking back at the chart, there's a**
19 **row that we haven't looked at yet. The "ANI**
20 **Contractors." Can you explain what an ANI**
21 **contractor is?**

22 A. Yes. To do the voice broadcasting or
23 predictive dialing on TelWeb, you have to put in
24 caller I.D., and caller I.D. is -- like any
25 contractors, you buy whole bunch of caller I.D.s

142

1 from this ANI company, like EngageTel, Omega, and --
2 and this companies will have those numbers on their
3 contract and will provide it to the lead generator
4 or dialing clients.

5 **Q. And so the first one here on the second page**
6 **is Data World Technologies. Who owns Data World**
7 **Technologies?**

8 A. Steve Stansbury.

9 **Q. And did it do anything other than ANI**
10 **contracting?**

11 A. From what I know, it was just ANI -- what I
12 know for sure is ANI contracting, but from what I
13 heard, Steve Austin did data management with Mike
14 Jones, and they will get paid to Data World
15 Technology by another companies, and that was just
16 another partnership he had with Steve.

17 **Q. Who did you hear that from?**

18 A. Steve and Mike.

19 **Q. And what does "data management" mean?**

20 A. Data management is they will acquire
21 millions of telephone numbers and try to find the
22 right set of numbers for right set of clients, such
23 as --

24 **Q. So these are numbers that they would call?**

25 A. Correct. You don't want to call every

11 (Pages 139 to 142)

Allorey, Inc.

8/18/2016

143

1 single number or every single random number for
2 certain business or certain leads. They try to find
3 the best number to call for whatever special lead
4 they're trying to create or for the clients they're
5 trying to sell the data to.

6 **Q. Did you keep the books for Data World
7 Technologies?**

8 A. There was no book that was kept. I did help
9 out. I did help him file the tax returns. He would
10 give me the bank statements and -- whenever tax was
11 due, or he would bring me the statements and I will
12 put it together in a QuickBooks in, you know, one
13 chunk of monthly journal, and it was sent to the
14 accounting company to file tax return.

15 **Q. So you used QuickBooks to keep the finances
16 of Data World --**

17 A. It was --

18 **Q. -- or all the companies?**

19 A. -- most of the companies. For the Data
20 World Technology, it was just a monthly journal
21 entry.

22 **Q. Who managed the bank account for Data World?**

23 A. Steve Stansbury kept control of the bank
24 account.

25 **Q. And then it says Secure Alliance came in and**

144

1 **took over in December 2011. And Secure Alliance is
2 also a lead generator. So can you tell me a little
3 bit more about Secure Alliance?**

4 A. Secure Alliance -- we stopped using Savilo
5 so much, and Secure Alliance kind of took over lead
6 generation and ANI contracting, kind of together.
7 It was -- started with just ANI contracting and took
8 part -- portion of the lead generation company for a
9 short period of time.

10 **Q. So where was Secure Alliance's office?**

11 A. It operated at the Red Hill office.

12 **Q. Did it have a separate space, or was it
13 just -- it was based there?**

14 A. It was based on the same location.

15 **Q. Who owned Secure Alliance?**

16 A. Tyler Hall.

17 **Q. And whose idea was it for Tyler Hall to own
18 Secure Alliance?**

19 A. Mike Jones.

20 **Q. And how did that happen? Where did --
21 how --**

22 A. It was --

23 **Q. How was the decision made?**

24 A. We need to -- Mike Jones and, basically, I
25 will discuss with him. Since Savilo support was no

145

1 longer going to be in business, he need to find
2 another company to run ANI and lead generation
3 company. So among our group, we -- Mike and I will
4 talk about it and say who will be the best
5 candidate, who hasn't done new company yet; right?
6 And we'll -- we will sit him down and ask him
7 whether he'll be interested. And if they say yes,
8 then I will go with the details regarding how to
9 form the corporation, and structuring the accounting
10 and everything.

11 **Q. So would you say that was generally true of
12 all these companies?**

13 A. All this dialing company, lead generation
14 company, TelWeb -- what is it? Dialing, ANI, and
15 lead generation company, yes.

16 **Q. Okay. Why didn't Mike Jones just put his
17 name on it?**

18 A. He did not want to have his name on it
19 because he had a lawsuit before. He told me he has
20 a lawsuit, and something about Andy and Mike told me
21 that Mike hasn't filed tax return forever and he
22 can't have company under his name.

23 **Q. And so were you in the meeting where Tyler
24 Hall was asked about opening this company?**

25 A. Yes.

146

1 **Q. Did Mike tell Tyler why Mike couldn't have
2 his name on the company himself?**

3 A. No.

4 **Q. What about -- were you in the meeting with
5 Ray Verallo to ask him about Allorey?**

6 A. I know I worked with Tyler, I worked with
7 Ray; right? And it was a direct instruction from
8 Mike and his approval to get it done. Whether Mike
9 was in the room when I was talking to Ray or Tyler
10 about it, I'm not sure, I don't remember whether he
11 was there, but all I know is that I talked to Mike
12 and he gave me instruction, yes, talk to those guys.

13 Everything was -- had to be done --

14 **Q. So --**

15 A. -- according to Mike's approval; right? And
16 I will approach Ray or Tyler or even Eric. Mike
17 says this. Would you -- are you okay with this?

18 **Q. Did Mike Jones come into the office at
19 15991?**

20 A. He had an office there, and he used to come
21 in a few times a week.

22 **Q. During what period of time?**

23 A. Since I was hired, 2009, at OnPoint Media
24 'til we moved out of the Red Hill office, 2014, he
25 had a office there and he would come in few times a

12 (Pages 143 to 146)

Allorey, Inc.

8/18/2016

147

1 week.

2 MR. KREINDLER: Hey, James, is it about time
3 for a short break?

4 MR. EVANS: Yeah. That would be fine.
5 Let's take five minutes, ten minutes.

6 MR. KREINDLER: Yeah, five minutes is fine.

7 MR. EVANS: All right.
8 (Recess)

9 MR. EVANS: So we'll go back on the record.

10 BY MR. EVANS:

11 **Q. And we were talking about Secure Alliance.
12 Why was Savilo being phased out?**

13 A. It was due to Christina Lee. She was --
14 company was under her name, and she was -- she was
15 not -- she was unwell, she was sick. And Mike
16 wanted to change to somebody else, just to make
17 things easier.

18 **Q. Now what do you mean it was under her name?
19 Because I think you also said that Bob Olivas owned
20 it.**

21 A. Oh, Bob Olivas owned it. He created the
22 company. And then when he left the company, he
23 didn't want us to use the company that it was under
24 his name, so the ownership of the corporation was
25 changed to his wife, Christina Lee.

148

1 MR. KREINDLER: "His wife" meaning Mike
2 Jones's wife?

3 THE WITNESS: Yeah, Mike Jones's wife.

4 BY MR. EVANS:

5 **Q. Thanks.**

6 **And then as she was ill, Mike wanted to
7 create a new company, and that was Secure Alliance?**

8 A. Correct.

9 **Q. So then looking at the "Platform" line on
10 this chart, which has been just TelWeb until October
11 2013, and then there's DialSoft Technologies, what
12 did DialSoft Technologies do?**

13 A. It was a medium between the dialing company,
14 like Allorey, and NetDot Solution. They wanted
15 to -- I believe TelWeb wanted to create a buffer
16 company. It was -- and Andy Mike and Jamie, I
17 guess, discussed it, and they decide to create a
18 company in the middle.

19 **Q. So what do you mean by "a buffer company"?**

20 A. So Allorey will collect money from the
21 dialing clients and used to send money directly to
22 NetDot Solution. However, now they didn't want
23 Allorey to send money directly to NetDot Solutions,
24 so now money was -- from Allorey was sent to
25 DialSoft Technologies. Then that money was sent to

149

1 the NetDot Solution. And --

2 **Q. So you said "they." Who is that?**

3 A. Jamie and Mike and Andy helped out the
4 process.

5 **Q. Why didn't Jamie and Mike want the money to
6 go straight to NetDot Solutions anymore?**

7 A. August of 2013, I believe there was another
8 regulation was passed regarding the cell phone, and
9 Jamie wanted to keep a distance between him and the
10 dialing clients. So I'm not sure exactly how or
11 what licenses or what agreements were signed between
12 the companies, but DialSoft Technology became the
13 software -- I mean software company or something
14 and -- I'm sorry. I don't know the exact details of
15 why exactly it was created, but all I know is for
16 financial-wise, money was sent from -- money was
17 collect by Allorey, sent to the DialSoft, and
18 DialSoft, it was sent to NetDot Solution and Voice,
19 Inc., and Teramesh companies.

20 **Q. And what you are aware of about why it was
21 done, how do you know that?**

22 A. July or August of 2013 I heard about the new
23 regulation that passed, and suddenly Jamie decided
24 to -- and Jamie, Mike, and Andy tells me about this
25 new company they're forming and that money needs to

150

1 go between those companies. And --

2 **Q. Who specifically told you about the new
3 company?**

4 A. I'm not sure who mentioned it to me first.
5 It was -- it was Mike or Andy.

6 **Q. Would you -- did you ever talk to Jamie
7 about it?**

8 A. No.

9 **Q. So you only talked to Mike or -- and/or Andy
10 about this?**

11 A. Correct.

12 **Q. When did this discussion start between Mike,
13 Andy, and Jamie?**

14 A. I'm not sure exactly when it started, but I
15 was talked, it was discussed, give me instruction
16 how the bank was set up, how the money is, give me
17 access to it, and then I was in charge to make sure
18 the money gets collected, sent out to Allorey. Then
19 I send Allorey to the DialSoft and I send DialSoft
20 to three other corporation of Jamie's company.

21 **Q. So did you manage the books for DialSoft?**

22 A. It wasn't a book. It was money, money out.
23 So we will collect maybe three days worth of money
24 and send, basically, everything except -- what is
25 it? Bank service charge fee need to be in the bank

13 (Pages 147 to 150)

Allorey, Inc.

8/18/2016

151

1 account. So 10,000 in --

2 **Q. So --**

3 A. -- 10,000 out. And it will have enough,
4 like, a thousand dollar for bank service charge in
5 that account.

6 **Q. So DialSoft served no other purpose other**
7 **than to be a middleman between the dialing company**
8 **and NetDot Solutions and the other Jamie Christiano**
9 **companies?**

10 A. Correct.

11 **Q. Did that seem weird to you?**

12 A. Yes, but as I told you before, if you --
13 Nick Long or, in a way, Mike decides who's in the
14 group, who's not, and who's going to be making money
15 or not making money. He has access to delete users.
16 So I kind of did as I was told.

17 **Q. Okay. Yeah, I think you said it was Mike**
18 **Jones and Andy Salisbury who told you that?**

19 A. Yes. Andy did not have a user access at the
20 dialing platform.

21 **Q. But he played a role in setting this up?**

22 A. Yes, he did.

23 **Q. What role did he play?**

24 A. He was friend of Mike. He helped out Mike
25 whatever he could financially, as a friend, and he

152

1 kind of made sure that Mike made money because Mike,
2 he would not follow through on his -- Mike was not
3 detail person, so Andy helped out with the details
4 and I helped out with the details.

5 **Q. Did Andy get paid for helping out with the**
6 **details?**

7 A. He did not.

8 MR. KREINDLER: To the extent you know.

9 THE WITNESS: He did not get paid directly,
10 but cars, credit cards, Mike used Andy's credit card
11 and Mike used -- all the cars that he drove in his
12 family was under Andy's name, so --

13 BY MR. EVANS:

14 **Q. So did Andy get any money from that?**

15 MR. KREINDLER: That you know of.

16 THE WITNESS: What I know of, no. But the
17 money from the companies, Mike's bills were paid to
18 make sure that Andy's credit does not get hurt.

19 BY MR. EVANS:

20 **Q. I see.**

21 **Did Andy have any ownership of any of those**
22 **companies?**

23 A. No, he did not, except --

24 **Q. Do you know --**

25 MR. KREINDLER: Except -- I'm sorry.

153

1 THE WITNESS: Except the C1F, OC Financial,
2 and Transpoint, he did not have a direct ownership,
3 but he had profit ownership, I guess.

4 BY MR. EVANS:

5 **Q. Sure. I guess I should say for most of the**
6 **rest of the day let's just assume we're talking**
7 **about, say, from Velocity Information Corp through**
8 **the present, so --**

9 A. Okay.

10 **Q. -- end of 2010. All the other stuff will be**
11 **before our time.**

12 A. Okay.

13 MR. BARLOW: And this is an opportune time.
14 As the Hearing Officer today, Mr. Kreindler, I'd
15 like to just ask you to refrain from instructing
16 your clients things such as "if you know."
17 Nationwide courts agree it's improper coaching. I
18 know you don't mean anything by it, but as the
19 Hearing Officer, I'm going to ask that you refrain
20 from instructing your client about certain things.
21 And I know you didn't mean anything by it, but I
22 just wanted to put that on the record.

23 MR. KREINDLER: Well, all right, Ian. If
24 you want to put that on the record, you know, I've
25 been sitting quietly here, I've not been objecting

154

1 to many objectionable questions. And if I think my
2 client is speculating or otherwise improperly
3 answering, I am going to tell him what I think, no
4 matter what you just said.

5 MR. BARLOW: All right. Look, I don't
6 mean -- I don't think you meant anything improper by
7 it, but it's not appropriate to tell your client "if
8 you know" in the middle of a question. And I can
9 send you the citations to it, Mr. Kreindler. But
10 you're an experienced litigator and you know this,
11 but I don't think you meant anything in that
12 specific instance. I think we should -- with that,
13 we should move on.

14 BY MR. EVANS:

15 **Q. Let me remind you, Mr. Paik, if you're not**
16 **sure of an answer, just tell us you're not sure.**

17 A. Got it.

18 **Q. Do you know of other people who helped out**
19 **Mike Jones, kind of in the same way that Andy did?**

20 A. There must have been, but I'm not sure.

21 **Q. Did you ever help out Mike Jones personally**
22 **or financially, like Andy did?**

23 A. Yes. His son, Devin Jones, leased a car
24 under my name to -- because Mike cannot lease a car
25 under his name.

14 (Pages 151 to 154)

Allorey, Inc.

8/18/2016

155

1 **Q. Why not?**

2 A. Bad credit and --

3 **Q. So why did you feel like putting your name**
4 **on the lease for Mike Jones's son's car?**

5 A. Andy already leased, like, two cars under
6 his name at the time, and Andy say, "Hey, I need
7 somebody else" and/or he -- Mike asked me, and I was
8 not in position to say no.

9 **Q. Why not?**

10 A. He comes to me and ask, "Hey, I need a
11 favor," and I couldn't say no.

12 **Q. I guess what I'm trying to understand is why**
13 **do people do favors for Mike Jones?**

14 A. For money and --

15 **Q. Why did -- is that why you agreed to lease a**
16 **car for him?**

17 MR. KREINDLER: Could I talk to my client
18 for a second?

19 MR. EVANS: Yeah, that's fine.

20 (A conference was held between the
21 witness and his counsel.)

22 MR. KREINDLER: All right. If you want to
23 ask the question again.

24 BY MR. EVANS:

25 **Q. Yeah. So why did you want to do a favor for**

156

1 **Mike Jones and lease a car for his son?**

2 A. He controlled the money with the dialer;
3 right? And also, Local Lighthouse, he controlled
4 the data for Local Lighthouse and the marketing
5 system for Local Lighthouse that I was running with
6 Eric, and I didn't want to risk my companies or my
7 financial situation.

8 **Q. Even though you were putting your personal**
9 **credit on the line for this car?**

10 A. Correct.

11 **Q. Did Andy ever tell you why he did favors for**
12 **Mike Jones?**

13 A. He told me he just couldn't say no.

14 **Q. Because they were friends? Because of**
15 **finances? Did he say?**

16 A. They were good friends, but when I asked
17 him, and he say he just can't say no.

18 **Q. Were you aware that Houston Fraley signed a**
19 **lease for a \$25,000 a month rental home for Mike**
20 **Jones?**

21 A. Yes.

22 **Q. And did Houston ever tell you why he agreed**
23 **to put himself on the hook for that rent?**

24 A. Because Mike asked him and -- probably same
25 situation as I am. He didn't want to risk getting,

157

1 saying no to Mike and getting kicked out of the
2 group or dialing access and/or companies working at.

3 **Q. When did you stop providing a leased car for**
4 **Mike Jones's son?**

5 A. Unfortunately, I'm -- I still have a car
6 that's leased under my name he's driving and I'm
7 paying for.

8 **Q. You're personally paying now?**

9 A. Yes. And --

10 **Q. Who paid before?**

11 A. It was paid out of Mike's share from the
12 dialing company.

13 **Q. Of the dialing company distributions?**

14 A. Correct. But right now I'm paying for Mike
15 personally, and I text him to return the car so I
16 could sell it back to the dealership at the loss, or
17 close the lease; however, he's not returning the car
18 and I'm still paying for it, and I'm afraid to stop
19 paying for it because, one, it will hurt my credit,
20 and one, I'm not sure what -- it might just make him
21 more mad, and I don't want to risk that either. So
22 I'm planning to just close out the lease when the
23 lease runs out, and hopefully, he'll return the car
24 when I text him next year saying the lease is over.

25 **Q. And who are you sending the text to? To**

158

1 **Mike or his son?**

2 A. I send it to Mike.

3 **Q. And what -- why are you afraid he'll be more**
4 **mad?**

5 A. Because June of 2015, basically, I cut my --
6 all relations with him and --

7 **Q. And he was mad about that?**

8 A. Yes, he was.

9 **Q. Okay. Well, we'll come back to that.**

10 **I want to make sure we wrap up the companies**
11 **on this chart here, and I think the last one is**
12 **Digital Marketing Solutions. Oh, I'm sorry. On**
13 **DialSoft, who owns DialSoft?**

14 A. I'm not sure exactly, but Robert, Terry, and
15 Steve -- no, Robert, Terry, and Ray, I believe both
16 their name is on it, and Steve Stansbury got
17 involved too. I'm not sure exactly who the owner of
18 the corporation is, but those three names were
19 involved in that company.

20 **Q. Hang on just a second.**

21 **So you said Robert Terry was an owner of it**
22 **at some point?**

23 A. I believe the bank account is under his name
24 for DialSoft account.

25 **Q. Who asked Robert Terry to be the owner of**

15 (Pages 155 to 158)

Allorey, Inc.

8/18/2016

159

DialSoft?

A. Andy.

Q. And how do you know that?

A. Andy told me that Robert Terry was involved. He opened the bank account, and Robert Terry came to me and told me that he was going to be collecting \$1,500 a month going forward, and Andy approved it.

Q. And who's -- he was going to be collecting 1,500?

A. Robert Terry was going to collect \$1,500 a month.

Q. And Andy told you that?

A. Yes.

Q. Where were DialSoft's offices?

A. DialSoft's office was at the Red Hill office.

Q. And -- go ahead.

A. As I was saying before, the dialing company really does not need an office. It just is a medium, receiving money and sending out money, and basically, I was running the dialing, accounting wise.

Q. So let me tell you something that Mike Jones told us once, is that these companies just existed as binders in Richard's office. Is that a fair

160

portrayal of how these companies existed?

A. Yes.

Q. And the last one is Digital Marketing Solutions, and that's up on the top row as a dialer. Why was the decision made to move from Allorey to Digital Marketing Solutions?

A. Allorey ran the course of how many years? About three years, and Mike has taken out too much money out of the corporation personally himself, and I was worried about Ray, on his tax liability that he might have because of that, so I asked Mike let's start a new company, start clean, and we don't take any more money out of the company personally to pay his personal bills.

Q. What --

A. And then --

Q. What kind of things did Mike take money out of the company to pay?

A. Personal cook, maid service, car payments, his music companies that he -- or group that he supported, credit card bills.

Q. How did he get money out of the account?

A. He will text me, email me, call me to say pay this bill, pay that bill, pay this person. He will instruct me whenever he needs money to be -- go

161

out. And I was -- arranged it to make sure those money got paid.

Q. Was that deducted from his distribution share or was it on top of that?

A. It was deducted from his share.

Q. Did he ever go over his share with all these expenses?

A. Most of the times, yes.

Q. What happened if he went over?

A. Then me and Eric would not get our distribution until more money comes in later on.

Q. So Mike Jones always got paid first?

A. And that was -- yes.

Q. Did Mike Jones have a debit card for the Allorey bank account?

A. At one point when he was working, yes, he did.

Q. Did he ever have a debit card for any of the other bank accounts?

A. He might have, but they were -- he didn't use it or it did not work.

Q. Did Mike Jones pay for gambling from Allorey's account?

A. Yes.

Q. And where did he gamble?

162

A. Bellagio, in Vegas.

Q. So did you ever initiate a wire transfer to the Bellagio?

A. Yes, I did.

Q. What about rent for his house?

A. It was paid from Allorey or Digital Marketing. Sometimes even from Secure Alliance.

Q. So -- and is that true for [REDACTED], in Irvine?

A. Yes.

Q. And for [REDACTED]?

A. Yes.

Q. Who owned Digital Marketing Solutions?

A. Kasia Kinaman.

Q. And I'm guessing we know the answer, but where were Digital Marketing Solution's offices?

A. In my binders.

Q. Okay. Did Kasia get paid to have that company in her name?

A. Yes. She got paid thousand dollar a month for first five month of 2015.

Q. And how did she get paid?

A. She got actually paid as a W-2 salary.

Q. Did the company pay any credit cards in her name?

16 (Pages 159 to 162)

Allorey, Inc.

8/18/2016

163

1 A. No, not in her name. It was paid Andy
2 Salisbury's.

3 **Q. And who actually was holding that credit**
4 **card?**

5 A. Mike Jones.

6 **Q. And I think we skipped this, but did Tyler**
7 **Hall pay to have Secure Alliance in his name?**

8 A. Yes. 750 to \$1,500 per month.

9 **Q. And how did he get paid?**

10 A. Check was cut from his name to Secure
11 Alliance directly.

12 **Q. What was the fund distribution to Digital**
13 **Marketing Solutions?**

14 A. Can you repeat the question?

15 **Q. How were the profits of Digital Marketing**
16 **distributed? Between what people and what**
17 **percentages?**

18 A. Okay. After Allorey was done, I myself
19 wanted to start to wind, wind off from dialing
20 company, and Andrew Yoshioka was brought in. Mike
21 suggest that Yoshioka do the accounting for dialing
22 company. So I taught him all the things that I was
23 doing and gave him instructions what he needs to be
24 do going forward. So it was Mike -- can I see that
25 again?

164

1 MR. KREINDLER: What do you want to --
2 BY MR. EVANS:

3 **Q. Why don't I just --**

4 A. So --

5 **Q. How about I represent to you what**
6 **information I might have, and tell me if it's right.**

7 A. Okay.

8 **Q. Mike Jones got 67.9 percent?**

9 A. Okay.

10 **Q. Is that correct, to your knowledge?**

11 A. It was later on divided between Mike,
12 Andrew, me, Eric, and Houston and --

13 **Q. Are you sure, in your own personal**
14 **knowledge, of what percentage the breakdown was, or**
15 **would you need to look that up somewhere?**

16 A. My 15 percent share was cut between Andrew
17 and me, so I got 7 point -- you know, half of
18 15 percent, and Houston got 3 percent. And so Mike
19 end up getting that much less or something. I have
20 to see the numbers --

21 **Q. Sure. That's --**

22 A. -- exactly, how to makes up the hundred
23 percent, but I basically stopped keeping track of
24 the books and transactions, and I taught Andrew to
25 do it, and he was in charge of it.

165

1 **Q. Fair enough.**

2 **Why did Houston Fraley get, for the first**
3 **time, a distribution out of Digital Marketing?**

4 A. Mike thought that he should get involved
5 getting a share from the dialing company, so he put
6 him in the profit sharing.

7 **Q. Did Mike tell you why?**

8 A. No. I mean, it was about time, in a way.

9 **Q. Is this around the same time that Houston**
10 **started leasing the house at [REDACTED]?**

11 A. In hindsight, I guess that's why he had it
12 in mind.

13 **Q. Are you -- do you know that, or you're just**
14 **guessing?**

15 A. I'm guessing.

16 **Q. Okay. What about Secure Alliance? Do you**
17 **know the distribution of funds for Secure Alliance,**
18 **at least who were the people that got money?**

19 A. Secure Alliance, when it was running the
20 lead generation, I don't know the exact percentage,
21 but me, Mike, Eric, Houston got cut of the profit
22 from the lead generation, but all ANI profit,
23 because ANI contract creates about \$1,000 to \$2,000
24 a month, when that money was earned, it was Tyler
25 and Mike shared the profit 50-50.

166

1 **Q. Did Steve Stansbury get any Secure Alliance**
2 **money?**

3 A. Yes. Steve did get few percentage points on
4 certain -- not all the time, but on certain time
5 Mike will decide to cut him in, and yes, Steve was
6 getting it for running the data.

7 **Q. And when you talk about A-N-I for ANI**
8 **profits, where did that come from?**

9 A. It would come from EngageTel or Omega, the
10 ANI providers, and --

11 **Q. Are you --**

12 A. I don't understand exactly how it works, but
13 as those numbers are -- those ANIs are being used to
14 create some kind of profit, and they will send
15 Secure Alliance \$500 to couple thousand dollars. It
16 depends on the month.

17 **Q. Have you ever heard of the term dip fees?**

18 A. Yes.

19 **Q. Is that the ANI profits?**

20 A. I don't understand what dip fee is, but yes,
21 I heard that before. I don't understand how it
22 works.

23 **Q. One more company that's not on the chart.**
24 **What was Unmazed Marketing?**

25 A. Unmazed Marketing was another company that

17 (Pages 163 to 166)

Allorey, Inc.

8/18/2016

167

1 was owned by Steve Stansbury. It was -- he ran a
2 few business, nothing big, nothing special. I was
3 one time involved on student loan company, but it
4 lost money and closed down in three months. That
5 was it.

6 **Q. And what was it trying to do with student
7 loans?**

8 A. Trying to help students reconciling the --
9 or loan modification under student loans.

10 **Q. And it was trying to generate leads for
11 that?**

12 A. It was generating leads and trying to
13 actually do the loan modification process.

14 **Q. So it was trying to actually provide
15 services?**

16 A. Correct, and it was doing it; however, it
17 was doing it at loss, losing. So it was decided to
18 close the company.

19 **Q. Okay. So let's just kind of go back to talk
20 about this same group, but in terms of the people
21 instead of the companies.**

22 **When was the first time you ever met Mike
23 Jones?**

24 A. The date that I got hired. After the first
25 interview I was introduced to Mike, Andy, and Nick

168

1 Long.

2 **Q. And -- just a second.**

3 **What about Steve Stansbury, when did you
4 first meet Steve Stansbury?**

5 A. I don't recall. Month or two month after I
6 got hired.

7 **Q. And what work was he doing at that time?**

8 A. I don't know. He was IT.

9 **Q. Over the -- over the time that you worked
10 with Mike Jones, what kind of duties did Steve
11 Stansbury have over that whole time?**

12 A. He had a knowledge on servers and database,
13 and he will assist Mike on structuring the servers
14 to creating data-wise.

15 **Q. And you mentioned earlier he had a role in
16 the data end of the business --**

17 A. Yes.

18 **Q. -- the data management?**

19 A. Correct. I'm not sure whether he was doing
20 that from beginning or he might have learned how to
21 do that couple of years into -- into it.

22 **Q. At first he was an IT guy?**

23 A. My knowledge, yes.

24 **Q. When's the last time you talked to Steve
25 Stansbury?**

169

1 A. March or April of 2015.

2 **Q. Did he come into the office much in, say,
3 2014 and '15?**

4 A. No. He --

5 **Q. Do you know where he was working out of?**

6 A. He was mostly working at Mike's home.

7 **Q. [REDACTED]?**

8 A. Or the [REDACTED].

9 **Q. Before Local Lighthouse, what were Eric
10 Oakley's job duties when you were working with him?**

11 A. He told me that he was actually hired to do
12 my job, do bookkeeping and accounting, but it's --
13 that's not something that he wanted to do, so he
14 convinced them to hire a bookkeeper, which was me.
15 He was hired month and --

16 **Q. And --**

17 A. -- a half before I was hired.

18 **Q. Okay. Do you know how Eric got hired?**

19 A. He's Andy Salisbury's neighbor and --

20 **Q. And what did he go on to do for the Mike
21 Jones Companies after he got hired?**

22 A. Initially I believe he was trying to sell
23 some Internet service provider. Then that didn't
24 work out. Then after OnPoint Media closed, he was
25 actually working on new project, selling TV media

170

1 and radio media to warranty -- auto warranty
2 providers.

3 **Q. And you know that because you were working
4 in the same office as him?**

5 A. We weren't working the same office.
6 However, I was keeping track of the transactions,
7 money coming from the clients, and sending it to the
8 TV media company and radio media company.

9 **Q. And then he became the CEO of Local
10 Lighthouse; correct?**

11 A. Correct.

12 **Q. Once he started working for Local
13 Lighthouse, did he have any other role in the
14 dialing operations?**

15 A. Dialing wise, day to day he was not
16 involved. Only time he was involved, it was lead
17 generation company.

18 **Q. For Local Lighthouse?**

19 A. For Local Lighthouse, Savilo, and Secure.

20 **Q. Okay. What kind of leads were Savilo and
21 Secure Alliance trying to generate?**

22 A. Warranty leads and home security leads.

23 **Q. And let me -- I'm sorry -- break those
24 apart.**

25 **What kind of leads were Savilo trying to**

18 (Pages 167 to 170)

Allorey, Inc.

8/18/2016

171

1 generate?

2 A. Warranty and home security. It -- both of
3 them did --

4 **Q. And did -- they both did both?**

5 A. Yes.

6 **Q. Okay. When did you first meet Ray Verallo?**

7 A. Month or two after I got hired at OnPoint
8 Media.

9 **Q. Was Ray already working there, or did he get
10 hired after you?**

11 A. He was working there when I got there.

12 **Q. And what was his job?**

13 A. IT.

14 **Q. And over -- from then through June of 2015,
15 did Ray do any other jobs, outside of IT?**

16 A. He was a IT and helped out with any of the
17 dialing clients that need help how to use the
18 dialing platform. He will do the training.

19 **Q. Okay. And did he work with NetDot Solutions
20 as well?**

21 A. If there was any technical problem, Ray was
22 involved working with Mike and Steve.

23 **Q. How did Ray get paid --**

24 A. Ray --

25 **Q. -- for that work?**

172

1 A. He was employed by Savilo. He got monthly
2 salary from Savilo. And when he create -- there was
3 Allorey, then he got salary plus whatever money he
4 got paid from Allorey.

5 **Q. When did you first meet Tyler Hall?**

6 A. He was already working there when I got
7 hired on OnPoint Media.

8 **Q. What kind of work did Tyler Hall do then?**

9 A. I don't remember exactly what he did in the
10 beginning. Oh, I got it. I remember now.

11 **Q. Yeah.**

12 A. He worked in the resource management, which
13 is running the dialer for OnPoint Media.

14 **Q. So what did he have to do on a day-to-day
15 basis?**

16 A. I don't know the details, but he was in
17 charge of running the campaign -- he was not in
18 charge. He was assisting somebody else running the
19 dialer.

20 **Q. Who was he assisting?**

21 A. I remember his first name was Jeff, but I
22 don't remember his last name.

23 **Q. And what does that mean, to have a campaign?**

24 A. Campaign is creating voice broadcasting
25 marketing -- oh, I don't know how to put this.

173

1 Campaign is when you create an account with voice
2 broadcasting message in there, telephone numbers,
3 and how fast or slow you're going to dial, and that,
4 all that information is controlled on that campaign,
5 and person in charge of it will make it dial faster
6 or slow it down.

7 **Q. Could the clients of the lead generators and
8 the dialing companies also control their own
9 campaigns?**

10 A. Yes.

11 **Q. And was Tyler doing something to help them,
12 or was he doing something different, different
13 people's campaigns?**

14 A. I don't know on that.

15 **Q. And over the time you worked there through
16 June of 2015 that you were working with Mike Jones,
17 did Tyler take on other work, or was that generally
18 his job?**

19 A. Mostly -- later on he worked mostly at
20 Lighthouse as Customer Service Supervisor --
21 different roles he had at Local Lighthouse -- mostly
22 throughout the day. Then he will help out. When
23 Ray's not available, he will help out the training
24 process for the dialer, and he communicate with the
25 NetDot Solution regarding running Local Lighthouse

174

1 campaign. If there's any problem or there's a issue
2 with the telephone number, then he will be in point
3 of contact for to resolve issue with NetDot
4 Solution's IT Department.

5 **Q. When is the first time you met Houston
6 Fraley?**

7 A. Couple of months into it, after I got hired
8 at OnPoint Media.

9 **Q. Was he already there, or he was hired after
10 you?**

11 A. He was actually working at Connect One or he
12 already had a Versatile One Solution. I'm not sure
13 which one, but he had his own call center, lead
14 generating company that he was part of.

15 **Q. And then over time, what kind of work did he
16 do for Mike Jones?**

17 A. Over time then he helped out with the lead
18 generation companies, such as Savilo, Secure
19 Alliance. Then after a while, when Local Lighthouse
20 was formed, he worked mainly as sales. He had two
21 role. He had a Customer Service Manager or Sales
22 Department Manager.

23 **Q. And so after Local Lighthouse was formed,
24 would you say he did most of his work for Local
25 Lighthouse?**

19 (Pages 171 to 174)

Allorey, Inc.

8/18/2016

175

1 A. Correct.
 2 **Q. And when did you first meet Kasia Kinaman?**
 3 A. It was -- for me it was after Local
 4 Lighthouse is formed, I needed a staff in Accounting
 5 Department, and she was working at customer service
 6 on -- she was working as a customer service at Local
 7 Lighthouse or -- I'm not sure which department she
 8 was at, but I hired her as a accounting staff at
 9 Local Lighthouse.
 10 **Q. So she was already there in some other**
 11 **department, and then you hired her to come work in**
 12 **the accounting?**
 13 A. Yes.
 14 **Q. Okay. So what kind of work did she do in**
 15 **accounting?**
 16 A. She -- I -- she was in charge to making sure
 17 the credit card gets charged and clients are called
 18 whose credit card has been declined daily, and
 19 keeping track of the daily client count, making
 20 reports for me.
 21 **Q. Okay. Does she still do that work?**
 22 A. Yes, she does.
 23 **Q. When did you first meet Robert Terry?**
 24 A. Robert Terry used to work for Andy
 25 Salisbury. When his company moved, he decided to

176

1 move his company to Colorado, Robert Terry was
 2 introduced to our company and he was hired as sale.
 3 I'm not sure exactly what year that was.
 4 **Q. And you're talking about -- you're talking**
 5 **about Local Lighthouse?**
 6 A. Correct. Local Lighthouse sales.
 7 **Q. Did he do any work on the dialing end, other**
 8 **than owning part of DialSoft?**
 9 A. No. He was not involved with anything
 10 except he went to go open a bank account, and that
 11 was to pay him \$1,500 a month.
 12 **Q. And when did you first meet Andrew Yoshioka?**
 13 A. Probably middle of 2014.
 14 **Q. And how did you meet him?**
 15 A. Mike used to bring his kid and his friends
 16 to work once in while. Probably that's where I got
 17 introduced to him. And when Devin and Andrew wanted
 18 to form a corporation to do a T-shirt business, they
 19 would come ask me how to set up corporation, what
 20 they should do, what -- how they keep the
 21 accounting. And I will -- will teach him exact,
 22 kind of little tips and tricks for the accounting.
 23 **Q. And is that when they started Audacity, LLC?**
 24 A. Yes.
 25 **Q. So do you know whether Andrew Yoshioka ever**

177

1 **did any work for Local Lighthouse?**
 2 A. Later on he was hired at Local Lighthouse as
 3 sales. Mike wanted to hire us -- to hire him and
 4 give him some sales training and see what he could
 5 do in Sales Department.
 6 **Q. So then you said earlier that there came a**
 7 **time when you started training Andrew to do the**
 8 **accounting?**
 9 A. Correct.
 10 **Q. And that -- I believe you said -- correct me**
 11 **if I'm wrong -- that's because you wanted to try to**
 12 **transition out of it?**
 13 A. Yeah. So I promised him that I would give
 14 him half my share. December, January, I told him
 15 that. And I told him if you get how to do this
 16 correctly and when you have it, understand it
 17 completely, I told him I would give him the rest of
 18 it.
 19 **Q. Now, you had managed the accounts of your**
 20 **own business for 15 years at the import/export**
 21 **business and several years before that -- after that**
 22 **working with Mike. Andrew, at the time, must have**
 23 **been 18 or 19 --**
 24 A. Correct.
 25 **Q. -- you know.**

178

1 **So did he have any training or experience**
 2 **when he first came to you working in accounting?**
 3 A. No, he had no training in accounting. But
 4 Mike --
 5 **Q. So you taught him -- you taught him**
 6 **everything he would need to do, to do that job?**
 7 A. Yes.
 8 **Q. And then can you explain over time, starting**
 9 **in December 2014, how the role transitioned from you**
 10 **to him?**
 11 A. He had the cell phone that everybody will
 12 text him in the morning, all the clients of the
 13 dialing clients -- or email clients, that it will
 14 tell him that, hey, I have send this money for this
 15 account. And he will come from that -- he will
 16 check the bank account to make sure money is
 17 received. Then he'll post that money into the
 18 dialing platform for that client's account. And end
 19 of the day, before the wire cutoff, he will gather
 20 the money and send it to the DialSoft. Then he will
 21 go to DialSoft and send it to NetDot Solution,
 22 Voice, Inc., and Teramesh.
 23 **Q. And --**
 24 A. He will --
 25 **Q. Go ahead.**

20 (Pages 175 to 178)

Allorey, Inc.

8/18/2016

179

1 A. He will make sure that Mike Jones's bills
2 gets paid first.

3 **Q. Of course.**

4 **And this happened every day?**

5 A. Yes.

6 **Q. Is this something that you did previously**
7 **every day?**

8 A. Yes.

9 **Q. How do the clients send the -- and so let me**
10 **just say -- now let's talk about, again, that period**
11 **of the more recent past, like 2011 to the present.**
12 **So tell me if anything changed over that time**
13 **period. But how would the clients give the money to**
14 **the dialing platform during that period?**

15 A. They will send the wire to Transpoint,
16 Velocity, Allorey, Digital Marketing, and they will
17 just send a wire to the account, and we'll send a
18 text message or email saying money has been sent,
19 please credit my account. Wire's confirmed. Then
20 it's posted to their account.

21 **Q. And that posting is something that you or**
22 **Andrew do in the TelWeb platform?**

23 A. Correct.

24 **Q. And is that based on prepayments or credit**
25 **extended by TelWeb because the money is coming in,**

180

1 **in the morning, and you're not paying TelWeb 'til**
2 **the end of the day; right?**

3 A. All the clients are to make sure that they
4 have enough money in the account to run up 'til the
5 next money, or whenever they send it. So if they
6 send \$1,000, they only use \$900, and they would save
7 \$100 to the next day, until they send another wire.

8 **Q. Okay. So it was strictly prepaid by the**
9 **clients; they didn't get credit?**

10 A. Most of the clients run that way, but some
11 accounts did end up getting credits.

12 **Q. And when you go into TelWeb, how would you**
13 **designate which client would get the money? Do they**
14 **have customer names?**

15 A. Customer name, account number, and, you
16 know, who's sending it. So you post it to their
17 account.

18 **Q. How many clients did the dialing companies**
19 **have over that period of time?**

20 A. I don't know the exact number, but sometimes
21 we had ten, fifteen clients; sometime we had three
22 five clients.

23 **Q. What's the most number of clients you would**
24 **ever have at a time?**

25 A. When I was running the dialer, I think maybe

181

1 seven, eight clients.

2 **Q. And what's the fewest?**

3 A. Three, two.

4 **Q. Who were the top three biggest clients that**
5 **you dealt with, money-wise?**

6 A. In 2009 and '10 probably -- I don't remember
7 company name, but Craig Rubino was probably one of
8 the biggest client. Transpoint, Velocity -- I know
9 Craig Rubino was still there, but I'm not sure who
10 other company could have been bigger. Allorey,
11 Justin Ramsey. I mean, throughout the whole time we
12 had Savilo or Secure Alliance was always a client;
13 right? Local Lighthouse became a client, direct
14 client, 2011. But biggest client, unless I will
15 look at the charts or books, I don't remember
16 exactly who was the biggest.

17 **Q. So you said Savilo and Secure Alliance were**
18 **a client, and then they had their own clients;**
19 **right?**

20 A. Correct. No, they had their own -- they
21 were lead generators. They didn't have a dialing
22 client. They were the lead generators.

23 **Q. Okay. Do you know who they were selling**
24 **leads to?**

25 A. Auto warranty companies and home security

182

1 company. Home security company could have been
2 Secure Alliance, Savology, Warranty -- I don't
3 recall the names of the company, but there were a
4 bunch.

5 **Q. So we were talking about Andrew Yoshioka.**
6 **Did he get proficient enough to do your day-to-day**
7 **work at some point?**

8 A. Yes.

9 **Q. When was that?**

10 A. Around mid-February I think he got it.

11 **Q. And then did you give him the rest of your**
12 **profit distribution at that point?**

13 A. No, not yet because I had to correct his
14 mistakes. I told him that.

15 **Q. What type of mistakes did he make?**

16 A. Posting wrong amount to the clients, sending
17 wrong wires, running out of money, not paying bills
18 on time or --

19 **Q. So --**

20 A. Yeah.

21 **Q. Up to the end in July 2015, were you still**
22 **supervising him, correcting mistakes?**

23 A. I think around April I stopped checking.
24 I -- maybe I saw once a month with him starting
25 April. Then May or June I basically just stopped.

21 (Pages 179 to 182)

Allorey, Inc.

8/18/2016

183

1 MR. KREINDLER: Hey, James, I need to take
2 a --
3 MR. EVANS: Yeah.
4 MR. KREINDLER: -- like a ten minute break.
5 I need to make a call. Is that okay?
6 MR. EVANS: Good for us. Yeah.
7 MR. KREINDLER: All right.
8 MR. BARLOW: Yeah, that's fine.
9 MR. KREINDLER: All right. Thanks.
10 MR. EVANS: Okay. We'll come back.
11 MR. KREINDLER: Off the record.
12 (Recess)
13 (Mr. Barlow leaves the room.)_
14 MR. KREINDLER: So let's go back on the
15 record.
16 BY MR. EVANS:
17 **Q. And let me ask you about a few other people.**
18 **When is the first time you met Jamie**
19 **Christiano?**
20 A. 2009. I don't remember how he looks like,
21 but I remember Mike took me to the Jamie's office
22 sometime 2009. We -- I got introduced to Teo and
23 Jill, which is accounting staff over there, to --
24 for me to contact regarding sending wires. And I
25 might have been introduced to Jamie briefly, and

184

1 that was it.
2 **Q. And how many times would you say you've met**
3 **him in person?**
4 A. That was the only time.
5 **Q. Oh, okay. And you mentioned Teo, that's**
6 **T-e-o, last name Marin, M-a-r-i-n, is that right, if**
7 **you know their last name?**
8 A. No, I -- I know Jill, Jill Fulkerson. I
9 believe that was her last name. But Teo, I don't
10 remember her last name.
11 **Q. And I think Jill's last name is**
12 **F-u-l-k-e-r-s-o-n. Does that sound right?**
13 A. Yes.
14 **Q. Have you ever met Justin Ramsey?**
15 A. Yes.
16 **Q. And when's the first time you met him?**
17 A. I don't remember the first time I met him,
18 but I worked with him for a while because he's one
19 of the dialing client. And he'll call or text me
20 very often. And I think I met him -- first time I
21 met him was --
22 (Mr. Barlow enters the room.)
23 THE WITNESS: -- he came to the Red Hill
24 office, 15991, maybe 2014. That's the -- probably
25 the first time I met him.

185

1 BY MR. EVANS:
2 **Q. How many times would you say you've met him**
3 **in person?**
4 A. Three or four times.
5 **Q. But would you say you've dealt with him by**
6 **email or phone or text a lot more than that?**
7 A. Yes.
8 **Q. Did you first communicate with him by email**
9 **or phone or text before you met in person?**
10 A. Correct.
11 **Q. And you said he was one of the dialing**
12 **clients?**
13 A. Yes.
14 **Q. Have you ever heard of the name Bryce**
15 **Purdue?**
16 A. Yes. He was also one of the dialing
17 clients.
18 **Q. Do you communicate with him by email, phone,**
19 **or text?**
20 A. Both.
21 **Q. All three?**
22 A. All three. All three.
23 **Q. How often?**
24 A. Daily when he's a client. Maybe once a
25 month if he's not a client or he's asking for

186

1 something.
2 **Q. So he would sometimes come and go as a**
3 **client?**
4 A. Yes.
5 **Q. Did Justin Ramsey come and go, or was he**
6 **always a client?**
7 A. He did come and go quite often.
8 **Q. Which one of the Longs were we talking about**
9 **earlier? We were talking about Nick Long. Have you**
10 **ever met Chris Long?**
11 A. Yes.
12 **Q. And was he involved in any of these**
13 **companies that we've been talking about today?**
14 A. Yes. He was involved in OC Financial.
15 **Q. Anything after that?**
16 A. No.
17 **Q. Nick Long and Chris Long are brothers;**
18 **correct?**
19 A. Correct.
20 **Q. So after Nick Long kind of fell out, did**
21 **Chris go with him?**
22 A. Yes.
23 **Q. Since then do you know whether Nick -- or**
24 **let's say first do you know whether Nick Long has**
25 **had any other business relationships with Mike Jones**

22 (Pages 183 to 186)

Allorey, Inc.

8/18/2016

187

1 or his companies?

2 A. After they had fall out, year or two later
3 they kind of made up and they -- I'm not sure. I
4 was not involved in their direct business, but Nick
5 Long started using the dialer. I guess Nick Long
6 made up with Mike to -- so he could use the dialer.

7 **Q. Did he come back to have an office at**
8 **15991 Red Hill?**

9 A. No. He had his own business and he was,
10 became a dialing client.

11 **Q. And what about Chris Long?**

12 A. Chris Long, I haven't heard from him since
13 he was dealing with OC Financial.

14 **Q. Have you ever heard of Dean Austin?**

15 A. Yes.

16 **Q. Who's Dean Austin?**

17 A. One of the dialing client.

18 **Q. And did you have much communication with**
19 **him?**

20 A. Yes. He text me all the time saying he sent
21 the wire.

22 **Q. Do you know what Dean Austin was marketing?**

23 A. I'm not sure exactly. One of the marketing
24 he did was pain cream.

25 **Q. What about Bryce Purdue?**

188

1 A. Home security. I'm not sure on that.

2 **Q. And what about Justin Ramsey?**

3 A. Everything above.

4 **Q. Okay.**

5 A. I think he -- anything he could make money
6 on, he did it.

7 **Q. Did Justin Ramsey use voice broadcasting?**

8 A. Yes.

9 **Q. And did Bryce Purdue use voice broadcasting?**

10 A. Yes.

11 **Q. Did Dean Austin use voice broadcasting?**

12 A. Yes.

13 **Q. And how do you know? Was it on an invoice?**

14 A. They directly contact me saying -- stating
15 they sent the wire and please add it to their
16 account. And my job was to make sure the money was
17 hitting the bank account, then posting it to their
18 direct account, dialing account.

19 **Q. How do you know that they were using the**
20 **dialing account to do voice broadcasting?**

21 A. Because the account they were set up was
22 voice broadcasting account.

23 **Q. Okay. So in TelWeb, voice broadcasting**
24 **would be separate from, say, a predictive kind of**
25 **account?**

189

1 A. Correct.

2 **Q. Okay. Do you know the name Kathy McDonald?**

3 A. Yes. She's the mother of --

4 **Q. Who's Kathy McDonald?**

5 A. She's mother of Mikey Mardaresco.

6 **Q. Is that Mike Mardaresco?**

7 A. Yes. And Kathy, from what I heard, she
8 told -- she told me or Mike told me company name
9 was -- company -- Mike's company's under her name,
10 but Mike was running it. Mikey.

11 **Q. Was that called Bmk Companies?**

12 A. Yes, that was one of them. There might be
13 more. There might have been more, but Bmk is one of
14 the companies.

15 **Q. What about the company Secure 24?**

16 A. I believe -- now I remember. Okay. Secure
17 21, maybe. I'm not sure. Secure something 21, 24,
18 I guess.

19 **Q. And just to make sure, I think you were**
20 **trying to clarify, and I apologize if I cut you off.**
21 **You were saying -- when you said Mike or Mikey,**
22 **we're talking about Mike Mardaresco --**

23 A. Correct.

24 **Q. -- not Mike Jones?**

25 A. Yes.

190

1 **Q. Okay. When is the last time you talked to**
2 **Andrew Yoshioka?**

3 A. March or May of 2015. Maybe I might have
4 even tried to contact him on June, telling him to,
5 you should be aware and get out.

6 **Q. And did you have any conversation with him**
7 **other than that, after June of 2015?**

8 A. No.

9 **Q. So what do you mean by that he should be**
10 **aware and get out?**

11 A. There's a FTC investigation and he should
12 get out from the dialing industry and stay away from
13 Mike's enterprises.

14 **Q. Is that because it's illegal?**

15 A. Well, I know some of the clients were
16 dialing, I guess, so --

17 **Q. And were using voice broadcasting?**

18 A. Voice broadcasting, from what I know, is
19 legal to do.

20 **Q. Well, I won't ask you whether it's legal or**
21 **not, but whether they were doing voice broadcasting.**

22 A. Correct.

23 **Q. And would you say everybody who is working**
24 **on the -- in the dialing or put their name on a**
25 **dialing company knew that the clients were using**

23 (Pages 187 to 190)

Allorey, Inc.

8/18/2016

191

1 voice broadcasting?

2 A. Yes.

3 **Q. It was generally known around the office**
4 **that the dialing group was in the business of**
5 **reselling voice broadcasting services?**

6 A. Correct.

7 **Q. After June of 2015, did Houston Fraley stay**
8 **with Local Lighthouse?**

9 A. Yes, he did.

10 **Q. And is he still with Local Lighthouse?**

11 A. No. He left the company.

12 **Q. When did he leave?**

13 A. February or March of 2016.

14 **Q. Why did he leave?**

15 A. He saw no future with Local Lighthouse.
16 Local Lighthouse --

17 **Q. Did he tell you that?**

18 A. We discussed it together.

19 **Q. And in that discussion he said he wanted to**
20 **leave?**

21 A. There was talk about pay cuts going forth.
22 Me and Eric wanted him to stay, but when -- after
23 talk about pay cut, weekend later he came back and
24 said that he wants to quit.

25 **Q. Do you know where he went to work after**

192

1 that?

2 A. He told us that he's going to take couple of
3 months off and then move back home or do something
4 else, but few months later Eric told me to check out
5 a website that Houston is running, and he has formed
6 a new marketing company. And that's the only thing
7 I know of.

8 **Q. Where is "back home" for Houston?**

9 A. Kentucky.

10 **Q. And what about Ray Verallo? Does he still**
11 **work for Local Lighthouse?**

12 A. No, he does not. He was let go around
13 November or December of 2015. He wanted to quit,
14 but he didn't know how to quit. He just stopped
15 showing up to work. He would come to work once a
16 week. And we sat and talked, and he say he wanted
17 to get fired, so we laid him off.

18 **Q. So he didn't want to work there anymore, but**
19 **he didn't want to quit?**

20 A. I guess he wanted to collect unemployment.

21 **Q. Ah. Do you know whether he filed for**
22 **unemployment?**

23 A. I'm sure he did. I don't know exactly, but
24 I'm sure he did because that's what he told me he
25 wanted to do.

193

1 **Q. Do you know any place that he went on to**
2 **work for after Local Lighthouse?**

3 A. I assumed he might go back to Mike Jones
4 because he always worked for Mike directly. He was
5 very close friend with Mike.

6 **Q. Does Tyler also work for Local Lighthouse?**

7 A. No. He quit month or two after Ray quit.

8 **Q. And did he tell you anything about why he**
9 **was quitting?**

10 A. He basically saw no future in Local
11 Lighthouse, and he got a job offer in Arizona that
12 he was going to take middle of 2016, and same story,
13 he wanted to take couple of months off and just do
14 nothing for a while.

15 **Q. Do you know anything about where he went on**
16 **to work after Local Lighthouse?**

17 A. No, but I did not know until about a month
18 ago that he worked -- I heard it through Kasia, that
19 he worked -- and Eric, he's working on some home
20 security company.

21 **Q. Have you ever heard of Trensaf --**

22 A. No.

23 **Q. -- T-r-e-n-s-a-f-e?**

24 A. Eric found out Tyler was working at some
25 home security company through Facebook or LinkedIn,

194

1 and Tyler's LinkedIn had, I guess, a company name,
2 some dialing -- some home security company name, and
3 Eric told me about that, and that's how he knew.

4 MR. KREINDLER: Just listen to his question.

5 BY MR. EVANS:

6 **Q. Does FSB --**

7 MR. KREINDLER: I'm sorry. Go ahead.

8 BY MR. EVANS:

9 **Q. That's fine.**

10 **Does the name FSB Home Security mean**
11 **anything to you?**

12 A. No.

13 **Q. Does Robert Terry still work for Local**
14 **Lighthouse?**

15 A. He does not.

16 **Q. When did he leave?**

17 A. December or January of this -- '16. January
18 2016.

19 **Q. Do you know anything about what he went on**
20 **to do?**

21 A. No.

22 **Q. And I believe you said Kasia still works for**
23 **Local Lighthouse; correct?**

24 A. Correct.

25 **Q. In the entire time that you've worked with**

24 (Pages 191 to 194)

Allorey, Inc.

8/18/2016

<p style="text-align: right;">195</p> <p>1 Kasia, you said that she worked for you in 2 accounting after she did some customer service work? 3 A. Yes. 4 Q. Did her job ever have anything to do with 5 dialing, other than owning Digital Marketing 6 Solutions? 7 A. No. 8 Q. Okay. And whose idea was it for her to own 9 Digital Marketing Solutions? 10 A. Basically, we went out, everybody in our 11 group, regarding who could own a company. Houston 12 was having a tax issue, so he didn't want to have a 13 company under his name. So me and Mike discussed 14 it, and Kasia was decided. 15 Q. Was she already working for you in 16 accounting by then? 17 A. Yes. She's been working accounting for 18 couple of years. 19 Q. So was she already in that group, or is she 20 somebody that you guys asked to open a company 21 outside of the group? 22 A. She worked for Local Lighthouse. That's all 23 she did until December or November of 2015 -- '14. 24 That was asked her, and she formed a company in 25 December 1st, I guess. That's when -- no,</p>	<p style="text-align: right;">197</p> <p>1 A. I did it, some at home. I did some at the 2 Red Hill -- the new Red Hill office. 3 Q. And did Tyler Hall have an office at the new 4 Red Hill office? 5 A. Yes, he did. 6 Q. What about Ray Verallo? 7 A. Yes, he did. 8 Q. Did Andrew Yoshioka work out of that office? 9 A. Andrew worked as a salesperson out of that 10 office for a few months, and then -- 11 Q. What about when he was doing the 12 bookkeeping? 13 A. He was working at Mike's home. 14 Q. Okay. Did -- do you know of anybody ever 15 having an office at 15941 Red Hill Avenue? 16 A. Yes. Is that the building in the middle; 17 correct? 18 Q. It's in the same complex, yes. 19 A. Complex, yes. There's one building in the 20 middle. Yes. Auto warranty company was there. 21 Auto warranty company was there. 22 Q. What company was that, if you remember? 23 A. I don't know the exact full name, but -- 24 Warranty Alliance? 25 Q. And --</p>
<p style="text-align: right;">196</p> <p>1 January 1st of 2015 she got involved. 2 Q. Got it. 3 We've been talking a lot about 4 15991 Red Hill. Was all this group working together 5 all in the same suite? 6 A. Yes. 7 Q. And did any related companies lease any 8 other space in that building? 9 A. No. Lease was under Savilo Support. Then 10 new lease was created under Local Lighthouse. Then 11 that was it. 12 Q. And were -- how long did you all stay at 13 15991? 14 A. Until March of 2014. 15 Q. Where did you move then? 16 A. We moved to Local Lighthouse, moved the main 17 operation to 2975 Red Hill office. 18 Q. And then did all of the, sort of, support 19 work for the dialing companies also move to that new 20 office? 21 A. Local Lighthouse operated the 2975. Our 22 other office really did not operate in that 23 location. Accounting was done by me, and that was 24 it. 25 Q. So where did you do that accounting work?</p>	<p style="text-align: right;">198</p> <p>1 A. There was initial for it. There was WAZ and 2 PAZ. And -- 3 Q. In 15991, what suite number were you all 4 working in? 5 A. Suite 100. And later on we -- 6 Q. Could it have been 200? 7 A. No, later on we also -- sorry. Yes, 8 Suite 200. Suite 200 and Suite 202. Little office 9 was rented on the side, added to the lease for Local 10 Lighthouse -- needed more room. 11 Q. And what about Suite 204, did you ever have 12 that one too? 13 A. I -- I thought it was 2 -- it's been a 14 while. I thought it was 200 and 202. Is it 202 and 15 204? 16 Q. Well, I don't know. I'm asking if you -- 17 A. It's one of those two. It's 200 and 202 or 18 202 and 204. 19 Q. Okay. 20 A. One suite was just basically one tiny 21 office. 22 Q. Okay. And at 2975, there you are in 23 Suite 100; is that right? 24 A. Correct, yes. 25 Q. Just to go back at 15991, what was in the</p>

25 (Pages 195 to 198)

Allorey, Inc.

8/18/2016

199

1 **small extra office, whether it was 202 or 204?**

2 A. Local Lighthouse needed more Customer
3 Service and IT and Writing Department, Social Media
4 Department, so we rented a little bit more area.

5 **Q. And did you lease that directly from the**
6 **landlord?**

7 A. Correct.

8 **Q. And these leases were in the name of Savilo?**

9 A. Local Lighthouse.

10 **Q. Local Lighthouse.**

11 **Okay. Were they originally in the name of**
12 **Savilo?**

13 A. Savilo only had a lease for the main
14 location, and Savilo lease expired.

15 **Q. 200 --**

16 A. Christina Lee no longer wants to sign for it
17 or she's unavailable, so -- and Local Lighthouse is
18 running the main lead business in the suite, so me
19 and Eric signed the new lease.

20 **Q. Did Secure Alliance ever have office space,**
21 **other than in with Local Lighthouse?**

22 A. It had a mailbox, and that was it.

23 **Q. Okay. Before we move on, I want to go back**
24 **briefly to Andrew Yoshioka and -- in his work on the**
25 **finance, and I want to show you Exhibit 151, which**

200

1 **has been previously marked.**

2 (The FTC's Exhibit 151 was previously
3 marked for identification by the
4 court reporter and is attached
5 hereto.)

6 BY MR. EVANS:

7 **Q. And these are two different parts of the**
8 **same email chain stapled together. In both of them**
9 **there is a May 6 -- or -- I'm sorry -- May 4 email.**
10 **So on the back page of the whole thing and the front**
11 **page you'll have the same email, and then there's**
12 **just some different replies.**

13 A. Okay.

14 **Q. And on May 4, 2015, you are writing to Teo**
15 **Marin, iinfo@dialsoftinc.com, Andrew Yoshioka, with**
16 **a copy to Victor Kingsland; is that correct?**

17 MR. KREINDLER: On the back. Flip it back.

18 THE WITNESS: Yes.

19 BY MR. EVANS:

20 **Q. And you're saying, "Please send all email to**
21 **Andrew directly." Correct?**

22 A. Yes.

23 **Q. So does this represent the time that things**
24 **formally were handed off from you to Andrew to keep**
25 **the books?**

201

1 A. I'm not sure. This email chain was Voice,
2 Inc., used to send daily or weekly credit memo and
3 invoices. It was automated email that was coming to
4 me, or it was forwarded to me, and I was just
5 replying back to Teo saying please do not send
6 emails to me anymore because I was -- at that point
7 I did not want to be involved any more at all.

8 **Q. And you had handed it off to Andrew?**

9 A. Correct.

10 **Q. So the very first email goes to**
11 **info@dialsoftinc.com. Whose email box was that?**

12 MR. KREINDLER: When you say "the first,"
13 you mean the last on the exhibit?

14 MR. EVANS: In time. I'm sorry. Yes. The
15 oldest email, the one that starts this whole thing
16 off, the credit memo coming from ShoutPoint -- or
17 Voice, Inc.

18 THE WITNESS: Can you repeat the question?
19 BY MR. EVANS:

20 **Q. Yeah.**

21 **Whose email box is info@dialsoftinc.com?**

22 A. It was mail -- it was account that was set
23 up by Andy and Ray, and it was just being forwarded
24 to me.

25 **Q. So you received the email that went to that**

202

1 **inbox?**

2 A. Yes.

3 **Q. And so then if you turn to the middle page,**
4 **do you see the email that starts "Good morning, Jill**
5 **is no longer working with the company"?**

6 A. Okay.

7 **Q. And it says, "Can we CC info@dialsoftinc.com**
8 **in the future?"**

9 **Do you know what the answer to that question**
10 **was?**

11 A. No, I don't remember.

12 **Q. I don't think there's an email that shows**
13 **that.**

14 A. Since I got this, I just say, you know what?
15 To me it didn't matter. I said please let's keep
16 sending the email to Yoshi.

17 **Q. And Yoshi is a nickname for Andrew Yoshioka?**

18 A. Yes.

19 **Q. And so after that, all of these kind of**
20 **communications went to him and not you?**

21 A. I might -- it was automatic email, so I
22 might have still gotten it, but I never really check
23 those emails anyway.

24 **Q. So by this point you had really transitioned**
25 **this kind of thing to Andrew?**

26 (Pages 199 to 202)

Allorey, Inc.

8/18/2016

203

1 A. Yes.
2 **Q. Okay.**
3 A. Way, before May 4th Andrew was keeping track
4 of the daily transactions on the dialers.
5 **Q. You said that Ray and Andy set up that email**
6 **address dialsoftinc.com. Did either of them check**
7 **that email?**
8 A. Let me retract that. I don't know exactly
9 who set it up or who did it, but it was given to me
10 by Andy. Any kind of those email forwarding or
11 emails set up was usually done by Ray, so I'm
12 assuming that Ray and Andrew -- Andy Salisbury was
13 involved and giving it to me.
14 MR. EVANS: Hmm, can you guys give us just a
15 minute? We need to talk to somebody who thinks
16 they're taking over this room.
17 (Recess)
18 MR. EVANS: Go back on the record.
19 BY MR. EVANS:
20 **Q. I'd like to talk about TelWeb, to better**
21 **understand that. What's your understanding, just in**
22 **general, of what TelWeb is?**
23 A. They're the dialing platform. They created
24 a software. They purchased a telephone lines from
25 the telephone company such as AT&T and Verizon.

204

1 They have 80,000 lines available, or more or less,
2 it depends, and dialing clients to political dials
3 or emergency services being used to use that
4 platform to make a voice broadcasting.
5 **Q. And then it was also used for telemarketing,**
6 **voice broadcasting through Mike Jones and others;**
7 **right?**
8 A. Correct.
9 **Q. Does TelWeb go by any other names?**
10 A. They go by NetDot Solution, Voice, Inc., and
11 I don't even know what Teramesh is, but that's
12 another company that I send money to.
13 **Q. So those are the companies that own it or**
14 **manage it, but the system itself, you generally call**
15 **that TelWeb?**
16 A. Correct.
17 **Q. Would you ever call it anything else?**
18 A. ShoutPoint, for the predictive dialer.
19 **Q. Okay. Where does the data for who to call**
20 **come from, for TelWeb?**
21 A. Depends on the campaign. Depends on who's
22 dialing it, who's using it. Most of the dialing
23 clients has their own data they put in. Some --
24 **Q. And can they upload that themselves?**
25 A. Yes.

205

1 **Q. Do some clients buy data from a Mike Jones**
2 **company?**
3 A. Yes. I believe Mike Jones do sell data
4 directly to clients.
5 **Q. Do you know where Mike Jones gets that data?**
6 A. No.
7 **Q. Is that the data management that Steve**
8 **Stansbury did, that we talked about earlier?**
9 A. Steve assists Mike in gathering datas, to
10 organizing datas and selling data.
11 **Q. And we talked earlier about A-N-I's or ANIs.**
12 **Can a client bring their own ANI, or do they have to**
13 **buy one from you guys?**
14 A. No.
15 **Q. From Mike Jones?**
16 A. Most dialing client, they have their own
17 contract with the ANI provider and they put in their
18 own ANIs.
19 **Q. Okay. So a client might have one contract**
20 **with an ANI provider and a separate contract with**
21 **the dialing company?**
22 A. Correct.
23 **Q. But the ANI provider and the dialing company**
24 **are both Mike Jones's companies?**
25 A. No, no. EngageTel, Omega, they're the ANI

206

1 provider; right? And -- or there might be more than
2 that, but those are only two I know of. People will
3 contact them and get ANIs, and they will contact
4 Mike Jones to get a dialing account set up. And
5 they will --
6 **Q. So what --**
7 A. -- put --
8 **Q. -- about --**
9 A. Go ahead.
10 **Q. The Data World, you say, also played a role**
11 **with the ANIs and Secure Alliance after that. What**
12 **role did they play? Did they provide the ANI --**
13 A. They provide ANI to local Local Lighthouse
14 or Savilo or Secure Alliance and other -- or the
15 other inhouse, like those Mike Jones entity
16 companies.
17 **Q. Got it.**
18 **So that other outside clients would go to**
19 **the ANI provider and get their own ANIs?**
20 A. Correct.
21 **Q. And what's your basis for your understanding**
22 **of how that works?**
23 MR. KREINDLER: Of how what works?
24 BY MR. EVANS:
25 **Q. How the ANIs system works. Did Mike Jones**

27 (Pages 203 to 206)

Allorey, Inc.

8/18/2016

207

1 explain that to you?

2 A. All I know is if you -- each campaign needs
3 to have ANI in there so the caller I.D. shows up.
4 And TelWeb requires that caller I.D. is able to
5 receive lot of calls. Let's say if you put your own
6 telephone number on the ANI, the caller I.D., and
7 you blast a million call. You get, let's say,
8 thousand calls come back in. Regular number cannot
9 handle a thousand calls. So this ANI providers
10 have, you know, a way, a system that is able to take
11 those calls into messaging system, and they find out
12 whether to put it under DNC or something. But I
13 don't know how they make money on it, but they do
14 make money on it from the telephone companies.

15 Q. How did you learn what you know about the
16 ANIs?

17 A. Mike, Ray, Tyler -- was when Tyler was
18 involved.

19 Q. They explained it to you over time?

20 A. Little pieces at a time. I was never
21 involved in direct dialing process or setting up
22 campaign or any of the actual dialing wise. I was
23 only in charge of the money coming in, posting,
24 money going out.

25 Q. So when you signed in to TelWeb, did you

208

1 ever do anything in TelWeb other than post money to
2 accounts?

3 A. With direct instruction from Mike, later on
4 he gave me access to create a user or account below
5 the main accounts, and I was able to set up a new
6 account user name and access and set prices on the
7 lower accounts.

8 Q. For new clients?

9 A. For new clients that Mike tells me to set it
10 up with them. He will tell me what price to set up
11 and where to set it, with instruction.

12 Q. So the prices that Mike Jones's companies
13 charged his clients were higher than what Mike Jones
14 was paying to TelWeb --

15 A. Correct.

16 Q. -- is that correct?

17 A. Yes.

18 Q. Okay. And that's how those companies made
19 money?

20 A. Yes.

21 Q. Basically, the spread between what TelWeb
22 charged and what they were charging?

23 A. Correct.

24 Q. Why didn't those companies save themselves
25 some money by just going to TelWeb and going to get

209

1 their own account?

2 A. Mike had exclusive relations with Jamie.
3 And everybody who knew TelWeb, as far as I knew, you
4 could only go through Mike. But of course now we
5 know that --

6 Q. How do you know that?

7 A. -- there's a couple other main guys there.

8 Q. How --

9 A. How --

10 Q. How did you come to know that Mike Jones had
11 an exclusive arrangement?

12 A. Because that's what he told us, and Andy,
13 Nick --

14 Q. Did anybody ever explain to you why
15 everything went through Mike Jones?

16 A. No.

17 Q. What about for voice broadcasting? Where
18 did the prerecorded messages come from?

19 A. Lead generators or clients who use accounts
20 directly, they would put their own messages in.

21 Q. They would upload them to TelWeb on their
22 own?

23 A. Yes.

24 Q. What website would you go to, to log into
25 TelWeb?

210

1 A. They were -- throughout the times they had
2 changed a few times. Initially --

3 Q. That you remember?

4 A. Initially, it was TelWeb that -- it actually
5 had TelWeb, T-e-l-w-e-b, slash, something, and
6 that's how you logged in. Then later on Ray set up
7 another account, another domain called MXS --

8 MR. KREINDLER: If you don't remember --

9 THE WITNESS: I don't remember. It started
10 with M something and dot net, and that's how you log
11 into that.

12 BY MR. EVANS:

13 Q. Yeah. And Ray set that up?

14 A. Yes. And most likely, it was through Mike's
15 instruction.

16 Q. Any other websites that you remember signing
17 in to TelWeb through?

18 A. ShopPoint.com. Sometimes the domains will
19 go down. Then you have to find the way to get back
20 in there using the main TelWeb or ShopPoint access.

21 Q. You said earlier that ShopPoint was where
22 you would go for predictive dialing?

23 A. Correct.

24 Q. And --

25 A. But however, domain wise, you have access to

28 (Pages 207 to 210)

Allorey, Inc.

8/18/2016

211

1 get in either way. It depends on user I.D. and
2 password, I guess.

3 **Q. So that separation is more for billing**
4 **purposes?**

5 A. Yes.

6 **Q. Does TelWeb have do not call features?**

7 A. Yes, it does.

8 **Q. How does that work, in general?**

9 A. They have their own master D and C, national
10 do not call list, registry. They have it in their
11 host system, plus any other numbers people have put
12 in there, so do not call list. So --

13 **Q. So each customer could have their own?**

14 A. Yes, each customer could have their own.

15 MR. EVANS: Just to help the conversation,
16 let me show you Exhibit 129.

17 (The FTC's Exhibit 129 was marked
18 for identification by the court
19 reporter and is attached hereto.)

20 BY MR. EVANS:

21 **Q. And this is an email from March 23rd of**
22 **2012; is that correct?**

23 A. Yes.

24 **Q. So I'm going to start with the third message**
25 **down, about halfway down the page, from Dennis**

212

1 **Carlson. Do you see that?**

2 A. Yes.

3 **Q. And you mentioned earlier that EngageTel was**
4 **an ANI provider. Who's Dennis Carlson?**

5 A. Dennis Carlson is the owner of EngageTel,
6 from my knowledge.

7 **Q. And then there's a cc to an address. That's**
8 **service@callerhelp.org. Do you know what that is?**

9 A. No, I do not.

10 **Q. And the subject is "Emergency scrub**
11 **request."**

12 **What does that mean to you?**

13 A. They had a number that nobody should dial
14 and was dialed by accident.

15 **Q. And then so in the middle you replied**
16 **saying -- or I think you may have forwarded it, it's**
17 **unclear, but you said, "Please add below numbers to**
18 **DNC list. It is already added to our DWT DNC."**

19 **What is DWT DNC?**

20 A. I believe at the time the account name, Mike
21 Jones main account name was under DWT, which was
22 data or technology --

23 **Q. What does that stand for?**

24 A. -- data or technology, but that is just a
25 name that Mike Jones could change any time of the

213

1 day, but that was name that was being used at the
2 time. And it seems like I add those numbers to DWT,
3 customer DNC list --

4 **Q. So then --**

5 A. -- and --

6 **Q. So you said a minute ago that you could**
7 **create user I.D.'s under the main one. Is DWT an**
8 **example of the main user I.D.?**

9 A. Correct. No, DWT is not a user, but name of
10 the account.

11 **Q. Sure.**

12 A. Yeah.

13 **Q. So that's the top level account, and then**
14 **all the clients have accounts under that?**

15 A. Correct.

16 **Q. Could those clients resell to more clients**
17 **under them?**

18 A. Yes, they do.

19 **Q. Or they could also just be making calls**
20 **themselves?**

21 A. Correct. They could do both.

22 **Q. Okay. In terms of the money that you would**
23 **check every morning, was that only from the first**
24 **level, right under DWT --**

25 A. Yes.

214

1 **Q. -- or did you get money in from everybody on**
2 **the system?**

3 A. Money will come from the first level of the
4 clients.

5 **Q. So basically, all --**

6 A. Dean Austin, Justin Ramsey, they have their
7 own clients, but they will send to Justin Ramsey or
8 they will send it to Dean Austin, and then they will
9 send that money to Allorey or whatever, to their own
10 main account.

11 **Q. So it would always flow up, like up tree**
12 **roots?**

13 A. Yes.

14 **Q. The last email here is from Tracie Conner at**
15 **ShoutPoint Support. Who is that?**

16 A. She's also another --

17 **Q. That's at the top of the page.**

18 A. Tracie Conner was another IT at NetDot
19 Solution or TelWeb, whichever company. It's
20 dialing platform. And any IT issues or money that
21 needed to be posted urgently, I would send it to her
22 and she would make the posting.

23 **Q. And she says that she added the numbers to**
24 **the Master DNC. What does that mean?**

25 A. She's saying that she add that number to

29 (Pages 211 to 214)

Allorey, Inc.

8/18/2016

351

1 Connection?
 2 THE WITNESS: Yes.
 3 BY MR. EVANS:
 4 **Q. Do you know of the company Paramount**
 5 **Marketing?**
 6 A. Paramount Marketing, I believe it's one of
 7 Andy's company.
 8 **Q. And what about the company Netversa?**
 9 A. Netversa was a company that was created by
 10 Mike Jones, Douglas James, Sean -- I don't remember
 11 his last name -- and Andy to create an online
 12 directory company and posting.
 13 **Q. And what became of that?**
 14 A. He spent couple hundred thousand dollar and
 15 closed.
 16 **Q. Where did that money come from?**
 17 A. Mike spend his portion of distribution money
 18 that he received to run the campaign -- or run
 19 the --
 20 **Q. But nothing ever became of it?**
 21 A. He lost money and closed.
 22 **Q. Was the goal of Netversa -- correct me if**
 23 **I'm wrong -- but to create software that can**
 24 **automate some of the FTO work that Local Lighthouse**
 25 **did manually?**

352

1 A. Yes. Initially it was pitched to me and
 2 Eric to help out that company and work with the
 3 company, but me and Eric thought of it that that was
 4 just a competition just being created by one of the
 5 par- -- Mike. So we told him that Local Lighthouse
 6 will not be involved in that company, or me and Eric
 7 will not invest in that company. So Netversa, Mike
 8 funded it by himself, and it did not work out and he
 9 closed it.
 10 **Q. Where were the programmers that Netversa**
 11 **used?**
 12 A. He had it at home. He had it -- he rented
 13 an office, World office in Red Hill.
 14 **Q. Netversa had an office at Red Hill?**
 15 A. He rented another office.
 16 **Q. A different suite?**
 17 A. Yes.
 18 **Q. Okay. And did Netversa do anything else**
 19 **besides software development?**
 20 A. That's what I heard of, software development
 21 for the directory submission and search.
 22 **Q. Did you control the finances of Netversa?**
 23 A. No, I did not.
 24 **Q. Who did?**
 25 A. I believe it was Andy.

353

1 **Q. And do you know of any other interaction**
 2 **between Netversa and Mike Jones's company?**
 3 A. Netversa, at one point, tried to dial a
 4 business like Local Lighthouse to acquire clients.
 5 **Q. And so it was doing lead generation?**
 6 A. No. It was trying to acquire clients
 7 directly themselves.
 8 MR. KREINDLER: Hey, guys, I'm sorry. I
 9 had -- I thought this was going to be over a while
 10 ago. I have to leave in like five minutes.
 11 MR. EVANS: We'll be done in three.
 12 MR. KREINDLER: Okay. Go.
 13 BY MR. EVANS:
 14 **Q. So it was competing against Local**
 15 **Lighthouse?**
 16 A. Direct competition.
 17 **Q. Okay. But it didn't last long?**
 18 A. No.
 19 **Q. And are you aware of the company Connector**
 20 **Health?**
 21 A. Yes.
 22 **Q. What's Connector Health?**
 23 A. It's Andy Salisbury and his partner's
 24 company.
 25 **Q. Did that company have any relationship with**

354

1 **any of Mike Jones's companies?**
 2 A. No.
 3 **Q. And just really quickly then, going back to**
 4 **TelWeb, prior to -- there are times during the**
 5 **entire time that you worked with Mike Jones he did**
 6 **all of his dialing through TelWeb; is that right?**
 7 A. Correct.
 8 **Q. He never used any other dialer?**
 9 A. No.
 10 **Q. So every single call that Mike Jones and his**
 11 **clients made was a TelWeb call?**
 12 A. Yes.
 13 MR. EVANS: Okay.
 14 MR. BARLOW: Let me just ask you, TelWeb and
 15 Jamie Christiano knew that Mike Jones and his
 16 customers were using it to place calls with
 17 prerecorded messages; is that right?
 18 THE WITNESS: Yes.
 19 BY MR. EVANS:
 20 **Q. How do you know that they did that?**
 21 MR. KREINDLER: How do you know?
 22 THE WITNESS: How did Jamie know?
 23 BY MR. EVANS:
 24 **Q. No, how do you know that Jamie was aware**
 25 **that they were prerecorded messages?**

64 (Pages 351 to 354)

Allorey, Inc.

8/18/2016

355

1 (Mr. Kreindler leaves the room.)
 2 THE WITNESS: Because that's the business
 3 that Mike was doing since before I was even there,
 4 and I believe Jamie always knew what was going on.
 5 MR. BARLOW: And when Mike and Nick Long and
 6 Andy Salisbury were sued by the State of Texas, did
 7 you ever hear anybody discuss that they had
 8 mentioned it to Andy --
 9 (Mr. Kreindler enters the room.)
 10 MR. BARLOW: -- I mean to James Christiano?
 11 Was NetDot Solutions aware of that lawsuit?
 12 THE WITNESS: I believe they got subpoenaed,
 13 everybody got subpoenaed.
 14 MR. BARLOW: Okay. Great.
 15 Is there anything else you can tell us about
 16 NetDot Solutions and its knowledge of Mike Jones
 17 business?
 18 THE WITNESS: No.
 19 MR. EVANS: Okay. Fair enough. Thank you
 20 for sticking in 'til the bitter end.
 21 We will close the investigational hearing
 22 now. Mr. Kreindler already has the proposed order
 23 and the complaint, and so we will look forward to
 24 hearing back from him on that and about other
 25 matters.

356

1 MR. KREINDLER: Do you want us to sign that
 2 and send it back to you?
 3 MR. EVANS: You're welcome to sign, yeah,
 4 and send it back at any time, and Mr. Oakley as
 5 well.
 6 MR. KREINDLER: Oh, okay.
 7 MR. EVANS: No problem.
 8 MR. KREINDLER: All right. Will do.
 9 MR. BARLOW: Yeah. Now, tomorrow, or
 10 whatever you want.
 11 MR. KREINDLER: Okay.
 12 MR. EVANS: So with that we'll close the
 13 record. And I want to thank the court reporter for
 14 being so patient with us over video and phone and
 15 handling the exhibits. Thank you very much.
 16 THE REPORTER: Thank you.
 17 MR. BARLOW: Thank you both, Mr. Kreindler
 18 and Mr. Paik.
 19 THE WITNESS: Thank you.
 20 MR. KREINDLER: All right. Thank you.
 21
 22 (Proceedings concluded at 5:24 p.m.)
 23
 24
 25

357

1 REPORTER'S CERTIFICATE
 2
 3 I, the undersigned, a Certified Shorthand
 4 Reporter of the State of California, do hereby
 5 certify;
 6 That the foregoing proceedings were taken
 7 before me at the time and place herein set forth;
 8 that any witnesses in the foregoing proceedings,
 9 prior to testifying, were placed under oath; that a
 10 verbatim record of the proceedings was made by me
 11 using machine shorthand, which was thereafter
 12 transcribed under my direction; further, that the
 13 foregoing is an accurate transcription thereof.
 14 I further certify that I am neither
 15 financially interested in the action, nor a relative
 16 or employee of any attorney of any of the parties.
 17 IN WITNESS WHEREOF, I have this date
 18 subscribed my name.
 19
 20 Dated:
 21
 22
 23
 24 CHRISTINA KIM-CAMPOS
 25 CERTIFICATE NO. 12598

65 (Pages 355 to 357)

In the Matter of:

Allorey, Inc.

September 24, 2015
Steven Charles Stansbury

Condensed Transcript with Word Index



For The Record, Inc.
(301) 870-8025 - www.ftrinc.net - (800) 921-5555

Stansbury

Allorey, Inc.

9/24/2015

<p>1 2 3 4 WITNESS: 5 STEVEN CHARLES STANSBURY 6 BY MR. EVANS 7 BY MR. BARLOW 8 9 10 EXHIBITS 11 Number 104 12 Number 105 13 14 Number 106 15 16 Number 107 17 18 19 20 21 22 23 OTHER EXHIBITS REFERENCED 24 Number 10 25</p> <p>FEDERAL TRADE COMMISSION I N D E X EXAMINATION: 4, 133 100, 134 DESCRIPTION Civil Investigative Demand State of California Secretary of State Statement of Information Union Bank, N.A., Bank -- Depositor Agreement Business Deposit Accounts State of Nevada Secretary of State Dial Soft Technologies, Inc. PAGE 81</p>	<p>3 1 APPEARANCES: 2 ON BEHALF OF THE FEDERAL TRADE COMMISSION: 3 JAMES E. EVANS, Attorney Federal Trade Commission 4 600 Pennsylvania Avenue N.W. Mail Stop H-286 5 Washington, DC 20580 (202) 326-2026 jevans1@ftc.gov 6 7 IAN L. BARLOW, Attorney 8 Federal Trade Commission 600 Pennsylvania Avenue N.W. 9 Mail Stop H-286 Washington, DC 20580 10 (202) 326-3120 ibarlow@ftc.gov 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25</p>
<p>2 1 2 3 4 5 INVESTIGATIONAL HEARING) RE: ALLOREY, INC.) 6 _____) 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25</p> <p>Thursday, September 24, 2015 Ronald Reagan Federal Building and U.S. Courthouse 411 West Fourth Street Room 1-159 Santa Ana, California 92701 The above-entitled matter came on for investigational hearing, pursuant to notice, at 1:38 p.m.</p>	<p>4 1 P R O C E E D I N G S 2 - - - - - 3 Whereupon-- 4 STEVEN CHARLES STANSBURY 5 a witness, called for examination, having been first 6 duly sworn, was examined and testified as follows: 7 EXAMINATION 8 MR. EVANS: So under the rules of the 9 Commission there's a brief opening statement to just 10 put forward the ground rules, and Mr. Barlow will read 11 that. 12 You'll swap out the names in that? 13 MR. BARLOW: Yeah, I can handle that. 14 Good afternoon, Mr. Stansbury. Thank you for 15 coming. We appreciate it. 16 This is the investigational hearing of Steve 17 Stansbury. This investigational hearing is convened 18 at 1:38 p.m. on Thursday, September 24th, 2015, at the 19 Ronald Reagan U.S. Courthouse and Federal Building, 20 411 West Fourth Street, Santa Ana, California. 21 Appearing for the Federal Trade Commission is 22 myself, Ian Barlow, as what's called the hearing 23 officer for the Federal Trade Commission. Also 24 present as counsel for the Federal Trade Commission is 25 Mr. James Evans.</p>

1 (Pages 1 to 4)

Stansbury
Allorey, Inc.

9/24/2015

<p style="text-align: right;">5</p> <p>1 Mr. Stansbury is here today without an</p> <p>2 attorney, and we can proceed to that later, and we'll</p> <p>3 discuss that just now.</p> <p>4 This proceeding is in relation to a nonpublic</p> <p>5 Commission investigation to determine whether certain</p> <p>6 telemarketers, sellers, or others assisting them have</p> <p>7 engaged in, or are engaging in, one, unfair or</p> <p>8 deceptive acts or practices in or affecting commerce</p> <p>9 in violation of Section 5 of the Federal Trade</p> <p>10 Commission Act, 15 U.S.C. Section 45, as amended,</p> <p>11 and/or, two, deceptive or abusive telemarketing acts</p> <p>12 or practices in violation of the Commission's</p> <p>13 Telemarketing Sales Rule, 16 C.F.R. Part 310, as</p> <p>14 amended, including, but not limited to, the provision</p> <p>15 of substantial assistance or support to telemarketers</p> <p>16 engaged in unlawful practices.</p> <p>17 The procedures which will be followed in this</p> <p>18 investigational hearing are outlined in the Federal</p> <p>19 Trade Commission's Rules of Practice, specifically</p> <p>20 Part 2, nonadjudicated procedures, Subpart A, which</p> <p>21 pertain to investigations and investigational hearings</p> <p>22 beginning with Section 2.1 through 2.14.</p> <p>23 Mr. Stansbury, I'd like to draw your</p> <p>24 attention particularly to Section 2.9 of the Federal</p> <p>25 Trade Commission's rules which provides that any</p>	<p style="text-align: right;">7</p> <p>1 THE WITNESS: Yes, I am.</p> <p>2 MR. BARLOW: Okay. And you -- that's fine.</p> <p>3 Mr. Evans?</p> <p>4 MR. EVANS: Sure. Okay. Thank you,</p> <p>5 Mr. Barlow.</p> <p>6 Q So once again, Mr. Stansbury, my name is</p> <p>7 James Evans. I'm here with the Federal Trade</p> <p>8 Commission.</p> <p>9 How familiar are you with the FTC?</p> <p>10 A Not very. I know the name. I pretty much</p> <p>11 know how to spell it.</p> <p>12 Q Sure.</p> <p>13 A Beyond that, I just -- whatever, you know,</p> <p>14 Federal Trade Commission, Fair Trade Acts.</p> <p>15 Q Sure. Well, let me first -- let me first, as</p> <p>16 Mr. Barlow mentioned, put into the record a copy of</p> <p>17 the CID, and you already brought one.</p> <p>18 We're on -- this is going to be Exhibit 104.</p> <p>19 (Exhibit 104 marked.)</p> <p>20 BY MR. EVANS:</p> <p>21 Q You are our last investigational hearing.</p> <p>22 You have not missed all of the other 103 exhibits.</p> <p>23 A Oh, my goodness.</p> <p>24 Q So --</p> <p>25 A Practice makes perfect, but anyway --</p>
<p style="text-align: right;">6</p> <p>1 person compelled to appear and testify or produce</p> <p>2 documentary evidence may be accompanied, represented,</p> <p>3 and advised by counsel, or a lawyer, according to</p> <p>4 Federal Trade Commission rules.</p> <p>5 Any representation in this hearing, if there</p> <p>6 were a representative, would be in accordance with</p> <p>7 those rules as prescribed by Section 2.9, Subparts B1</p> <p>8 through -6.</p> <p>9 The purpose of this proceeding is to receive</p> <p>10 testimony under a Civil Investigative Demand duly</p> <p>11 served on Mr. Stansbury.</p> <p>12 This is the original return date of that CID,</p> <p>13 and the CID was authorized and issued pursuant to the</p> <p>14 Federal Trade Commission resolution in File Number 012</p> <p>15 3145 dated April 11, 2011.</p> <p>16 In order to facilitate reference during this</p> <p>17 hearing, I have asked Commission counsel, Mr. Evans,</p> <p>18 to place into the record as an exhibit a copy of the</p> <p>19 CID, including the Commission's resolution and</p> <p>20 attached specifications.</p> <p>21 And as hearing officer, before I turn this</p> <p>22 proceeding over to Mr. Evans to conduct this, I just</p> <p>23 want to confirm with you: You're not with a lawyer</p> <p>24 today, but are you -- you are comfortable proceeding</p> <p>25 without an attorney today?</p>	<p style="text-align: right;">8</p> <p>1 Q You recognize that as the same -- as a copy</p> <p>2 of the CID that you brought with you there?</p> <p>3 A Yeah, down to the signature.</p> <p>4 Q Okay. Great.</p> <p>5 A Yes, I do recognize the same document.</p> <p>6 Q Okay. So we'll just -- we'll put that into</p> <p>7 the record.</p> <p>8 A Yeah, down to the last page.</p> <p>9 Q So I'll say, in general, the FTC is an agency</p> <p>10 of the federal government. It is a civil regulatory</p> <p>11 agency, so we do not deal with criminal laws and we do</p> <p>12 not have any authority to bring criminal cases.</p> <p>13 What we are investigating in this</p> <p>14 investigation is not a criminal matter. We are</p> <p>15 investigating telemarketing practices --</p> <p>16 A Okay.</p> <p>17 Q -- that are regulated by rules that the</p> <p>18 Federal Trade Commission has issued, the Telemarketing</p> <p>19 Sales Rule, which prescribes certain rules on what you</p> <p>20 can and can't do in telemarketing.</p> <p>21 I think maybe you've heard of the National Do</p> <p>22 Not Call Registry?</p> <p>23 A Yes.</p> <p>24 Q Okay. And another part of our rules deals</p> <p>25 with calls that deliver prerecorded messages.</p>

2 (Pages 5 to 8)

Allorey, Inc.

9/24/2015

9

1 Are you familiar with the term "RoboCalls"?

2 A Yes, I am familiar with that.

3 Q And another part deals with sending correct

4 caller ID information, or sometimes called spoofing if

5 you use a fake caller ID.

6 Are you familiar with that?

7 A I'm familiar with spoofing, yes.

8 Q Okay. So this investigation is into a group

9 of companies that appear -- that evidence indicates

10 are involved with RoboCalling, Do Not Call violations,

11 and spoofing.

12 A couple of those companies are associated

13 with you, and so that's why we want to talk to you and

14 find out your perspective on how these companies got

15 started, who else was involved, what they did. So I

16 hope that this will be familiar to you.

17 And so let's start -- yeah, I think there's

18 two main companies that we are going to talk about.

19 A One of which is Data World?

20 Q That's correct.

21 A And the other one?

22 Q Dial Soft Technologies.

23 A I mean, actually, you're going to find that

24 I'm really ignorant. I heard the name for the first

25 time a couple months ago, and I have no idea who --

10

1 anything about that one.

2 Q And you reminded me, just to note, that first

3 when I said "Dial Soft," you nodded your head -- you

4 shook your head. I want to go over a couple of things

5 to keep in mind.

6 Please say all answers aloud rather than

7 shaking your head or nodding your head.

8 A Sorry. Yes, I will.

9 Q Okay. Thank you.

10 And also because the court reporter can only

11 take down what one of us is saying at a time, please

12 wait until I finish my question to answer, and I'll

13 wait for you to finish your answer to ask another

14 question.

15 Do you understand?

16 A Understood.

17 Q Let me see what else.

18 Have you ever given testimony under oath

19 before?

20 A No.

21 Q Okay. Not in a deposition or in a court

22 case?

23 A Not that I can recall. I would think I would

24 remember anyway.

25 Q Sure. So you understand, though, that the

11

1 oath you took to give full and truthful answers would

2 be the same oath you would take in a courtroom in

3 front of a judge.

4 A That's my understanding.

5 Q Okay. If you don't understand a question

6 that I ask you, please let me know and I'll try to

7 rephrase it in another way; but if you answer the

8 question, then I'm going to assume that you understood

9 it.

10 A Thank you. I will probably take you up on

11 that.

12 Q Okay. No problem.

13 If you're not sure of an answer or you don't

14 have a complete answer based on your own personal

15 knowledge, please still answer the question, to the

16 extent that you can, and let us know if you're ever

17 assuming or guessing. Okay?

18 A Will do.

19 Q Are you sick or have you taken, or do you

20 intend to take, any medication, drugs, or alcohol that

21 would affect your ability to testify accurately and

22 truthfully today?

23 A Not before the hearing.

24 Q Understood.

25 And so you agree to give me full, fair,

12

1 truthful answers to my questions?

2 A I do intend.

3 Q Thank you.

4 And as we discussed on the way in, if at any

5 time you want to take a break, please let me know and

6 we can do that. Also, I don't think that we'll be

7 here more than 90 minutes, maybe just an hour. We'll

8 see how it goes.

9 A Thank you.

10 Q Did you do anything to prepare for today's

11 deposition?

12 A Let's see, it went through my mind a couple

13 of times. Beyond that, no, not really.

14 Q Did you talk to anybody about it?

15 A Yes, I did.

16 Q Who did you talk to?

17 A Mike Jones.

18 Q Okay. Did you talk to anybody else?

19 A No.

20 Q What did you --

21 A I mean, I wish there was -- I have a couple

22 personal friends totally unrelated, and my stress

23 levels --

24 Q I understand.

25 A -- just being able to vent to someone.

3 (Pages 9 to 12)

45

1 **Q And was that on a RoboCall model or a**
2 **predictive model or some of each?**

3 A It was -- I know for a fact it was
4 predictive.

5 **Q Okay.**

6 A Because I was managing all of those
7 predictive dialers. I do -- did they go through a
8 RoboCall model? They may have. I don't know. You
9 know, I don't know.

10 **Q What kind of work did you do for Savilo?**

11 A Let's see, I think that's when I started
12 writing server service stuff -- server communication.
13 A bona fide lead, the agents would record the
14 information, hit the submit button, and then our
15 servers would talk to their client's server.

16 **Q Okay. So the way that the leads got to the**
17 **people who were buying them?**

18 A Right. The -- it was all -- yeah, excuse me.
19 Instead of the customer -- the client having to retype
20 in all the information, it's just a way to transfer
21 that.

22 **Q How did they do it before? Did they fill out**
23 **a form?**

24 A Voice.

25 **Q Voice over the phone?**

46

1 A Yes.

2 **Q Okay. So they changed it to this computer**
3 **model?**

4 A Um-hum.

5 **Q So how long -- I think you said a minute ago**
6 **you weren't sure whether Savilo was still in business**
7 **later.**

8 **What's your thoughts on what happened to**
9 **Savilo?**

10 A As Lighthouse took off, Savilo petered out or
11 trailed out, mainly because we were all tired of --
12 I'm sorry. That is just a general statement. It's
13 not going to help you, though. My -- the only thing I
14 can tell you at this point are my emotions.

15 **Q Sure. That's helpful.**

16 A Lighthouse was a legitimate public business.
17 You could actually go home and talk to your friends
18 and family, what do you do, and not have to dance
19 around the fact that you're doing telemarketing.
20 Personally, it was -- it was so nice.

21 **Q And --**

22 A And like I say -- and I assume that other
23 people were feeling the same way. Finally get the
24 hell out of -- get out of telemarketing.

25 **Q So the transition was just a natural one.**

47

1 **Savilo wound down because Local Lighthouse got bigger?**

2 A Yes. I think that's the way it happened.

3 **Q Did a lot of people go with you from Savilo**
4 **to Local Lighthouse?**

5 A That would be yes.

6 **Q Did Mike go to Local Lighthouse?**

7 A That's an interesting question. If -- he had
8 an office, but he was never there.

9 **Q Okay. Did he -- would you say he was an**
10 **employee?**

11 A No.

12 **Q A consultant?**

13 A My guess is either a consultant would be a
14 good word or a part owner maybe, but I do not know.

15 MR. BARLOW: Why would you say -- even though
16 you say you don't know, what makes you think that it's
17 possible he was a part owner?

18 THE WITNESS: Oh. Richard was providing
19 monies to Mike, and so I'm thinking how -- why would
20 Richard do that unless there was --

21 MR. BARLOW: Yeah.

22 THE WITNESS: -- you know, an agreement
23 that -- okay. Percentage breakouts.

24 MR. BARLOW: Did Mike ever tell people at
25 Local Lighthouse "Do this" or "Do that" or "Can you do

48

1 this for me?" or "Can you do that?"

2 THE WITNESS: Oh. Mike is always asking
3 people to do stuff for him.

4 MR. BARLOW: What's the kind of things he
5 would ask somebody to do?

6 THE WITNESS: The only thing I can speak to
7 is myself.

8 MR. BARLOW: Sure.

9 THE WITNESS: "Hey, a friend of mine is doing
10 some generation. Could you write an interface to
11 retrieve this information and forward it on to that
12 server?"

13 MR. BARLOW: And did he ask you to do that
14 while you were at Local Lighthouse, that kind of
15 thing?

16 THE WITNESS: Actually, afterwards. Yes, he
17 would ask me that while I was at Lighthouse, and then
18 also --

19 MR. BARLOW: And did you ever see or hear him
20 ask anybody else to do anything at Local Lighthouse?
21 You said he was always asking people to do something;
22 right?

23 THE WITNESS: Right. And like I say, we were
24 a band of merry fellows, if you would. That's where
25 I -- Ray, Tyler, and I worked together a lot.

12 (Pages 45 to 48)

49

1 MR. BARLOW: Sorry.
 2 THE WITNESS: Oh, no. And actually, it's
 3 really interesting, and that's where -- there's other
 4 things going on also.
 5 MR. BARLOW: What other things?
 6 THE WITNESS: Oh, I don't know. Whatever
 7 shit Eric and Richard started a couple three months
 8 ago. I still don't understand it and don't --
 9 MR. BARLOW: What do you mean by that?
 10 THE WITNESS: I don't -- I honestly don't
 11 know any information about it. I think it is related
 12 to Lighthouse. I think it is related to them trying
 13 to steal the company from Mike.
 14 MR. BARLOW: Them trying to steal Local
 15 Lighthouse from Mike?
 16 THE WITNESS: Yeah. If Mike did have
 17 ownership; if Mike did; if Mike was a partner.
 18 BY MR. EVANS:
 19 **Q Is that after the FTC started looking into**
 20 **people?**
 21 A No. I think it actually started a little bit
 22 before, but I do not know.
 23 **Q Had Mike still been helping them with**
 24 **dialing?**
 25 A I do not know.

50

1 **Q Sure.**
 2 A Ask Mike.
 3 **Q Do you know at least in the early days?**
 4 A Well, see, in the early days, I think, yes,
 5 Mike did help them because they complained, I remember
 6 hearing. This is hearsay.
 7 **Q Okay.**
 8 A Because I remember them complaining.
 9 **Q Who is "them"? Sorry.**
 10 A Oh, excuse me. Eric and Richard about the
 11 cost of marketing, the cost of dialing, and so,
 12 therefore, Mike helped them negotiate or get better
 13 discounted dialing rates.
 14 MR. BARLOW: Do you know who Mike was helping
 15 them negotiate with?
 16 THE WITNESS: It probably would have been
 17 TelWeb.
 18 MR. BARLOW: And who's TelWeb?
 19 THE WITNESS: I think you might know them as
 20 NetDot.
 21 BY MR. EVANS:
 22 **Q NetDotSolutions?**
 23 A Yeah. I don't -- I think one time somewhere
 24 I seen NetDot and TelWeb. Then, again, I don't know
 25 that for sure.

51

1 **Q So early on Mike helped them negotiate better**
 2 **rates from TelWeb?**
 3 A I believe so, yes.
 4 **Q Do you know Jamie Christiano?**
 5 A Again, I know him as the head of TelWeb.
 6 **Q Okay. Do you know Patrick Etzel?**
 7 A I know there's a Patrick at TelWeb, but
 8 that's it.
 9 **Q Yeah. So maybe this is a good time to talk**
 10 **about Data World Technologies.**
 11 **Let me show you a -- start with a couple of**
 12 **corporate records for Data World Technologies and that**
 13 **might help jog your memory.**
 14 A Yeah. Because actually I was -- you're going
 15 to answer a lot of questions I had just on other
 16 things regarding Data World.
 17 **Q Sure.**
 18 MR. BARLOW: Where are we? I'm sorry.
 19 MR. EVANS: We are at 105 and 106.
 20 MR. BARLOW: I'm marking the Secretary of
 21 State 105.
 22 MR. EVANS: Great.
 23 (Exhibits 105 and 106 marked.)
 24 MR. BARLOW: And you can take a look at these
 25 copies.

52

1 THE WITNESS: All right. Thank you.
 2 2010. That was the biggest year I had in
 3 mind, and this is 2011.
 4 Holy shit. Is that the last year taxes were
 5 filed on this?
 6 BY MR. EVANS:
 7 **Q Okay. So let's look at 105. That's the**
 8 **Secretary of State records.**
 9 A Okay.
 10 **Q So I think the first page is October -- filed**
 11 **in the top right it's October of 2010; correct?**
 12 A Yes, and that does sound familiar.
 13 **Q So how did Net -- I'm sorry. How did Data**
 14 **World Technologies get started?**
 15 A I jumped on a Web site, LegalZoom, on or
 16 about October 20, 2010, and started the company, I
 17 believe, as an S Corp.
 18 **Q And why did you start the company?**
 19 A Originally, it was to provide A&I services.
 20 **Q And what does that mean?**
 21 A Caller ID services.
 22 **Q And who were you going to provide A&I**
 23 **services for?**
 24 A Savilo. Data World never did do Local
 25 Lighthouse, and there were other -- couple other

13 (Pages 49 to 52)

Allorey, Inc.

9/24/2015

53

1 people who I do not remember.
 2 **Q Anybody outside of the group of people you**
 3 **had been working with for the last few years?**
 4 A There were, I think.
 5 **Q Um-hum.**
 6 A But, again, I don't even remember the who,
 7 what, and when. And then once I -- and then somewhere
 8 around 2012 -- I don't think it was Savilo, but there
 9 were -- again, this is -- some of the other people I
 10 was providing to, I don't even know who, but I started
 11 getting -- the Savilo mailbox was getting letters from
 12 state AGs asking, and it wasn't worth it. Shut it
 13 down.
 14 MR. BARLOW: What did you shut down?
 15 THE WITNESS: Providing A&Is.
 16 BY MR. EVANS:
 17 **Q Did you shut down the company?**
 18 A No, I did not. In hindsight, I should have,
 19 but no, I did not. I believe the company was shut
 20 down. Richard did all the books for us --
 21 **Q Yeah.**
 22 A -- and all of this.
 23 MR. BARLOW: Just to expand on that, who did
 24 you -- who is "us" when you say --
 25 THE WITNESS: Another company, I think, if I

54

1 may, because I think actually there's one you didn't
 2 ask me about that with a little bit of looking you're
 3 going to find out.
 4 BY MR. EVANS:
 5 **Q I think you might want the very last page of**
 6 **that.**
 7 A There was a company called -- yes, second to
 8 last.
 9 **Q Second to last.**
 10 A Yeah. Unmazed Marketing was another S Corp.
 11 I had started through LegalZoom thinking, "Oh, maybe I
 12 will get back into the A&I game again." Three months
 13 maybe, and no.
 14 MR. BARLOW: When you say "us," was Richard
 15 doing the books for all of those companies?
 16 THE WITNESS: To my knowledge, yes.
 17 MR. BARLOW: Okay.
 18 BY MR. EVANS:
 19 **Q All the companies on that list?**
 20 A I don't know. I can't speak to too many of
 21 these companies.
 22 **Q Sure.**
 23 MR. BARLOW: How many? Just what you can
 24 speak to.
 25 THE WITNESS: I don't know who Local Business

55

1 is -- let me start at the top.
 2 Allorey, that would be a yes.
 3 Audacity, no. I mean, shoot, they're -- I
 4 only know of them from personal interest, not
 5 professional.
 6 BY MR. EVANS:
 7 **Q Let's take them one at a time.**
 8 **What is Allorey?**
 9 A I think that I don't even -- I don't know for
 10 certain whose name that was under, but I think that
 11 might have been for dialing purposes.
 12 **Q Did you ever have any involvement with**
 13 **Allorey?**
 14 A No.
 15 **Q Who --**
 16 A Not to my knowledge. Maybe I processed some
 17 data and they were the consumer of it. I do not know.
 18 **Q You said you're not sure whose name it was**
 19 **under, but who ran things for Allorey?**
 20 A Oh, to my knowledge, that would have been
 21 Richard Paik.
 22 **Q Okay. And Audacity? What is Audacity?**
 23 A It's a clothing company, a startup.
 24 **Q Is that Devon --**
 25 A Devon.

56

1 **Q -- Jones? Mike Jones' son?**
 2 A Yes.
 3 **Q And what's the next one?**
 4 A BMK does not ring a bell.
 5 **Q Okay.**
 6 A Data World, of course, is me.
 7 **Q Right. We'll come back to that.**
 8 A Dial Soft, I think at one point I heard that
 9 I -- that was on the TelWeb as a company, but I
 10 honestly do not know much about it.
 11 MR. BARLOW: Where do you think you heard
 12 that?
 13 THE WITNESS: Boy, that's a good question.
 14 Maybe -- again, no idea on how long ago. I might have
 15 heard it from Ray.
 16 MR. BARLOW: Okay.
 17 BY MR. EVANS:
 18 **Q Digital Marketing Solutions?**
 19 A No.
 20 **Q First Guard?**
 21 A No.
 22 **Q You said First Page Ranking?**
 23 A No. Actually, I don't have any knowledge. I
 24 don't know that I've ever seen that, but it sounds
 25 like something related to SEO, search engine.

14 (Pages 53 to 56)

145

1 delete something and your forensics experts come up on
 2 that, oh, my God, how does that make me look?
 3 So just for my self-preservation, no, I'm not
 4 going to destroy.
 5 MR. BARLOW: And also try and preserve as
 6 well. Try and folder things so they're not
 7 automatically deleted, if there's a system.
 8 THE WITNESS: Oh, I don't have -- I don't
 9 have automatic deletion systems.
 10 MR. BARLOW: Okay.
 11 THE WITNESS: Only because I tried them one
 12 time years ago and blew out some information.
 13 MR. BARLOW: Don't be like Tom Brady and
 14 destroy your cell phone.
 15 THE WITNESS: I've got to read up on that
 16 story. Okay. I will not.
 17 MR. EVANS: Okay. So you can keep your copy
 18 of the CID, but we'll hold on to the exhibits.
 19 THE WITNESS: The one I brought in with me?
 20 MR. EVANS: You can take that. Actually,
 21 before you hear back from us, anything involving the
 22 actual case, you'll hear something from us about the
 23 transcript and when -- basically, the long and short
 24 of it is we're not releasing any of the transcripts
 25 until about the end of next week.

146

1 THE WITNESS: Okay.
 2 MR. EVANS: After we talk to Mike Jones.
 3 MR. BARLOW: And don't discuss today's
 4 interview with Mike Jones because then we'll have to
 5 ask you about what you told Mike; that will be the
 6 first question after that. It would just benefit you
 7 and have you have less questions to follow up.
 8 Although Mike Jones knows we're speaking to
 9 you, we would ask that you keep the content of this
 10 discussion confidential. Ultimately, I guess, that's
 11 your decision, but we would request that.
 12 THE WITNESS: Okay. I understand.
 13 MR. EVANS: So unless there's anything else,
 14 we will close this for today. We're -- as a technical
 15 matter, we're leaving the record open, and that's so
 16 that any time you want to talk to us again, we can
 17 arrange for that to happen.
 18 THE WITNESS: Okay. Thank you.
 19 MR. EVANS: I was going to say, again, thank
 20 you so much for coming in and being so candid. We
 21 really appreciate your truthfulness and your full
 22 answers. It's been very helpful in a number of ways.
 23 THE WITNESS: Okay. Well, hopefully I didn't
 24 compromise too many of my friends, so.
 25 MR. EVANS: The more facts and truth is

147

1 always better for everybody.
 2 THE WITNESS: I've always -- yeah. I've
 3 always believed in when the chips are really down, the
 4 truth will set you free.
 5 MR. EVANS: Well, that seems like an
 6 excellent point to end on, so thank you very much.
 7 MR. BARLOW: Thank you.
 8 (End of proceedings 4:30 p.m.)
 9
 10
 11
 12
 13
 14
 15
 16
 17
 18
 19
 20
 21
 22
 23
 24
 25

148

1
 2
 3
 4
 5
 6
 7
 8 I do hereby declare under penalty of
 9 perjury that I have read the foregoing transcript;
 10 that I have made any corrections as appear noted; that
 11 my testimony as contained herein, as corrected, is
 12 true and correct.
 13 EXECUTED this ____ day of _____,
 14 20____, at _____, _____.
 (City) (State)

 DEPONENT

Allorey, Inc.

9/24/2015

149

1
2 I, the undersigned, a Certified Shorthand
3 Reporter of the State of California, do hereby
4 certify:

5 That the foregoing proceedings were taken
6 before me at the time and place herein set forth; that
7 any witnesses in the foregoing proceedings, prior to
8 testifying, were placed under oath; that a verbatim
9 record of the proceedings was made by me using machine
10 shorthand which was thereafter transcribed under my
11 direction; further, that the foregoing is an accurate
12 transcription thereof.

13 I further certify that I am neither
14 financially interested in the action nor a relative or
15 employee of any attorney of any of the parties.

16 IN WITNESS WHEREOF, I have this date
17 subscribed my name.

18
19 Dated: _____

20 _____
21 KIMBERLY CATHEY
22 CSR No. 10701
23
24
25

In the Matter of:

Allorey, Inc.

October 18, 2016
Raymund Verallo
Vol. 2

Condensed Transcript with Word Index



For The Record, Inc.
(301) 870-8025 - www.ftrinc.net - (800) 921-5555

<p style="text-align: right;">98</p> <p>1 FEDERAL TRADE COMMISSION</p> <p>2</p> <p>3</p> <p>4</p> <p>5 INVESTIGATIONAL HEARING) Matter No. 1523152</p> <p>6 IN RE: ALLOREY, INC.)</p> <p>7 _____)</p> <p>8</p> <p>9</p> <p>10 EXAMINATION UNDER OATH OF RAYMUND VERALLO</p> <p>11 VOLUME II</p> <p>12</p> <p>13</p> <p>14 Date and Time: Tuesday, October 18, 2016</p> <p>15 9:16 a.m. to 12:53 p.m.</p> <p>16</p> <p>17 Location: Ronald Reagan US Courthouse</p> <p>18 411 West Fourth Street</p> <p>19 Room 9031</p> <p>20 Santa Ana, California 92701</p> <p>21 Reporter: Cathy A. Wood, CSR No. 2825</p> <p>22 RMR, CRR, CLR</p> <p>23</p> <p>24</p> <p>25</p>	<p style="text-align: right;">100</p> <p>1 A P P E A R A N C E S</p> <p>2</p> <p>3 For the FTC:</p> <p>4</p> <p>5 JAMES EVANS, Hearing Officer</p> <p>6 Federal Trade Commission</p> <p>7 Bureau of Consumer Protection</p> <p>8 Division of Marketing Practices</p> <p>9 600 Pennsylvania Avenue NW, CC-8528</p> <p>10 Washington, DC 20580</p> <p>11 (202) 326-2026</p> <p>12 james.evans@ftc.gov</p> <p>13</p> <p>14 IAN BARLOW, ESQ.</p> <p>15 Federal Trade Commission</p> <p>16 Bureau of Consumer Protection</p> <p>17 Division of Marketing Practices</p> <p>18 600 Pennsylvania Avenue NW, CC-8528</p> <p>19 Washington, DC 20580</p> <p>20 (202) 326-2026</p> <p>21 ibarlow@ftc.gov</p> <p>22</p> <p>23</p> <p>24</p> <p>25</p>
<p style="text-align: right;">99</p> <p>1 EXAMINATION UNDER OATH of RAYMUND VERALLO</p> <p>2 taken on behalf of Federal Trade Commission, at 411 West</p> <p>3 Fourth Street, Room 9031, Santa Ana, California, beginning</p> <p>4 at 9:16 a.m. and ending at 12:53 p.m., on October 18, 2016,</p> <p>5 before CATHY A. WOOD, CSR No. 2825, RMR, CRR, CLR.</p> <p>6</p> <p>7</p> <p>8</p> <p>9</p> <p>10</p> <p>11</p> <p>12</p> <p>13</p> <p>14</p> <p>15</p> <p>16</p> <p>17</p> <p>18</p> <p>19</p> <p>20</p> <p>21</p> <p>22</p> <p>23</p> <p>24</p> <p>25</p>	<p style="text-align: right;">101</p> <p>1 INDEX</p> <p>2 WITNESS EXAMINATION</p> <p>3 RAYMUND VERALLO</p> <p>4 BY MR. BARLOW 103</p> <p>5 BY MR. EVANS 197, 255</p> <p>6</p> <p>7 EXHIBITS</p> <p>8 NO. DESCRIPTION PAGE</p> <p>9 10 Service Order Software License 158</p> <p>10 NetDotSolutions and Dial Soft Technologies</p> <p>11 11 TeraMesh Networks, LLC Service Order 161</p> <p>12 12 Service Order VOIP Termination 153</p> <p>13 68 Civil Investigative Demand 108</p> <p>14 70 USPS Application for Delivery of Mail 165</p> <p>15 Through Agent</p> <p>16 71 Secretary of State Statement of 186</p> <p>17 Information re Allorey Inc.</p> <p>18 72 Bank of America signature cards for 193</p> <p>19 Allorey, Inc.</p> <p>20 73 UPS Store application for a mailbox 195</p> <p>21 135 Email from ShoutPoint, 12/18/13 226</p> <p>22 136 Email from Elisa Henry, 12/20/13 226</p> <p>23 300 FTC Financial Statement of Individual 128</p> <p>24 Defendant</p> <p>25</p>

102	104
<p>1 EXHIBITS (Continued)</p> <p>2</p> <p>3 NO. DESCRIPTION PAGE</p> <p>4 301 Stipulated Final Order for Permanent 135</p> <p>5 Injunction and Civil Penalty Judgment</p> <p>6 as to Defendant Raymund Verallo</p> <p>7 302 FTC Telemarketing Sales Rule 138</p> <p>8 303 Email dated 10/27/09 from Mike Jones 144</p> <p>9 304 Service Order Voice Broadcasting 147</p> <p>10 re TransPoint Technology, Inc.</p> <p>11 305 Invoice from the Secretary of State 169</p> <p>12 306 Email dated 6/24/13 from Jamie 175</p> <p>13 Christiano</p> <p>14 307 Email dated 9/6/13 to Richard Paik and 179</p> <p>15 email dated 9/12/13 to Mr. Salisbury</p> <p>16 308 Emails between Richard Paik and Jill 184</p> <p>17 Fulkerson, 9/12/13</p> <p>18 309 Email dated 7/16/14 203</p> <p>19 310 Email dated 7/10/14 from Mihai 208</p> <p>20 Marinescu</p> <p>21 311 Email chain with Tracie Conner 209</p> <p>22 312 Email dated 6/24/14 to Ray Verallo 222</p> <p>23</p> <p>24</p> <p>25</p>	<p>1 investigational hearing is convening at 9:17 a.m. on</p> <p>2 Tuesday, October 18th, 2016, at the Ronald Reagan US</p> <p>3 Courthouse in the Federal Building, at 411 West Fourth</p> <p>4 Street, Santa Ana, California.</p> <p>5 Appearing for the Federal Trade Commission are</p> <p>6 myself, James Evans, as hearing officer and Ian Barlow</p> <p>7 as Commission counsel. Mr. Verallo is not represented</p> <p>8 today by counsel; is that correct?</p> <p>9 THE WITNESS: That's right.</p> <p>10 MR. EVANS: This proceeding is in relation to a</p> <p>11 nonpublic Commission investigation to determine whether</p> <p>12 certain telemarketers, sellers or others assisting them</p> <p>13 have engaged in or are engaging in: (1) unfair or</p> <p>14 deceptive acts or practices affecting commerce in</p> <p>15 violation of Section 5 of the Federal Trade Commission</p> <p>16 Act, 15 U.S.C. Section 45 as amended; and/or (2)</p> <p>17 deceptive or abusive telemarketing acts or practices in</p> <p>18 violation of the Commission's Telemarketing Sales Rule</p> <p>19 16 C.F.R. Part 310, as amended, including, but not</p> <p>20 limited to the provision of substantial assistance or</p> <p>21 support to telemarketers engaged in unlawful practices.</p> <p>22 The procedures which will be followed in this</p> <p>23 investigational hearing are outlined in the Commission's</p> <p>24 Rules of Practice, specifically Part 2, non-adjudicative</p> <p>25 Procedures, Subpart A, which pertain to investigations</p>
103	105
<p>1 EXAMINATION</p> <p>2 BY MR. BARLOW:</p> <p>3 Q Good morning, Mr. Verallo, my name is Ian</p> <p>4 Barlow. I'm an attorney with the Federal Trade</p> <p>5 Commission. I'm here with my colleague James Evans who</p> <p>6 is serving as the hearing officer for this</p> <p>7 investigational hearing.</p> <p>8 You swore under oath to tell the truth a moment</p> <p>9 ago; is that correct?</p> <p>10 A Yes, sir.</p> <p>11 Q State your full time for the record.</p> <p>12 A Raymund Verallo.</p> <p>13 Q How do you spell your first name?</p> <p>14 A R-A-Y-M-U-N-D.</p> <p>15 Q And your last name?</p> <p>16 A V-E-R-A-L-L-O.</p> <p>17 Q And what's your date of birth?</p> <p>18 A [REDACTED]</p> <p>19 Q Before we go any further, I will now ask the</p> <p>20 hearing officer to read the opening statement to</p> <p>21 formally open the proceeding.</p> <p>22 So with that, I will turn this over to</p> <p>23 Mr. Evans.</p> <p>24 MR. EVANS: Good morning, Mr. Verallo. This is</p> <p>25 the investigational hearing of Raymund Verallo. This</p>	<p>1 and investigational hearings, beginning with Section 2.1</p> <p>2 through 2.14.</p> <p>3 I'd like to draw your attention particularly to</p> <p>4 Section 2.9 of the Commission's Rules which provide that</p> <p>5 any person compelled to appear and testify or produce</p> <p>6 documentary evidence may be accompanied by, represented,</p> <p>7 and advised by counsel according to Federal Trade</p> <p>8 Commission Rules.</p> <p>9 Representation by counsel in this hearing will</p> <p>10 be in accordance with those Rules as prescribed by</p> <p>11 Section 2.9, Subparts (b)(1)through (6).</p> <p>12 The purpose of this proceeding is to receive</p> <p>13 testimony under a Civil Investigative Demand duly served</p> <p>14 on Mr. Verallo, as modified by the July 22, 2015, letter</p> <p>15 from Lois Greisman, Associate Director for Marketing</p> <p>16 Practices, to Mr. Verallo's former counsel, Thomas H.</p> <p>17 Bienert. The CID was authorized and issued pursuant to</p> <p>18 Federal Trade Commission resolution in File No. 0123145</p> <p>19 dated April 11, 2011.</p> <p>20 In order to facilitate reference during the</p> <p>21 hearing, I have requested Commission counsel to place</p> <p>22 into the record as Commission exhibit a copy of this</p> <p>23 CID, including Commission's Resolution and attached</p> <p>24 specifications.</p> <p>25 With those announcements made, I will turn this</p>

106

1 proceeding back to Mr. Barlow.

2 MR. BARLOW: Thank you, Mr. Evans.

3 **Q Mr. Verallo, you swore under oath that you**
4 **would tell the truth and the whole truth; is that**
5 **correct?**

6 A Yes, sir.

7 **Q Okay. And you understand that means that you**
8 **give us accurate and honest answers and also complete**
9 **answers. Do you understand that --**

10 A Yes.

11 **Q -- as the whole truth?**

12 A Uh-huh.

13 **Q Do you agree to do that today?**

14 A Yes.

15 **Q And Mr. Evans confirmed with you that you're**
16 **not represented by counsel in this matter at present; is**
17 **that right?**

18 A That's correct.

19 **Q You were previously represented by lawyers; is**
20 **that correct?**

21 A Yes.

22 **Q Who are those lawyers?**

23 A I -- Anne -- I can't pronounce her last name --
24 Uyeda.

25 **Q Maybe it's Uyeda?**

107

1 A Uyeda.

2 **Q And did you ever meet an attorney who worked**
3 **with her named Tom?**

4 A I believe I did in the beginning.

5 **Q Why aren't you represented by those two lawyers**
6 **anymore?**

7 A Uh, because of the -- the employer that I --
8 the client that I did not include in this -- in the
9 form.

10 **Q Okay. Did -- who ended the representation, you**
11 **or the lawyers?**

12 A It was the lawyer.

13 **Q Okay. And they felt you had not disclosed**
14 **something in a financial form; is that right?**

15 A They felt that we weren't honest with our
16 forms. That's all -- I could -- that's what she wrote,
17 I didn't actually talk to her.

18 **Q But you feel comfortable going forward today**
19 **without those attorneys; is that correct?**

20 A Yes, yes.

21 **Q Now, you previously appeared at an**
22 **investigational hearing, much like today, a little over**
23 **a year ago on or about September 24th, 2015; is that**
24 **right?**

25 A That's right.

108

1 **Q And you appeared at that hearing in response to**
2 **what's called a Civil Investigative Demand; is that**
3 **right?**

4 A That's correct.

5 MR. BARLOW: The CID, it should be in there.

6 MR. EVANS: Oh.

7 MR. BARLOW: Off the record.

8 (Discussion off the record.)

9 MR. BARLOW: On the record.

10 **Q This is marked as Exhibit 68, it was marked as**
11 **such at your last investigational hearing. This is the**
12 **Civil Investigative Demand that required your**
13 **attendance. And I'll hand the reporter a copy to mark**
14 **it and enter it into the record. It actually already**
15 **has an exhibit sticker.**

16 (Exhibit No. 68 was marked for
17 identification.)

18 BY MR. BARLOW:

19 **Q And Exhibit 68, initially the date on that for**
20 **the hearing was Monday, July 27th, 2015. We later**
21 **adjourned it until September. Do you recall that?**

22 A Yes.

23 **Q Okay. And when you appeared in September of**
24 **2015, you pled the Fifth Amendment, you invoked your**
25 **Constitutional right against self-incrimination in**

109

1 response to every question; is that right?

2 A Yes, that's correct.

3 **Q But today my understanding is that you intend**
4 **to provide complete and accurate substantive answers; is**
5 **that right?**

6 A Yes.

7 **Q In other words, you intend to answer the**
8 **question, not just say Fifth; is that correct?**

9 A That's correct.

10 **Q Other than that time where you pled the Fifth**
11 **in response to every question I asked you --**

12 A Uh-huh.

13 **Q -- have you ever testified under oath in any**
14 **other proceeding?**

15 A No, I don't think so, other than my speaking --
16 other than my speeding ticket.

17 **Q I want to give you a little -- since you've**
18 **never testified under oath, give you a little background**
19 **on how the proceeding works. First, we have been over**
20 **the oath, but just so you understand, the oath today is**
21 **just the same as if you were in a courtroom in front of**
22 **a judge. Do you understand that?**

23 A Right.

24 **Q This record is potentially to be used by a**
25 **court and by Mr. Evans and myself who are federal**

110

1 government lawyers. Do you understand that?

2 A I understand.

3 Q So the oath carries the same weight as if you
4 were in the courthouse, and as a matter of fact, we are
5 physically in the courthouse.

6 Now, the other thing about how the testimony
7 works is, as you can see, our court reporter's recording
8 everything we say here, so because she can only record
9 our words, please make sure you answer each question
10 with a verbal yes or no or a verbal answer. Sometimes
11 if you and I were having a conversation, "uh-huh" or
12 "huh-uh" would be very clear what the meaning is, but on
13 a written transcript, sometimes you can't tell at all
14 what those words mean.

15 The other thing is please keep your voice up so
16 our reporter can hear you and so our record can be
17 accurate, okay?

18 A Okay.

19 Q Try again.

20 A Okay.

21 Q The other thing is the court reporter can only
22 take down what one of us says at a time, so we can't
23 talk over each other. You will need to wait until I
24 finish each question before you start your answer, and I
25 will also wait until you finish your answer before I

111

1 start another question. Do you agree to that?

2 A I agree.

3 Q Also, if you don't understand any question that
4 I ask you, please let me know before you respond and
5 I'll explain or rephrase the question. Otherwise, if
6 you answer it, I'm just going to assume that you
7 understood it. Is that fair enough?

8 A That's fair.

9 Q If you are not sure of an answer or don't have
10 a complete answer based on your knowledge, just answer
11 the question to the extent you are able. Do you
12 understand that?

13 A I understand.

14 Q Sorry, this is sort of a formality, I apologize
15 in advance, are you sick or have you taken or do you
16 intend to take any medication, drugs or alcohol that
17 would affect your ability to testify accurately or
18 honestly today?

19 A Uh, no.

20 Q If at any time if you feel like you need a
21 break, we can take breaks, but we can't take a break
22 while a question is pending. Once I ask you a question,
23 you have to answer it and then we'll take a break.

24 A Okay.

25 Q Do you understand that?

112

1 A I understand.

2 Q What, if anything, did you do to prepare for
3 today's investigational hearing?

4 A I did not prepare anything other than the form
5 that I printed out, the employment history.

6 Q And did you review any materials or papers
7 before coming in?

8 A I did a couple weeks ago. I didn't really
9 understand too much of it other than the -- what I --
10 what I think I understood.

11 Q Okay. Did you talk with anyone about this
12 investigational hearing?

13 A I just spoke with Houston Fraley.

14 Q And I'm going to ask you to keep your voice up.

15 A I apologize.

16 Q We will get out of here quicker.

17 A No, I apologize.

18 Q And Fraley is F-R-A-L-E-Y?

19 A That's correct.

20 Q And Houston is spelled like the city?

21 A Just like the city.

22 Q And what did you and Houston speak about?

23 A I just asked him if he was doing the same thing
24 I was doing, which is a hearing. Yeah. And he said
25 yes.

113

1 Q And did you talk about what kind of questions
2 you might be asked?

3 A I did not.

4 Q How long did you talk to Houston?

5 A Maybe like -- I just texted him, I didn't
6 really talk to him over the phone.

7 Q Did you talk to Mike Jones before you came in
8 this morning?

9 A I did not.

10 Q Richard Paik?

11 A No.

12 Q P-A-I-K.

13 A I did not speak with Richard Paik.

14 Q Okay. Andy Salisbury?

15 A No.

16 Q Eric Oakley?

17 A No, not Eric Oakley.

18 Q Anybody else at all?

19 A I spoke with Steve, but not about this.

20 Q Steve?

21 A Steve Stansbury.

22 Q What did you speak with Steve Stansbury about?

23 A I just had a question on whether he received
24 the, uh, the order.

25 Q The proposed settlement order?

114

1 A Yeah.
2 **Q When did you speak to Mr. Stansbury?**
3 A I don't know the exact date, but I believe it
4 was three weeks ago.
5 **Q And what did he say?**
6 A He said he got something in the mail, but he
7 hadn't opened it.
8 **Q He says he hasn't opened the mail he got from**
9 **the Federal Trade Commission?**
10 A The Fed Ex envelope.
11 **Q But the mail that Mr. Evans and I sent him, he**
12 **said he received it but he had not opened it?**
13 A He says he thinks he received it, but --
14 **Q Okay.**
15 A But I -- we -- I think we both assumed that it
16 was the same thing that you sent to us over the email.
17 **Q I will just go through some background**
18 **information about your sort of personal, where you live**
19 **and where you've gone to school and worked.**
20 **What's your current home address?**
21 A Current home address is [REDACTED],
22 that's in Irvine, California [REDACTED].
23 **Q Is that near Quail Hill Parkway?**
24 A I believe so, yes.
25 **Q Is that the same address used by World Access**

115

1 **Media?**
2 A I don't know.
3 **Q How long have you lived at that address?**
4 A A little bit over a year.
5 **Q And where did you live before that?**
6 A I lived in Irvine as well. I don't know the
7 exact address, but it's in [REDACTED], it's in
8 Irvine as well, [REDACTED] I believe is the Zip code.
9 **Q What's your current phone number?**
10 A Current phone number is [REDACTED].
11 **Q You're going to have to speak clearly. It just**
12 **takes extra time every time.**
13 A I apologize.
14 **Q How long have you used that phone number?**
15 A I believe I've had that phone number for eight
16 years.
17 **Q Any other phone numbers?**
18 A I don't think so, only cell phone I have.
19 **Q Do you have a land line?**
20 A I don't have a land line.
21 **Q What email addresses do you use?**
22 A I have rverallo81@gmail.com. I have my other
23 personal one, it's spelled inthemidomen@gmail.com.
24 **Q What is that if you say it?**
25 A In the midomen at gmail. I was young.

116

1 **Q Any other email addresses?**
2 A Right now, I have my socialhouse.net email,
3 that's admin@socialhouse.net.
4 **Q What's Social House?**
5 A Social House is who I'm currently working for.
6 **Q We can go into your current work in a minute.**
7 **Continuing, any other email addresses?**
8 A Not that I actively use, but I have an initial
9 F as in Frank, D as in David, the number 3, S as in Sam
10 @yahoo.com as well as admin.com.
11 **Q What is that FD3S, what does that stand for?**
12 A Oh, it was -- it was a -- a car, a Mazda -- it
13 was called FD, Frank David, number 3, S as in Sam.
14 **Q Have you ever gone by any other names other**
15 **than Ray Verallo?**
16 A No.
17 **Q Do you currently live with anybody?**
18 A Yeah, I have a roommate. His name is David
19 Ochoa.
20 **Q How did you meet David Ochoa?**
21 A We used to work together I'd say seven years
22 ago, and then we worked together again at Local
23 Lighthouse.
24 **Q Do you work with David Ochoa now?**
25 A I do not.

117

1 **Q Have you ever been married?**
2 A Uh, no.
3 **Q Do you have any kids?**
4 A I do not.
5 **Q I asked you if you testified under oath before,**
6 **and you said you had not other than speeding tickets; is**
7 **that correct?**
8 A Yes.
9 **Q Okay. You said yes, but you seemed to be --**
10 A I don't --
11 **Q -- questioning.**
12 A As far as I can remember, that's the only one I
13 would have.
14 **Q Other than for speeding tickets or traffic**
15 **offenses, have you ever been arrested?**
16 A No, I haven't.
17 **Q Have you ever been sued?**
18 A Uh, I have not.
19 **Q And have you ever sued someone else?**
20 A No, I haven't.
21 **Q All right. So let's turn back to your work.**
22 **Where are you working? Social House?**
23 A Social House.
24 **Q What is that company?**
25 A It's social media marketing.

5 (Pages 114 to 117)

118

1 **Q What does that mean?**
 2 A Uh, we -- it's Instagram marketing. We
 3 specialize in increasing your Instagram engagement.
 4 That's about what we do.
 5 **Q Where is the company located?**
 6 A I do not know.
 7 **Q Does it have an office?**
 8 A There's no office.
 9 **Q Who runs the company?**
 10 A Mike Jones.
 11 **Q And when did you start working for Social**
 12 **House?**
 13 A I don't remember the exact date, but it was
 14 this year.
 15 **Q What do you do for Social House?**
 16 A I just do web development and IT.
 17 **Q What do you mean by IT?**
 18 A We set up the phones, some of the servers and
 19 web servers.
 20 **Q Who do you set up phones for?**
 21 A Phones are just for the home phone in case we
 22 need to speak with our customers.
 23 **Q So you go to your customer's house and set up a**
 24 **phone in their house?**
 25 A Oh, no. It's set up in Mike Jones' house.

119

1 **Q So you set up phone lines in Mike Jones' house?**
 2 A Yes.
 3 **Q For his current business?**
 4 A Yes.
 5 **Q And then you said you set up servers also?**
 6 A Uh, servers just for web -- just we host the
 7 website.
 8 **Q Are those servers also in Mike Jones' house?**
 9 A Uh, no.
 10 **Q Where is Mike Jones' house?**
 11 A Mike Jones' house is in Irvine, I don't know --
 12 I do not know the exact address, but I can guess if you
 13 like.
 14 **Q Is it on [REDACTED]**
 15 A Yes.
 16 **Q How much do you make in a month?**
 17 A Uh, it varies. We don't get paid on time or
 18 the right amount every week, but it varies between 100
 19 to a thousand.
 20 **Q Who else works with you at Social House?**
 21 A Steve Stansbury and Andrew Yoshioka.
 22 **Q And who owns the company Social House?**
 23 A That part I don't know. I can guess it's Mike.
 24 **Q Well, in your experience, Mike Jones never**
 25 **signs his name to the company documents, right?**

120

1 A Then my second guess would be Andrew Yoshioka.
 2 **Q But just answer the question. In your**
 3 **experience, Mike Jones doesn't sign his name to the**
 4 **company documents, does he?**
 5 A Yes, he doesn't.
 6 **Q He does not?**
 7 A He doesn't.
 8 **Q And he usually has somebody else sign the**
 9 **documents for him, right?**
 10 A Yes.
 11 **Q You don't know who signed those documents to**
 12 **open Social House?**
 13 A I do not know. I do not ask questions.
 14 **Q Sorry?**
 15 A I do not ask questions.
 16 **Q Why don't you ask questions?**
 17 A I don't need to know.
 18 **Q So explain to me a little more about the**
 19 **Instagram marketing that Social House does. Who are its**
 20 **customers?**
 21 A Just people -- businesses or individuals that
 22 have an Instagram account that want to use mainly
 23 Instagram for growth. So some people, like personal
 24 trainers, would use their Instagram to gain customers.
 25 Some of our customers will use Instagram to sell their

121

1 products.
 2 **Q Which of your customers use Instagram to sell**
 3 **products?**
 4 A I don't know the exact names, but on top of my
 5 head, Sheer Concepts is one of them.
 6 **Q What is Sheer Concepts?**
 7 A Sheer Concepts is a -- I believe it's a mount
 8 for the Go Pro, mount on the camera, make it easier to
 9 mount and it stays inside the camera.
 10 **Q And is Alliance Security one of Social House's**
 11 **customers?**
 12 A No, no.
 13 **Q Is Justin Ramsey one of Social House's**
 14 **customers?**
 15 A No.
 16 **Q Social House sell auto warranties?**
 17 A No.
 18 **Q Market for auto warranty companies?**
 19 A We don't -- we don't market for auto warranty,
 20 just Instagram.
 21 MR. BARLOW: Can we go off the record for a
 22 minute.
 23 (Discussion off the record.)
 24 MR. BARLOW: Back on the record.
 25 **Q Does Social House have any other names it goes**

6 (Pages 118 to 121)

122

1 by?
2 A I -- just Social House.
3 **Q I didn't understand what you said.**
4 A I'm sorry, just Social House.
5 **Q Just Social House?**
6 A Yes.
7 **Q How does Social House help its customers with**
8 **Instagram marketing?**
9 A By providing growth and traffic to their
10 accounts. That's about the best we can do.
11 **Q What does that mean?**
12 A So we -- we use our Instagram accounts to reach
13 out to other Instagram accounts, and we do that by
14 liking other accounts' pictures and then they get a
15 notification on who liked their pictures and see who it
16 is. And then it's up to the user whether they want to
17 follow them, like the pictures or buy that product.
18 **Q Before you worked at Social House, where did**
19 **you work?**
20 A I worked for company Trensafes, T-R-E-N-S-A-F-E.
21 **Q What did Trensafes do?**
22 A Trensafes was a security monitoring system is
23 what they sold.
24 **Q Who installed the alarms?**
25 A I believe it was Alliance Security.

123

1 **Q What did you do with Trensafes?**
2 A Purely IT. I also developed the website at the
3 beginning.
4 **Q It's a nice-looking website, we looked at it.**
5 A Oh, it's simple.
6 **Q Listen, on that website, there's like a**
7 **transparent image of somebody with a cell phone and a**
8 **text message from Alliance Security on it, where did you**
9 **get that -- that picture?**
10 A I -- I believe I just took it from Alliance
11 Security.
12 **Q From Alliance's website?**
13 A Yeah, I believe.
14 **Q You know what I'm talking about, right, that**
15 **transparent image with text over it?**
16 A Some -- I don't remember 100 percent.
17 **Q Okay. All right. How much did you earn at**
18 **Trensafes?**
19 A Same thing, my pay varied between 300 to a
20 thousand a week.
21 **Q What did it vary based upon?**
22 A Based on how much money we were making.
23 **Q Did you have an equity share, meaning you got**
24 **paid a percentage of the company's profits?**
25 A I did not.

124

1 **Q How about at Social House?**
2 A I do not.
3 **Q Who worked at Trensafes with you?**
4 A Trensafes, that would be Houston Fraley, Tyler
5 Hall, H-A-L-L, Mike Jones and Jeff Bruns, but he was
6 just a sales guy.
7 **Q How do you spell that?**
8 A B-R-U-N-S. Jeff is spelled, J-E-F-F.
9 **Q What about Andrew Yoshioka?**
10 A Oh, Andrew Yoshioka as well.
11 **Q Before Trensafes, where did you work?**
12 A Before Trensafes, where I worked for Local
13 Lighthouse.
14 **Q When was the last time you got paid by Local**
15 **Lighthouse?**
16 A March, February. Might have been February,
17 actually.
18 **Q Of 2016?**
19 A 2016, yes.
20 **Q Okay.**
21 A Or is it '15. I don't remember. I'm bad with
22 dates.
23 **Q We can turn to your employment history for some**
24 **specifics in a little while.**
25 A Okay.

125

1 **Q I think that went back far enough. What's the**
2 **highest education you've completed?**
3 A I attended college for a semester.
4 **Q Did you graduate high school?**
5 A I did not. I just got my GED.
6 **Q Did you go to high school?**
7 A Yes.
8 **Q Where did you go to high school?**
9 A University High. University High School.
10 **Q Where is that?**
11 A That's in Los Angeles.
12 **Q And you went to some college?**
13 A Yes.
14 **Q Where?**
15 A In Pierce College. That is in -- I forget the
16 name of the city -- but it's in the Valley up --
17 Northern California.
18 **Q I'm from the East Coast, so you'll have to bear**
19 **with me.**
20 A I don't remember the city, it was a long time
21 ago.
22 **Q It's in Northern California?**
23 A North of here, yeah.
24 **Q When did you take classes there?**
25 A 2003, I think.

7 (Pages 122 to 125)

242

1 **Lighthouse when he was, what, 18?**
 2 A I don't know.
 3 **Q How old is he now?**
 4 A I think he just turned 22.
 5 **Q And how long has he been working for Mike Jones**
 6 **and Richard Paik?**
 7 A I don't know. Three years. If I were to
 8 guess.
 9 **Q So from 19?**
 10 A Yes.
 11 **Q And how did Andrew Yoshioka meet Mike Jones?**
 12 A He was a best friend of Mike Jones' son.
 13 **Q All right. So Mike Jones is using his son's**
 14 **best friend?**
 15 A I wouldn't say using. That's not --
 16 **Q He's taking advantage of him, right?**
 17 A That's not the way I'd say it.
 18 **Q Well, does Andrew Yoshioka have his own house**
 19 **for \$25,000 a month lease?**
 20 A He does not.
 21 **Q Does Andrew Yoshioka have a Mercedes?**
 22 A He does not, but he had a BMW and which he
 23 doesn't own. It was a scam. He paid for a BMW that was
 24 a scam.
 25 **Q What kind of scam?**

243

1 A It's -- I don't know how it works, but it
 2 recently happened to one of my friends where they
 3 purchased the title for a certain amount or purchase the
 4 car or lease the car from a person who's also leasing a
 5 car. I don't know if the names that were used were
 6 fraudulent. And so he's still paying the amount, but he
 7 doesn't own the car.
 8 **Q Are you going to keep working for Mike Jones?**
 9 A Unless he starts dialing again, then I-- that's
 10 when I draw the line.
 11 **Q Why do you like working for him?**
 12 A He's -- the Social House, I believe in the
 13 product where -- I sold -- the company I'm currently
 14 working for, Social House, I believe the product is a
 15 good product and it's something that we can use to never
 16 dial anyone ever again.
 17 **Q Why do you say he's a good person?**
 18 A Just the way he is, other than the illegal
 19 things he does. If you -- if he hired you to do
 20 something, even if you screw him over, he will still pay
 21 you what he owes you, that's the kind of person he is.
 22 He's not perfect. He's done bad things to me as well
 23 that I don't agree with, but in the end.
 24 **Q What bad things did he do to you?**
 25 A He would assume that I did not work -- that I

244

1 did not work, that I didn't do anything. All I did was
 2 sit on my thumb. I don't -- to me that's not fair.
 3 **Q I'm going to change gears and ask you a little**
 4 **bit -- back when you used to have lawyers, who paid for**
 5 **those lawyers?**
 6 A I believe it was Local Lighthouse.
 7 **Q How did you meet those -- how did you meet**
 8 **those lawyers?**
 9 A Well, just came in one day and they said we
 10 have to speak with lawyers to represent us.
 11 **Q So who came and told you you have to speak with**
 12 **lawyers?**
 13 A Richard Paik.
 14 **Q And Richard said we're going to bring lawyers?**
 15 A Yes.
 16 **Q And where did the lawyers meet with you?**
 17 A I don't know the exact date.
 18 **Q Where?**
 19 A Oh, where. Local Lighthouse in the 2975
 20 office.
 21 **Q And did you have a say in the matter, did you**
 22 **get to choose your lawyer?**
 23 A No.
 24 **Q What would have happened if you said no, I want**
 25 **my own lawyer?**

245

1 A I don't know.
 2 **Q Did Richard and Eric Oakley tell you we're**
 3 **going to pay for the lawyers?**
 4 A Yes.
 5 **Q And did they tell you that if there was a**
 6 **settlement with the Federal Trade Commission, they would**
 7 **pay that too?**
 8 A No.
 9 **Q And what else did they tell you about -- did**
 10 **they tell you to do what the lawyers say?**
 11 A Yes.
 12 **Q Who told you that?**
 13 A Richard.
 14 **Q Was it your impression that if you didn't do**
 15 **what the lawyers said, you would be fired?**
 16 A No.
 17 **Q No?**
 18 A No. It was in my thoughts, yes, but I don't
 19 think they would fire me if I didn't obey.
 20 **Q Now, the first time you came to testify, you**
 21 **invoked your Constitutional right against**
 22 **self-incrimination under the Fifth Amendment and refused**
 23 **to testify. And have you seen that like on a cop show,**
 24 **police show on TV where somebody pleads the Fifth and**
 25 **refuses to testify?**

37 (Pages 242 to 245)

246

1 A I haven't. I have seen it on a comedy stage.
 2 **Q All right. Well, you're very familiar with it**
 3 **because you did it for four hours with me last year.**
 4 **Why did you plead the Fifth?**
 5 A That's what we were told to say.
 6 **Q Well, who told you that?**
 7 A Our lawyers.
 8 **Q But now, the calls you have made are illegal**
 9 **but they're civil, do you understand the difference**
 10 **between civil and criminal?**
 11 A Yes.
 12 **Q All right. Like if you get a speeding ticket,**
 13 **speeding is against the law, but you're not going to go**
 14 **to jail for it, right?**
 15 A Yes. I thought that if you did not pay your
 16 tickets or did not appear in court that --
 17 **Q Yeah, that is a separate -- but I'm saying the**
 18 **speeding -- speed limit?**
 19 A Oh, yeah.
 20 **Q And the Telemarketing Sales Rule is a law, you**
 21 **have to comply with it but it's a civil law, do you**
 22 **understand that?**
 23 A Okay. Yes, I do.
 24 **Q Well, was there some other crime other than**
 25 **telemarketing phone calls that you were pleading the**

247

1 **Fifth to avoid talking about?**
 2 A No, I don't think so.
 3 **Q I mean what crime were you going to implicate**
 4 **yourself in by testifying honestly?**
 5 A Just -- I don't -- I don't understand the
 6 question.
 7 **Q Well, when you pled the Fifth, if you had**
 8 **testified honestly, was there some crime you would have**
 9 **been implicated in?**
 10 A I don't think so.
 11 **Q Did you commit any crimes working with Mike and**
 12 **Eric?**
 13 A Just the illegal dialing.
 14 **Q And so the lawyers told you to do it?**
 15 A Yes.
 16 **Q And what did you say?**
 17 A I said okay.
 18 **Q And was there any discussion of why?**
 19 A There was a discussion. I didn't understand
 20 what they really meant. I understood it as since we're
 21 not really the ones who are controlling the whole --
 22 everything, that we shouldn't get involved any further.
 23 That's the way I understood it.
 24 **Q So basically you were pleading the Fifth**
 25 **because it was really Richard and Eric who were**

248

1 **controlling things?**
 2 A I don't really know.
 3 **Q But that's what you understood?**
 4 A That's what I understood.
 5 **Q Do you think that's a proper reason to refuse**
 6 **to answer questions to the government?**
 7 A I don't know. I just -- if the lawyers think
 8 that it's the best way and then I'll just agree with
 9 what they say.
 10 **Q Did Richard Paik have any crimes that he was**
 11 **hiding?**
 12 A I don't know.
 13 **Q Who benefited from you and your co-workers**
 14 **pleading the Fifth?**
 15 A I don't know.
 16 **Q Did you ever hear of a company called Grimalis**
 17 **or Grimalis?**
 18 A No.
 19 **Q Did you ever hear of Greg Salisbury?**
 20 A I know Salisbury, I don't know Greg Salisbury.
 21 **Q You don't know ADA Mortgage?**
 22 A ADA I think was Andy's company. Or he was
 23 working with, I don't know.
 24 **Q All right. In that mortgage company, did that**
 25 **mortgage company dial on Telweb?**

249

1 A It's a long time ago, I would probably guess
 2 yes.
 3 **Q So it was like loan modifications, right, it**
 4 **wasn't like I want to go buy a house and get a mortgage,**
 5 **it wasn't regular mortgage, was it?**
 6 A I do not know.
 7 **Q What was Justin Ramsey's connection with ADA**
 8 **Mortgage?**
 9 A I did not know he was connected to ADA
 10 Mortgage.
 11 **Q I'm just asking, was there?**
 12 A I don't think so.
 13 **Q Okay.**
 14 MR. BARLOW: We'll go off the record for a
 15 minute.
 16 (Discussion off the record.)
 17 MR. BARLOW: Let's go back on the record.
 18 **Q In addition to Social House, what other work is**
 19 **Mike Jones doing now?**
 20 A I don't -- that's it, Social House, I believe.
 21 I don't know of any other things he does.
 22 **Q All right. Let me ask you some names of folks**
 23 **and see if you can tell me about them.**
 24 **Do you know ISI Alarms?**
 25 A No.

38 (Pages 246 to 249)

250

1 **Q Kevin "Klink"?**
 2 A No.
 3 **Q Jason "Walla"?**
 4 A No.
 5 **Q Haider Janjua?**
 6 A No.
 7 **Q Haider, H-a-i-d-e-r, Janjua, J-A-N-J-U-A, Power**
 8 **Marketing?**
 9 A No.
 10 **Q Bryce Purdue?**
 11 A Yes.
 12 **Q And what companies or -- strike that.**
 13 **The Telweb, what were the customer names for**
 14 **Bryce Purdue's calls?**
 15 A I don't know. Bryce, I think it was. I don't
 16 actually know.
 17 **Q What was he using Telweb for?**
 18 A I don't know anything about Bryce.
 19 **Q So how do you know the name?**
 20 A I know that -- I have called him, I spoke with
 21 him a couple times, he asked some questions about how to
 22 use the system.
 23 **Q How to use?**
 24 A Let's say a telephone system or ask him to
 25 provide us with a caller ID or a toll free number.

251

1 **Q He resold telephone numbers?**
 2 A It wasn't him. He had a contact for that.
 3 **Q Tyler "Coon," do you know that name?**
 4 A No, I do not.
 5 **Q Defend America?**
 6 A No.
 7 **Q How about Steve Oakley?**
 8 A Yes.
 9 **Q Okay. Who's that?**
 10 A It's Eric Oakley's father.
 11 **Q What did he do?**
 12 A When he was working at Local Lighthouse, he
 13 operated Local Lighthouse.
 14 **Q When did he work at Local Lighthouse?**
 15 A I don't know the exact dates, 2014, 2015.
 16 **Q When you say he operated, was he actually the**
 17 **boss?**
 18 A He was the person telling everyone what to do.
 19 **Q And so sort of the same way on paper, you were**
 20 **the president of Dial Soft but in reality you didn't**
 21 **control it, right?**
 22 A Yes.
 23 **Q Is that the same thing for Eric Oakley with**
 24 **Local Lighthouse, like actually it was his father who**
 25 **controlled it?**

252

1 A His father only had a small role. I mean in
 2 the end people calling the shots were Eric Oakley,
 3 Steve -- Richard Paik, Mike Jones when he was still
 4 involved.
 5 **Q But you just said Steve Oakley was in the**
 6 **building and ran it?**
 7 A Yes. But he was not the decision-maker.
 8 **Q So what did he actually run for Local**
 9 **Lighthouse?**
 10 A A good example would be Salesforce which is a
 11 CRM that we use. He was involved in the production and
 12 the release and, also, changing the structure around in
 13 Local Lighthouse.
 14 **Q What kind of structure?**
 15 A As far as the roles for each employee.
 16 **Q Did he have an office, a physical office?**
 17 A Yes, he did.
 18 **Q Was Steve Oakley a friend of Andy Salisbury's?**
 19 A Yes. I don't know about friends, but they were
 20 neighbors.
 21 **Q Before Local Lighthouse was formed, was Steve**
 22 **Oakley around the office?**
 23 A I don't think so.
 24 **Q When you worked at On Point, was Steve Oakley**
 25 **ever around the office?**

253

1 A I don't think so.
 2 **Q When was the first time you met him?**
 3 A When we first started doing Local Lighthouse.
 4 **Q When was that?**
 5 A I don't know when Local Lighthouse started. I
 6 forget the dates. He was doing sales.
 7 **Q Do you know someone named Adam Bentley?**
 8 A It sounds familiar.
 9 **Q What about Practical Marketing or Valerie**
 10 **DeSalvo, did you ever hear those names?**
 11 A I don't know those.
 12 **Q Let me ask you about, did you ever hear that**
 13 **Andy Salisbury was sort of an off-the-books owner of**
 14 **Local Lighthouse?**
 15 A I did not know.
 16 **Q No, I'm asking if you ever heard that?**
 17 A Oh, no.
 18 **Q Would that surprise you or would you say, oh,**
 19 **that makes sense if it were true?**
 20 A I would say it would surprise me.
 21 **Q Why?**
 22 A I don't think he's involved with Local
 23 Lighthouse.
 24 **Q Is there some other reason he might have given**
 25 **Local Lighthouse \$150,000 when it was first formed?**

39 (Pages 250 to 253)

254

1 A Maybe to help us out.
2 **Q Why would he just help somebody out by giving**
3 **them \$150,000?**
4 A If I had the money and someone asked me for
5 help, I would do the same.
6 **Q Let's be clear, he's not like Bill Gates or**
7 **Warren Buffet rich, right? He doesn't have like**
8 **10 billion dollars?**
9 A You guys just gave me numbers that I did not
10 expect.
11 **Q Have you been to Andy's house?**
12 A Yes.
13 **Q Is he in a nice house?**
14 A It's a nice house.
15 **Q Is it a \$10,000,000 home?**
16 A I don't think so.
17 **Q I mean \$150,000 is a lot of money, right?**
18 A Yes.
19 **Q So you think he just gives people money like**
20 **that out of the kindness of his heart?**
21 A I don't think he gave it to them. I'm sure
22 he's expecting them to return the money.
23 **Q It was an investment, right?**
24 A I -- that's what it --
25 **Q If you found out that Andy Salisbury had given**

255

1 **Local Lighthouse \$150,000, you would think oh, that must**
2 **have been an investment in the business, right?**
3 A Yes.
4 MR. BARLOW: All right. That's all we have.
5 Anything else that you want to ask us, anything?
6 THE WITNESS: Nothing.
7 MR. EVANS: Let me ask you to -- strike that.
8 You see Mike Jones and Steve Stansbury on a
9 daily basis?
10 THE WITNESS: I would say four days a week.
11 MR. EVANS: Do they know that we are here and
12 would like to meet with them if they're available? Have
13 they talked to you about that?
14 THE WITNESS: No.
15 MR. EVANS: They haven't talked to you about
16 meeting with us while we're here?
17 THE WITNESS: They have not.
18 MR. EVANS: If you see them, would you mention
19 to them that we are here and are happy to meet with both
20 of them tomorrow afternoon?
21 THE WITNESS: Okay. I know that Mike Jones is
22 out of town.
23 MR. EVANS: Oh, he is?
24 THE WITNESS: Yes. So is Steve.
25 MR. EVANS: They're both --

256

1 THE WITNESS: He's been out of town since last
2 week. I don't know if they came back yesterday or
3 today.
4 MR. BARLOW: Where are they?
5 THE WITNESS: Steve went to Hawaii, his
6 daughter got married.
7 MR. EVANS: Hawaii?
8 THE WITNESS: Yes. And surfing I guess is the
9 other thing he was gonna do.
10 MR. EVANS: So I'm glad I asked. Let me just
11 nail it down on the record just so we're clear. Mike
12 Jones may be back in town now?
13 THE WITNESS: No. Steve Stansbury.
14 MR. EVANS: Let's take Mike first, you're not
15 sure where Mike Jones is right now?
16 THE WITNESS: I don't know where he is. If I
17 were to guess, Florida.
18 MR. EVANS: Why did he go to Florida?
19 THE WITNESS: I don't know.
20 MR. EVANS: Who was he seeing there?
21 THE WITNESS: I don't know. Justin Ramsey, I
22 think.
23 MR. EVANS: And he was in Florida last week?
24 THE WITNESS: No.
25 MR. EVANS: When did he go?

257

1 THE WITNESS: Just yesterday, I believe.
2 MR. EVANS: He left for Florida yesterday?
3 THE WITNESS: Yes.
4 MR. EVANS: Do you know when he's coming back?
5 THE WITNESS: I don't know.
6 MR. EVANS: Do you expect to see him today?
7 THE WITNESS: No, no.
8 MR. EVANS: Tomorrow?
9 THE WITNESS: This week, yes.
10 MR. EVANS: When this week would you expect to
11 see him?
12 THE WITNESS: Thursday or Friday.
13 MR. EVANS: And Steve Stansbury, when did he
14 leave for Hawaii?
15 THE WITNESS: Last week, Wednesday.
16 MR. EVANS: And do you know when you're
17 expecting him back?
18 THE WITNESS: I don't know. I didn't ask him
19 when he was coming back, but --
20 MR. EVANS: So he might be back?
21 THE WITNESS: He might already be back.
22 MR. EVANS: Do you need him back?
23 THE WITNESS: Yeah.
24 MR. EVANS: What for?
25 THE WITNESS: One of his -- one of the things

40 (Pages 254 to 257)

258

1 he worked on is broken, and I need him to fix it.
 2 MR. EVANS: Okay. So if you see Steve or you
 3 happen to see Mike, remind them -- well, based on what
 4 you said earlier, Steve can open his mail from us, that
 5 would be helpful. We're here tomorrow afternoon in this
 6 room and we would be happy to meet with them and talk
 7 about settling the case like we've settled with you.
 8 THE WITNESS: Okay.
 9 MR. EVANS: If they are both out of town, I
 10 guess we will sit here for half an hour and then call it
 11 off, but just wanted to -- I'm glad I asked on the
 12 record so we know where they're at. And maybe tomorrow
 13 won't happen, but thanks for letting us know that.
 14 Anything else while we're still on the record?
 15 MR. BARLOW: No.
 16 MR. EVANS: Okay. Well, thank you,
 17 Mr. Verallo. Once again, thank you for signing the
 18 settlement and we will advance that to the FTC and to
 19 the court, and then you won't have -- we're never going
 20 to have to sit down like this again, hopefully.
 21 Hopefully this will -- I can't guarantee that, but
 22 hopefully this will be more or less the end of this for
 23 you other than all of the, you know, compliance
 24 requirements under the Order. And we appreciate you
 25 testifying here today, and you have been very helpful

259

1 and has allowed us to reach this settlement unlike last
 2 time when obviously we weren't able to do much with that
 3 testimony. So thanks, and if there's nothing else, then
 4 we'll close the record.
 5 We will go off the record here.
 6 (Deposition concluded at 12:53 p m.)
 7
 8
 9
 10
 11
 12
 13
 14
 15
 16
 17
 18
 19
 20
 21
 22
 23
 24
 25

260

1 DECLARATION UNDER PENALTY OF PERJURY

2
 3
 4 I, RAYMUND VERALLO, do hereby declare under
 5 penalty of perjury that I have read the foregoing
 6 transcript; that I have made any corrections as appear
 7 noted, in ink, initialed by me, or attached hereto; that
 8 my testimony as contained herein, as corrected, is true
 9 and correct.

10 EXECUTED this _____ day of _____,
 11 20____, at _____,
 12 (City) (State)
 13
 14
 15
 16
 17
 18
 19
 20
 21
 22
 23
 24
 25

RAYMUND VERALLO

261

1 CERTIFICATION OF REPORTER

2
 3 CASE TITLE: In Re Allorey, Inc.
 4 DATE: October 27, 2016
 5
 6
 7
 8
 9
 10
 11
 12
 13
 14
 15
 16
 17
 18
 19
 20
 21
 22
 23
 24
 25

8 I HEREBY CERTIFY that the transcript
 9 contained herein is a full and accurate transcript of
 10 the notes taken by me at the hearing on the above cause
 11 before the FEDERAL TRADE COMMISSION to the best of my
 12 knowledge and belief.

DATED: 10/27/2016

CATHY A. WOOD, RMR, CRR, CLR.

In the Matter of:

Allorey, Inc.

July 19, 2016
Andrew Yoshioka

Condensed Transcript with Word Index



For The Record, Inc.
(301) 870-8025 - www.ftrinc.net - (800) 921-5555

Allorey, Inc.

7/19/2016

1				3			
1	FEDERAL TRADE COMMISSION			1			
2	I N D E X			2	FEDERAL TRADE COMMISSION		
3				3			
4	WITNESS:	EXAMINATION:		4			
5	ANDREW YOSHIOKA			5			
6	BY MR. EVANS	5, 72, 353		6	INVESTIGATIONAL HEARING)	
7	BY MR. BARLOW	64, 340		7	RE: ALLOREY, INC.)	
8				8			
9	EXHIBITS	DESCRIPTION	FOR ID	9			
10	Number 150	Civil Investigative Demand	8	10	Tuesday, July 19, 2016		
11	Number 151	May 4, 2015, E-mail Chain	86	11			
12	Number 152	Photocopy of Checks	94	12	Ronald Reagan Federal Building and		
13	Number 153	Photocopy of Checks	97	13	U.S. Courthouse		
14	Number 154	Photocopy of Checks	111	14	411 West Fourth Street		
15	Number 155	May 11, 2015, E-mail	148	15	Room 3055		
16	Number 156	May 11, 2015, E-mail	153	16	Santa Ana, California 92701		
17	Number 157	May 29, 2015, E-mail	161	17			
18	Number 158	Handwritten Document	166	18			
19	Number 159	June 30, 2015, E-mail	172	19	The above-entitled matter came on for		
20	Number 160	July 7, 2015, E-mail	174	20	investigational hearing, pursuant to notice, at		
21	Number 161	July 13, 2015, E-mail	176	21	9:15 a.m.		
22	Number 162	June 15, 2015, E-mail	221	22			
23	Number 163	July 15, 2015, E-mail	224	23			
24	Number 164	July 16, 2015, E-mail	229	24			
25	Number 165	July 30, 2015, E-mail	235	25			

2				4			
1	EXHIBITS	DESCRIPTION	FOR ID	1	APPEARANCES:		
2	Number 166	August 3, 2015, E-mail	237	2	ON BEHALF OF THE FEDERAL TRADE COMMISSION:		
3	Number 167	Certification of Records of Regularly Conducted Activity	239	3	JAMES E. EVANS, Attorney		
4	Number 168	Business Signature Card with Substitute Form W-9	255	4	Federal Trade Commission		
5	Number 169	Business Signature Card with Substitute Form W-9	257	5	600 Pennsylvania Avenue N.W.		
6	Number 170	Business Signature Card with Substitute Form W-9	259	6	Mail Stop H-286		
7	Number 171	FTC Stipulated Order	267	7	Washington, DC 20580		
8	Number 172	Stipulated Final Order for Permanent Injunction and Civil Penalty Judgment	267	8	(202) 326-2026		
9	Number 173	April 14, 2016, Letter	278	9	jevan1@ftc.gov		
10	Number 174	May 4, 2016, Letter	282	10	IAN L. BARLOW, Attorney		
11	Number 175	May 2, 2016, Letter	287	11	Federal Trade Commission		
12	Number 176	Andrew Yoshioka - Reverse Whois	295	12	600 Pennsylvania Avenue N.W.		
13	Number 177	Civil Investigative Demand	339	13	Mail Stop H-286		
14	Number 178	May 13, 2016, Letter	343	14	Washington, DC 20580		
15	Number 179			15	(202) 326-3120		
16	Number 180			16	ibarlow@ftc.gov		
17	Number 181			17			
18	Number 182			18			
19	Number 183			19			
20	Number 184			20			
21	Number 185			21			
22	Number 186			22			
23	OTHER EXHIBITS REFERENCED	PAGE		23			
24	Number 142	169		24			
25	Number 143			25			

1 (Pages 1 to 4)

Allorey, Inc.

7/19/2016

<p style="text-align: right;">5</p> <p>1 PROCEEDINGS</p> <p>2 - - - - -</p> <p>3 Whereupon--</p> <p>4 ANDREW YOSHIOKA</p> <p>5 a witness, called for examination, having been first</p> <p>6 duly sworn, was examined and testified as follows:</p> <p>7 EXAMINATION</p> <p>8 MR. BARLOW: Good morning.</p> <p>9 And you just swore the oath.</p> <p>10 You're Andrew Yoshioka?</p> <p>11 THE WITNESS: Yes.</p> <p>12 MR. BARLOW: How do you spell your name?</p> <p>13 THE WITNESS: A-n-d-r-e-w; last name is</p> <p>14 Y-o-s-h-i-o-k-a.</p> <p>15 MR. BARLOW: Mr. Yoshioka, my name is</p> <p>16 Ian Barlow. I'm a lawyer at the Federal Trade</p> <p>17 Commission. This is an investigational hearing, and</p> <p>18 I'm the hearing officer today. I'm also a staff</p> <p>19 attorney on this investigation, but for today's</p> <p>20 purpose at this investigational hearing I'm the</p> <p>21 hearing officer.</p> <p>22 This investigational hearing is convened at</p> <p>23 9:15 a m., Tuesday, July 19th, 2016, at the Ronald</p> <p>24 Reagan Federal Building and US Courthouse at 411 West</p> <p>25 Fourth Street in Santa Ana, California.</p>	<p style="text-align: right;">7</p> <p>1 particularly, Mr. Yoshioka, to Section 2.9 of the</p> <p>2 Commission's rules which provides that any person</p> <p>3 compelled to appear and testify or produce documentary</p> <p>4 evidence may be accompanied, represented, and advised</p> <p>5 by counsel -- a lawyer -- according to Federal Trade</p> <p>6 Commission rules.</p> <p>7 Representation by counsel, or a lawyer, in</p> <p>8 this hearing will be in accordance with those rules as</p> <p>9 prescribed by Section 2.9, Subparts B1 through B6.</p> <p>10 The purpose of this proceeding is to receive</p> <p>11 testimony under Civil Investigative Demands served on</p> <p>12 Mr. Yoshioka dated July 5th, 2016. The CID was</p> <p>13 authorized and issued pursuant to the Federal Trade</p> <p>14 Commission resolution in File Number 012 3145 dated</p> <p>15 April 1st, 2016.</p> <p>16 In order to facilitate reference during this</p> <p>17 hearing, I have requested Commission counsel to place</p> <p>18 into the record as Commission exhibits copies of the</p> <p>19 CID, including the Commission's resolution and</p> <p>20 attached specifications.</p> <p>21 With those announcements made, I will turn</p> <p>22 this proceeding over to Mr. Evans.</p> <p>23 MR. EVANS: Okay. Thank you.</p> <p>24 Q Good morning, Mr. Yoshioka. Thank you for</p> <p>25 being here.</p>
<p style="text-align: right;">6</p> <p>1 Appearing for the Federal Trade Commission</p> <p>2 are myself, Ian Barlow, as the hearing officer and</p> <p>3 James Evans as commission counsel. Mr. Yoshioka is</p> <p>4 not represented by counsel.</p> <p>5 This proceeding is in relation to a nonpublic</p> <p>6 Commission investigation to determine whether certain</p> <p>7 telemarketers, sellers, or others assisting them have</p> <p>8 engaged in, or are engaging in, one, unfair or</p> <p>9 deceptive acts or practices in or affecting commerce</p> <p>10 in violation of Section 5 of the Federal Trade</p> <p>11 Commission Act, codified at 15 U.S.C. Section 45, as</p> <p>12 amended, and/or, two, deceptive or abusive</p> <p>13 telemarketing acts or practices in violation of the</p> <p>14 Telemarketing Sales Rule, 16 C.F.R. Part 310, as</p> <p>15 amended, including, but not limited to, the provision</p> <p>16 of substantial assistance or support to telemarketers</p> <p>17 engaged in unlawful practices.</p> <p>18 The procedures which will be followed in this</p> <p>19 investigational hearing are outlined in the</p> <p>20 Commission's -- the Federal Trade Commission's Rules</p> <p>21 of Practice, specifically Part 2, nonadjudicated</p> <p>22 procedures, Subpart A, which pertain to investigations</p> <p>23 and investigational hearings beginning with</p> <p>24 Section 2.1 through 2.14.</p> <p>25 I would like to draw your attention</p>	<p style="text-align: right;">8</p> <p>1 So like Mr. Barlow said, I'm James Evans.</p> <p>2 I'm representing the FTC.</p> <p>3 You are not represented by counsel today;</p> <p>4 correct?</p> <p>5 A No.</p> <p>6 Q And you're here pursuant to an FTC Civil</p> <p>7 Investigative Demand dated July 5, 2016; is that</p> <p>8 correct?</p> <p>9 A Yes.</p> <p>10 MR. EVANS: We'll mark this as Number 150.</p> <p>11 (Exhibit 150 marked.)</p> <p>12 BY MR. EVANS:</p> <p>13 Q And is that the CID -- a copy of the CID that</p> <p>14 we just mentioned?</p> <p>15 A Yes.</p> <p>16 Q Okay. Great.</p> <p>17 Have you ever given testimony under oath</p> <p>18 before?</p> <p>19 A No.</p> <p>20 Q So just to give you some background then, in</p> <p>21 this investigational hearing I'm going to be asking</p> <p>22 you a series of questions, and you're under oath to</p> <p>23 provide full and complete answers to my questions and</p> <p>24 truthful answers.</p> <p>25 Do you understand that?</p>

2 (Pages 5 to 8)

Allorey, Inc.

7/19/2016

9

1 A Yes.
 2 Q Do you understand that the oath is the same
 3 one you would take in front of a judge in a courtroom?
 4 A Yes.
 5 Q After the hearing, the court reporter will
 6 make a transcript of this hearing, and you can read
 7 the transcript to check it afterwards. You'll get
 8 contacted about how to do that later.
 9 A Okay.
 10 Q The court reporter is recording everything
 11 that we say. Because she can only record our words,
 12 please answer each question with a verbal response and
 13 speak up so the court reporter can hear you. Okay?
 14 A Okay.
 15 Q Similarly, she can only take down what one of
 16 us says at a time. So please wait until I finish each
 17 question before you start your answer, and I will
 18 finish -- let you finish each answer before I ask the
 19 next question.
 20 Does that make sense?
 21 A Okay.
 22 Is that loud enough?
 23 Q It should be fine.
 24 A Just make sure.
 25 Q If you don't understand a question that I ask

10

1 you, please let me know before you respond, and I'll
 2 try to explain or rephrase it; otherwise, if you
 3 answer the question, I'm going to assume that you
 4 understood it.
 5 A Okay.
 6 Q Does that make sense?
 7 A Yeah, that makes sense.
 8 Q If you're not sure of an answer or you don't
 9 have a complete answer based on your own knowledge,
 10 please still answer the question to the extent that
 11 you can and let us know what you don't know. Okay?
 12 A (No audible response.)
 13 Q And just please let me make sure I finish the
 14 question before you answer.
 15 A Oh.
 16 Q Are you sick or have you taken or do you
 17 intend to take any medication, drugs, or alcohol that
 18 would affect your ability to testify accurately and
 19 honestly today?
 20 A No.
 21 Q Do you agree to give me full, fair, and
 22 truthful answers to my questions?
 23 A Yes.
 24 Q If at any time you want to take a break,
 25 please let me know and we can take a break.

11

1 A Okay.
 2 Q What, if anything, did you do to prepare for
 3 today's investigational hearing?
 4 A Just read the CIDs, and that's it.
 5 Q Did you review any materials other than the
 6 CIDs?
 7 A No.
 8 Q Who did you talk to about today's
 9 investigational hearing?
 10 A Mike Jones.
 11 Q Anybody else?
 12 A That's it.
 13 Q And what did you and Mike Jones talk about?
 14 A Just what to expect.
 15 Q Okay. What -- what did he tell you?
 16 A "Tell them the truth."
 17 Q Okay. What's your current home address?
 18 A [REDACTED] in Irvine, California,
 19 [REDACTED].
 20 Q And how long have you lived there?
 21 A My whole life, so 21 years.
 22 Q Is that your family's home?
 23 A Yes. It's my parents' home.
 24 Q Have you lived anywhere else for a
 25 substantial amount of time?

12

1 A No.
 2 Q Have you ever considered yourself as living
 3 at [REDACTED]?
 4 A No.
 5 Q What phone numbers do you currently use?
 6 A (949) 572-3735, and I also have another
 7 number. It's (949) [REDACTED].
 8 Q What's the difference between those two?
 9 A I try and distinguish the (949) 572-3735 as
 10 business, and then personal as (949) [REDACTED].
 11 MR. BARLOW: Would you repeat your business
 12 number?
 13 THE WITNESS: (949) 572-3735.
 14 MR. BARLOW: Thank you.
 15 BY MR. EVANS:
 16 Q Have you ever used any other phone numbers
 17 for any period of time?
 18 A No.
 19 Q What e-mail addresses do you currently use?
 20 A I have a lot, so do you want me to say
 21 everything?
 22 Q Sure. Let's go through all of them.
 23 A Yoshioka -- do you want me to spell them out
 24 too?
 25 Q Just in the course of your name. We'll have

3 (Pages 9 to 12)

317

1 **Q They did?**
 2 A They did.
 3 **Q What leads you to believe that?**
 4 A I know Houston was talking about it.
 5 **Q Complaints that Alliance referred over?**
 6 A Yeah. For consumer; right?
 7 **Q Yes.**
 8 A Okay. Maybe I take that back, because,
 9 I mean -- so I was kind of trying to connect the dots
 10 here, but I know Alliance shut us off for FSP because
 11 of the connection with Mike Jones and Justin Ramsey.
 12 I don't know if it was for consumer complaints.
 13 **Q Where does FSP have bank accounts?**
 14 A Bank of America.
 15 **Q Did Andy Salisbury have any role at**
 16 **World Access?**
 17 A What was it?
 18 **Q Did Andy Salisbury have anything to do with**
 19 **World Access Media?**
 20 A Oh, no.
 21 **Q And did he have anything to do with FSP?**
 22 A We sent his company -- I believe it's his
 23 company -- World Connection money.
 24 **Q What for?**
 25 A I think it was sales.

318

1 **Q What does World Connection do?**
 2 A I think they're just a call center.
 3 **Q Where?**
 4 A I don't know. They have a few locations that
 5 I've heard.
 6 **Q Are they in this country?**
 7 A Yes.
 8 **Q Do you know if they have any call centers**
 9 **abroad?**
 10 A I don't know.
 11 **Q Do you know where they're located in this**
 12 **country?**
 13 A Somewhere Midwest.
 14 **Q Does Idaho sound right?**
 15 A No.
 16 **Q No?**
 17 A No.
 18 MR. BARLOW: Would it be at 1558 North
 19 Crestmont Street in Idaho?
 20 THE WITNESS: No. Boise. Oh, that is Idaho.
 21 Sorry. I was thinking about Boise. So Boise.
 22 BY MR. EVANS:
 23 **Q Is there a written contract between**
 24 **World Connection and FSP?**
 25 A No.

319

1 **Q How did World Connection and FSP get put**
 2 **together?**
 3 A That was a Justin, Mike, and Andy deal.
 4 MR. BARLOW: Justin Ramsey?
 5 THE WITNESS: Justin Ramsey, Mike Jones, and
 6 Andy Salisbury.
 7 BY MR. EVANS:
 8 **Q And what was that deal for?**
 9 A I don't know.
 10 **Q But you handled payments from FSP to**
 11 **World Connection?**
 12 A Yes.
 13 **Q Where did you wire that money to?**
 14 A To World Connection's bank account.
 15 **Q At what bank?**
 16 A I believe it's Wells Fargo.
 17 **Q Did you ever handle wires or other transfers**
 18 **to -- correct me if I'm wrong here -- Banco Industrial**
 19 **of Guatemala?**
 20 A No.
 21 **Q That name doesn't sound familiar to you?**
 22 A World Access Media, I think we did that.
 23 **Q World Access Media paid money to a Guatemalan**
 24 **bank?**
 25 A I believe so -- or we paid off a credit card.

320

1 I know there was a credit card from Guatemala.
 2 **Q Was that related to World Connection?**
 3 A I don't know.
 4 **Q Do you know the name Jose Valiente?**
 5 A No.
 6 **Q Or -- yeah, I said that right.**
 7 **So you've never heard of World Connection**
 8 **having a call center in Guatemala?**
 9 A No.
 10 MR. BARLOW: Was the credit card for
 11 Hugo Vignolo?
 12 THE WITNESS: Hugo sounds familiar, but I
 13 don't know if it was for -- I met Hugo once at Andy's
 14 house for a barbecue. I don't know who he was.
 15 He could barely speak English.
 16 BY MR. EVANS:
 17 **Q Did anybody tell you he was from Guatemala?**
 18 A No.
 19 **Q Did World Access Media -- and sorry. There**
 20 **are a lot of similar names, and we're jumping around a**
 21 **little here at the end.**
 22 **Did your company, World Access Media, ever do**
 23 **any dialing through TelWeb that -- on its own behalf?**
 24 **Not just resellers to clients?**
 25 A I would not know that question.

Allorey, Inc.

7/19/2016

321

1 **Q Let me --**
 2 A Or understand it really, to be honest with
 3 you.
 4 **Q Did -- was -- in the list of clients when you**
 5 **would sign in, was World Access Media on that list?**
 6 A No.
 7 **Q The lead generation that World Access Media**
 8 **was doing for Alliance that Justin set up, what client**
 9 **ID would that have been in TelWeb?**
 10 A He would have been doing it at his own
 11 Prime Marketing ID.
 12 **Q And was that a Prime Marketing ID through**
 13 **World Access like one of the sub accounts that would**
 14 **show up on your list?**
 15 A Yeah.
 16 **Q Okay. So his -- his lead generation for**
 17 **Alliance, that would have been through the**
 18 **Prime Marketing account in TelWeb?**
 19 A Um-hum.
 20 **Q How do you know that?**
 21 A Because that's how it would have been.
 22 **Q Did anybody ever tell you that?**
 23 A No.
 24 **Q But you never saw a client get set up for**
 25 **that project?**

322

1 A No.
 2 **Q And World Access Media itself did not have**
 3 **its own client entry?**
 4 A No.
 5 MR. BARLOW: You handled the money for
 6 World Access; right?
 7 THE WITNESS: Yeah.
 8 MR. BARLOW: So that's how you knew that
 9 Justin's dial-in for World Access was through
 10 Prime Marketing?
 11 THE WITNESS: Yeah.
 12 BY MR. EVANS:
 13 **Q You mentioned you live with your parents, and**
 14 **we've now sent a number of CIDs and things.**
 15 **Have you discussed this at all with them?**
 16 A No.
 17 **Q Do they know about this investigation?**
 18 A No.
 19 **Q You've discussed it with Mike Jones?**
 20 A Well, yeah.
 21 **Q There's -- you know, it's fine if you have.**
 22 A Yeah.
 23 **Q Have you discussed this investigation with**
 24 **Tyler Hall?**
 25 A Yes.

323

1 **Q With Ray Verallo?**
 2 A Yes.
 3 **Q What did you and Tyler Hall talk about?**
 4 A That I got a CID.
 5 **Q And what did he say about that?**
 6 A "We need to be careful."
 7 **Q What did Ray Verallo tell you about it?**
 8 A Same thing. They all said the same thing.
 9 **Q What did Mike Jones tell you about it?**
 10 A He's going to take care of it.
 11 **Q And have you discussed it with**
 12 **Houston Fraley?**
 13 A Yeah. Just the basic same thing. Be
 14 careful. He didn't say much.
 15 **Q Has -- have you talked to -- no. Scratch**
 16 **that.**
 17 MR. EVANS: I'm ready to move on unless you
 18 have anything.
 19 MR. BARLOW: Who was it that said, "We need
 20 to be careful"?
 21 THE WITNESS: Tyler Hall. Well, basically
 22 everyone, because everyone is involved.
 23 MR. BARLOW: But if all of your activities
 24 were lawful, you wouldn't need to be careful; right?
 25 THE WITNESS: Well, I don't know.

324

1 MR. BARLOW: I mean, the only reason you
 2 would need to be careful is if it was unlawful; right?
 3 Like if you're driving the speed limit, you
 4 don't need to watch out for police; right?
 5 THE WITNESS: Very true.
 6 MR. BARLOW: But if you're speeding, you need
 7 to worry about police?
 8 THE WITNESS: Of course.
 9 MR. BARLOW: So that's why World Access Media
 10 needed to worry about and be careful; right? And
 11 that's why FSP Security needed to be careful; right?
 12 Because the calls were unlawful?
 13 THE WITNESS: Yeah. I mean --
 14 MR. BARLOW: Right? I mean, everybody knew
 15 that?
 16 THE WITNESS: Yeah.
 17 BY MR. EVANS:
 18 **Q So going forward, this has been very helpful**
 19 **and we really appreciate --**
 20 A Of course.
 21 **Q -- that you've appeared to have answered the**
 22 **questions and taken the whole day.**
 23 **Like we said this morning, you know, we've**
 24 **talked to a lot of people before you, and so we are**
 25 **still determining whether you are an appropriate**

81 (Pages 321 to 324)

Allorey, Inc.

7/19/2016

353

1 for now will be fine. The CID formally requests
2 native documents, but we recognize it would be easier
3 for you to give it to us in a PDF.

4 A Okay.

5 Q When you have it ready, we can send you a
6 secure link. You just e-mail me and Mr. Evans, and
7 we'll send you a secure link.

8 A Okay.

9 Q But, you know, if you don't give it to us, we
10 have to go to court and tell a federal judge that --
11 to issue an order. And then if you don't do it, then
12 the judge has to hold you in contempt, and it's just a
13 ton of hassle.

14 A Well, that's not going to happen.

15 Q The easier thing to do is to just give it to
16 us.

17 A Like I said, you'll probably have this
18 tonight. I'm just trying to get this all over with.

19 Q Great. Well, with that, 178 is entered into
20 the record and --

21 FURTHER EXAMINATION

22 BY MR. EVANS:

23 Q Okay. Do you want to hold onto that piece of
24 paper?

25 A Can I toss it?

354

1 Q Yeah. That was maybe the start of a list of
2 things you were going to give us, but it sounds like
3 we've got a lot on the list now.

4 A Yeah.

5 Do I keep these or no?

6 Q You can keep those.

7 There is a meet-and-confer instruction in
8 there that does say, you know, you can call us as
9 well.

10 We can't give you advice on how to comply or
11 what is or is not responsive. That would be something
12 for you to decide or for your lawyer to decide, but we
13 can talk to you about the scope of the CID, the exact
14 technical details of how to get it to us.

15 A Okay.

16 Q And I wanted to ask you about -- so the
17 e-mail addresses that you were using, one of them was
18 at World Access Media?

19 A Um-hum.

20 Q Was that @Yahoo?

21 A Yes. That was @Yahoo.

22 Q Okay. So I don't know about Yahoo. You
23 might want to check, but Gmail has like export
24 features that allow you to have Gmail send you like
25 one file with all of your archives in it or if you tag

355

1 things.

2 Maybe Yahoo has a similar thing that would
3 prevent --

4 A I'll look into it. I don't really use Yahoo
5 as much.

6 Q If there's some other option other than you
7 manually PDFing e-mails for the next several days, you
8 know, we're happy to look into that possibly up to and
9 including us just asking Yahoo for it, but --

10 A I figure that is a lot of work.

11 Q And that's a bit touchier.

12 A What if I give you the password?

13 Q No. We can't do that. I'm sorry.

14 But, you know, I don't know if you want to
15 turn over --

16 A Honestly, that was strictly used for all of
17 this anyways. There's no personal --

18 Q Well, you might want to just investigate what
19 solutions Yahoo might be able to provide you as well.

20 A Okay.

21 Q So with that, this has been extremely
22 helpful, and I want to thank you again --

23 A Of course.

24 Q -- for coming.

25 We will continue to be in touch, and you've

356

1 been also responsive by e-mail.

2 If you had to pick one, what e-mail should we
3 contact you at?

4 A Yoshioka_.

5 Q @Yahoo?

6 A Yes, please.

7 MR. EVANS: Okay. And with that, then we'll
8 close this investigational hearing for today.

9 Thank you.

10 (End of proceedings 4:50 p.m.)

89 (Pages 353 to 356)

Allorey, Inc.

7/19/2016

357

1
2 I, the undersigned, a Certified Shorthand
3 Reporter of the State of California, do hereby
4 certify:

5 That the foregoing proceedings were taken
6 before me at the time and place herein set forth; that
7 any witnesses in the foregoing proceedings, prior to
8 testifying, were placed under oath; that a verbatim
9 record of the proceedings was made by me using machine
10 shorthand which was thereafter transcribed under my
11 direction; further, that the foregoing is an accurate
12 transcription thereof.

13 I further certify that I am neither
14 financially interested in the action nor a relative or
15 employee of any attorney of any of the parties.

16 IN WITNESS WHEREOF, I have this date
17 subscribed my name.

18
19 Dated: _____

20 _____
21 KIMBERLY CATHEY
22 CSR No. 10701
23
24
25

1 **James E. Evans**, Va. Bar No. 83866

2 james.evans@ftc.gov

3 (202) 326-2026

4 **Ian L. Barlow**, D.C. Bar No. 998500

5 ibarlow@ftc.gov

6 (202) 326-3120

7 **Federal Trade Commission**

8 600 Pennsylvania Ave. NW, CC-8528

9 Washington, DC 20580

10 (202) 326-3395 (fax)

11 **Thomas J. Syta**, Cal. Bar No. 116286

12 tsyta@ftc.gov

13 (310) 824-4343

14 Local Counsel

15 **Federal Trade Commission**

16 10877 Wilshire Boulevard, Suite 700

17 Los Angeles, CA 90024

18 (310) 824-4380 (fax)

19 **Attorneys for Plaintiff**

20 **Federal Trade Commission**

21
22
23 **UNITED STATES DISTRICT COURT**
24 **CENTRAL DISTRICT OF CALIFORNIA**
25

26 **Federal Trade Commission,**

27 Plaintiff,

28 vs.

Aaron Michael Jones, et al.,

Defendants.

No. SACV17-00058 DOC (JCGx)

Declaration of Ian L. Barlow

Pursuant to Local Rule 55-1

1 I, Ian L. Barlow, depose and say as follows:

2 1. I am an attorney for the Federal Trade Commission (“FTC”) and have
3 entered an appearance on behalf of the FTC in this case. I make this declaration
4 pursuant to Local Civil Rule 55-1.

5 2. The Clerk’s Office has entered defaults against eleven (11) defendants
6 in this case.

7 3. With regard to one of the eleven defaulting defendants, Steven
8 Stansbury, the Court has stayed the case, upon request of the FTC, because that
9 defendant has signed a proposed Stipulation agreeing to resolve the FTC’s claims
10 against him in this case and because that proposed Stipulation is in the process of
11 being reviewed and voted on by the Commissioners of the FTC. *See* ECF 77 & 78.

12 4. With regard to the other ten (10) of the eleven (11) defaulting
13 defendants, the defaults were entered because the defendants were properly served
14 with the Summons and Complaint and failed to timely answer the Complaint or file
15 a responsive pleading. The FTC is filing an Application for Entry of Default
16 Judgment against the following ten (10) defaulting defendants:

- 17 a. ***Aaron Michael Jones***, also known as Michael Aaron Jones, also
18 known as Mike Jones, individually and as an owner, officer, or
19 manager, or a *de facto* owner, officer, or manager of Allore, Inc.,
20 Audacity LLC, Data World Technologies, Inc., Dial Soft
21 Technologies, Inc., Digital Marketing Solutions, Inc., Local
22 Lighthouse Corp., Savilo Support Services, Inc., Secure Alliance
23 Corp., Velocity Information Corp., and World Access Media
24 (“Jones”);
- 25 b. ***Allore, Inc.***, a California corporation (“Allore”);
- 26 c. ***Audacity LLC***, a California limited liability company (“Audacity”);
- 27 d. ***Data World Technologies, Inc.***, a California corporation (“DWT”);
- 28 e. ***Dial Soft Technologies, Inc.***, a former Nevada corporation (“DST”);
- f. ***Digital Marketing Solutions, Inc.***, a California corporation (“DMS”);
- g. ***Savilo Support Services, Inc.***, a California corporation (“Savilo”);
- h. ***Secure Alliance Corp.***, a California corporation (“Secure Alliance”);

- i. *Velocity Information Corp.*, a former California corporation (“Velocity”); and
- j. *World Access Media*, a California corporation (“WAM”).

5. For all ten (10) of these defaulting defendants the below table summarizes the date of service, the filing of proof of service, the deadline to answer or file a responsive pleading, and the entry of default:

Defendant	Served (Proof of Service)	Answer Due	Default Entered
Jones	Jan. 18 (ECF 35)	Feb. 8	Feb. 13 (ECF 44)
Allorey	Jan. 18 (ECF 36)	Feb. 8	Feb. 10 (ECF 44)
Audacity	Feb. 10 (ECF 73)	Mar. 3	Mar. 9 (ECF 74)
DWT	Feb. 1 (ECF 46)	Feb. 22	Mar. 6 (ECF 66)
DST	Feb. 1 (ECF 47)	Feb. 22	Mar. 6 (ECF 66)
DMS	Jan. 17 (ECF 37)	Feb. 7	Feb. 13 (ECF 42)
Savilo	Jan. 24 (ECF 48)	Feb. 14	Mar. 6 (ECF 66)
Secure Alliance	Jan. 17 (ECF 38)	Feb. 7	Feb. 10 (ECF 42)
Velocity	Jan. 17 (ECF 39)	Feb. 7	Feb. 10 (ECF 42)
WAM	Jan. 17 (ECF 40)	Feb. 7	Feb. 10 (ECF 42)

6. Of these ten (10) defaulting defendants, only Jones is an individual. The remaining nine (9) are corporations or limited liability companies.

7. None of the ten (10) defaulting defendants are infants, and none have been declared incompetent.

8. The Servicemembers Civil Relief Act, 50 U.S.C. § 521, does not apply to any of these ten (10) defendants, including Jones.

9. Notice of the FTC’s Application for Entry of Default Judgment has been served on all ten (10) of the defaulting defendants against whom the FTC seeks entry of a default judgment.

1 10. Before filing this motion, the FTC contacted Jones and Stansbury and
2 requested a meet and confer, pursuant to L.R. 7-3. The meet and confer was held
3 telephonically at 10:00 am Pacific on March 31, 2017. Jones retained an attorney
4 to participate in the call on Jones's behalf who stated that he was not certain and
5 needed to consult with his client, but that he "did not think [Jones] would oppose"
6 the FTC's Application for Entry of a Default Judgment.

7 11. On April 6, 2017, Jones's attorney sent me an email stating that: "Mr.
8 Jones consents to the injunctive relief sought by the Commission in the
9 Complaint. He reserves his rights to seek to participate in the proceeding with
10 respect to the monetary judgment sought by the Commission."

11 12. The FTC could not confer with the remaining nine defaulted
12 defendants pursuant to L.R. 7-3, because they are all corporations or limited
13 liability companies that are not represented by counsel. *See, e.g.*, L.R. 83-2.2.2
14 (stating that a corporation may not appear pro se).

15
16 I declare under penalty of perjury that the foregoing is true and correct.

17
18
19 Dated: April 10, 2017
Washington, DC

/s/ Ian L. Barlow

Ian L. Barlow
Attorney for Plaintiff
Federal Trade Commission

Expert Report of Patrick McAlvanah

I, Patrick McAlvanah, declare and state as follows:

1. I am an economist in the Consumer Protection Division of the Bureau of Economics of the Federal Trade Commission (FTC). I received a Ph.D. in Economics from Washington University in St. Louis in 2008. I have been working at the FTC in Washington, DC, since July 2008. I attach my CV, which includes a full list of cases in which I have previously testified, as **Attachment A**. The following facts are known to me personally and if called as a witness I could and would competently testify thereto.
2. As part of my duties at the FTC, I am assigned to assist on matters with the Bureau of Consumer Protection (BCP). I am a full-time, salaried employee. I am not receiving any additional compensation for my report or my work on this case, and my performance is not evaluated based upon the conclusions I draw.
3. FTC staff requested that I extract a random sample of call records from a list of call record data provided by NetDotSolutions. My understanding is that the sample of call records would be analyzed for Do Not Call list (DNC) violations by InterImage, Inc., the firm that handles DNC analysis for the FTC. A sample was required because analysis of the full set of call records, over 700 million calls, would have been infeasible.
4. The data provided by NetDotSolutions was contained in 12 folders, with dates ranging from 2015-06 through 2016-05. It is my understanding that each folder contained call records for one month. Each month's folder contained between 29 and 31 .CSV spreadsheets, with the exception of "2016-05-VINC000335-339" which contained five spreadsheets. It is my understanding that each spreadsheet contained all calls for a particular day of that month.

5. FTC counsel instructed me to sample solely outbound calls. FTC counsel informed me that solely outbound calls would be included (that is, inbound and “bridge” calls would be excluded) by retaining rows with a value of “0” for the variable “cdr_type”, and a value of “\N” for the variable “cdr_ext_call_id_src”. I pulled the random sample using Stata 14.1, a common statistical software package. In Stata, I wrote a script that opened each .CSV file, retained solely the outbound calls, and drew a 1% random sample using seed number 31317416 for reproducibility purposes. If another individual used this seed number on the same data, he or she would draw an identical random sample as the one that I drew. My script then appended the random samples from each day of calls into one file titled “Sample_01.csv” which I provided to FTC counsel. This 1% sample contained 7,096,173 observations. A true and accurate copy of my Stata script, titled “Draw Sample.do” is attached to this Declaration as **Attachment B**.

Running this script in Stata will exactly replicate the sample I created.

6. The full 1% sample is representative of the call logs as provided by NDS. NDS did not provide any additional data that would indicate whether the call logs constitute the full extent of relevant dialing activity on any day in the sample period.

7. FTC counsel provided to me the results of the analysis produced by InterImage, Inc. of the sample of the call recordings. The results of this analysis are included as **Attachment C**.

The analysis denotes that: of the 7,096,173 call records provided, there were 1,522,369 Do Not Call violations in this sample; there were 1,206,467 DNC violations from 07/08/2015 through 05/05/2016; there were 939,887 DNC violations from 09/17/15 through 05/05/2016; and there were 131,138 DNC violations from 04/21/2016 through 05/05/2016.

8. FTC staff asked me to estimate the frequency of DNC violations that occurred across the population of call records, restricted to outbound calls. The following estimates are based upon

the statistical principles of a binomial distribution, which permit projections about the frequencies of occurrence in a larger set of data based upon observations within a smaller subset of that data. I performed the following calculations in Stata 14.1, which applies the principles of the binomial distribution to calculate a confidence interval given a specified confidence level. This is a statistically sound method for calculating confidence intervals of a variable with a binomial distribution and is widely used by people with expertise in the field of statistics.

9. Applying the above methodology, my conclusions are as follows and based upon two-sided confidence intervals for a binomial distribution. Stata constructs the confidence intervals to be sufficiently wide such that, with repeated sampling, there is a 99.9% probability that the true frequency of occurrence is within the reported range.

10. Based upon the analysis that FTC counsel provided me, DNC call representations occurred in 1,522,369 instances out of the 7,096,173 call records, which implies a 21.45% incidence rate for this sample. The 99.9% confidence interval for DNC violations, for outbound calls, is 21.40% to 21.50%. Projecting the results of the 1% sample to an assumed population size of 709,617,300 outbound calls implies a 99.9% confidence interval of 151,877,260 to 152,596,960 DNC violations.

11. Within the 1% sample there were 5,859,463 outbound calls from 07/08/2015 through 05/05/2016. Based upon the analysis that FTC counsel provided me, DNC call representations occurred in 1,206,467 instances out of these 5,859,463 records, which implies a 20.59% incidence rate for this sample. The 99.9% confidence interval for DNC violations, for outbound calls from 07/08/2015 through 05/05/2016, is 20.54% to 20.65%. Projecting the results of the 1% sample to an assumed population size of 585,946,300 outbound calls from 07/08/2015

through 05/05/2016 implies a 99.9% confidence interval of 120,324,780 to 120,969,020 DNC violations.

12. Within the 1% sample there were 4,106,764 outbound calls from 09/17/2015 through 05/05/2016. Based upon the analysis that FTC counsel provided me, DNC call representations occurred in 939,887 instances out of these 4,106,764 records, which implies a 22.89% incidence rate for this sample. The 99.9% confidence interval for DNC violations, for outbound calls from 09/17/2015 through 05/05/2016 is 22.82% to 22.95%. Projecting the results of the 1% sample to an assumed population size of 410,676,400 outbound calls from 09/17/2015 through 05/05/2016 implies a 99.9% confidence interval of 93,708,716 to 94,269,084 DNC violations.

13. Within the 1% sample there were 248,784 outbound calls from 04/21/2016 through 05/05/2016. Based upon the analysis that FTC counsel provided me, DNC call representations occurred in 131,138 instances out of these 248,784 records, which implies a 52.71% incidence rate for this sample. The 99.9% confidence interval for DNC violations, for outbound calls from 04/21/2016 through 05/05/2016 is 52.38% to 53.04%. Projecting the results of the 1% sample to an assumed population size of 24,878,400 outbound calls from 04/21/2016 through 05/05/2016 implies a 99.9% confidence interval of 13,031,789 to 13,195,770 DNC violations.

14. I reserve the right to supplement my testimony and this report in response to any further information provided by the parties, or in light of additional documents or testimony provided during discovery in this case, at trial, or otherwise, which may be brought to my attention after the date of my signature below.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on: 04/10, 2017

A handwritten signature in blue ink, reading "Patrick McAlvanah", written over a horizontal line.

Patrick McAlvanah

Attachment A

Patrick McAlvanah

Curriculum Vitae: April 2017

Phone: 202-326-2974

Fax: 202-326-3443

Email: pmcalvanah@ftc.gov

Web: <http://sites.google.com/site/patrickmcalvanah/>

Federal Trade Commission

600 Pennsylvania Ave NW

Mail Drop HQ 238

Washington DC 20580

U.S. Citizen

Employment

Economist - Federal Trade Commission

2008 – Present

Bureau of Economics, Consumer Protection Division

Education

Ph.D. in Economics, Washington University in St. Louis

2008

M.A. in Economics, Washington University in St. Louis

2004

B.S. in Economics, Tulane University

2002

Research and Teaching Interests

Primary: Applied Microeconomics, Behavioral Economics, Experimental Economics

Secondary: Econometrics, Family Economics

Publications

Clanton, Jesse, Aimee Gardner, Michael Subichin, Patrick McAlvanah, William Hardy, Amar Shah, and Joel Porter. (2017). "Patient Hand-Off and Evaluation (PHONE) Study: A Randomized Trial of Patient Handoff Methods," *The American Journal of Surgery*, Volume 213, Issue 2, February 2017, 299-306.

Courtemanche, Charles, Garth Heutel, and Patrick McAlvanah. (2015). "Impatience, Incentives, and Obesity," *Economic Journal*, Volume 125, Issue 582, pages 1-31, February 2015.

McAlvanah, Patrick and Charles C. Moul. (2013). "The House Doesn't Always Win: Evidence of Anchoring Among Australian Bookies," *Journal of Economic Behavior and Organization* 90, 2013, 87-99.

McAlvanah, Patrick. (2010). "Subadditivity, Patience, and Utility: The Effects of Dividing Time Intervals," *Journal of Economic Behavior and Organization* 76, 2010, 325-337.

McAlvanah, Patrick. (2009). "Are People More Risk-Taking in the Presence of the Opposite Sex?" *Journal of Economic Psychology*, Volume 30, Issue 2, April 2009, 136-146.

Working Papers

“Time Preferences and Consumer Behavior” (with David Bradford, Charles Courtemanche, Garth Heutel, and Christopher Ruhm). NBER Working Paper #20320.

Other Publications

Balan, David J., Patrick DeGraba, Francine Lafontaine, Patrick McAlvanah, Devesh Raval, and David Schmidt. “Economics at the FTC: Fraud, Mergers and Exclusion” *Review of Industrial Organization*: Volume 47, Issue 4 (2015), Page 371-398.

“Fraudulent Advertising Susceptibility: An Experimental Approach,” Federal Trade Commission Bureau of Economics Working Paper #325, April 2015.

Brand, Keith, Martin Gaynor, Patrick McAlvanah, David Schmidt, and Elizabeth Schneirov. “Economics at the FTC: Office Supply Retailers Redux, Healthcare Quality Efficiencies Analysis, and Litigation of an Alleged Get-Rich-Quick Scheme,” *Review of Industrial Organization*, Volume 45, Issue 4 (2014), Page 325-344.

Teaching Experience

Instructor: Washington University in St. Louis

Behavioral Economics	2007 – 2008
Price Theory	2006
Introduction to Political Economy: Microeconomics	2005

Refereeing

Economics Bulletin; International Economic Review; Journal of Economic Behavior and Organization; Journal of Economic Psychology; Journal of Experimental Analysis of Behavior; Journal of Experimental Psychology: General; Journal of Human Resources; Management Science; NSF grant proposal

Recent Conference and Seminar Presentations

“Time Preferences and Consumer Behavior” Federal Trade Commission	2014
“Impatience, Incentives, and Obesity” NBER Health Economics Spring Program	2012
Federal Trade Commission	2011
Canadian Competition Bureau	2011
“The House Doesn’t Always Win: Evidence of Anchoring Among Australian Bookies” Federal Trade Commission	2010
“Exploring the Effects of Default Rules, Stakes, and Demographics in a Negative Options Case” IAREP/ SABE Joint Conference	2009

Testimony

Expert Report of Patrick McAlvanah, *FTC et al. v. Vantage Point Services, LLC, et al.*,
No. 1:15-cv-00006-WMS (W.D.N.Y. 2015), Dkt. No. 34-17 (PX39). 2015
 Testified by deposition 2016

FTC v. Data Medical Capital, Inc. et al. SA-CV-99-1266 (declaration in a 2009
 contempt action, not the original case) 2009

United States v. Civic Development Group, LLC et al., 07cv04593 (D.N.J.) (declaration
 and deposition) 2009

FTC v. Your Magazine Provider, Inc. et al. CV-08-64-M-DWM (D. MT) (declaration)
 2008

Honors and Awards

Federal Trade Commission

Paul Rand Dixon Award 2013
 In recognition of many outstanding economic analyses in support of consumer
 protection law enforcement and policy analyses for the Federal Trade Commission

Washington University in St. Louis

Dissertation Fellowship 2007
 Competitive Summer Research Grant 2004 - 2007
 Graduate Scholarship 2003-2006
 Graduate Fellowship 2002-2003

Tulane University

Phi Beta Kappa 2002
 Best Economics Major Award 2002
 Dean's Honor Scholarship 1998 - 2002

Media

Time Preferences and Consumer Behavior
 "Short-run impulsiveness versus long-run impatience" Vox column

Impatience, Incentives, and Obesity
 "Does Impatience Make Us Fat?" Washington Post Blog
 "Link between Poverty and Obesity" Washington Times
 Freakonomics Blog

Are People More Risk-Taking in the Presence of the Opposite Sex?
 "Does She Make You Want to Buy Junk Bonds?" *Money* magazine, February 2008.

Attachment B

```
1  /* This .do file draws a 1% random sample of all call recordings for Net Dot Solutions
2  */
3
4
5  clear
6  set more off
7
8  *Begin Log File
9  log using "K:\BE\1255\Experts\NetDotSolutions PMcalvanah\Log of First Sample.smcl", replace
10
11  cd "\\trade.ftc.gov\workprod\BCP\1144DMP\Cases\NetDotSolutions_1623124\PII\CID
Returns\Christiano Companies\Production Received 2017-02-13\Working Copy"
12
13  *Set seed so we get the same sample each time
14  set seed 31317416
15
16  *Set up a temporary file to hold the call logs as we append them, and a switch to turn on
after saving the first file
17  local switch = 0
18  tempfile temp
19
20  *Run a loop, opening each file, keeping only outbound calls (dropping inbound and bridge
calls)
21  *Keep 1% of remaining calls
22
23  local folderlist: dir
"\\trade.ftc.gov\workprod\BCP\1144DMP\Cases\NetDotSolutions_1623124\PII\CID
Returns\Christiano Companies\Production Received 2017-02-13\Working Copy" dir "*"
24  foreach folder of local folderlist {
25  local files: dir
"\\trade.ftc.gov\workprod\BCP\1144DMP\Cases\NetDotSolutions_1623124\PII\CID
Returns\Christiano Companies\Production Received 2017-02-13\Working Copy\\"folder'" files
"*.csv"
26  disp "`folder'"
27  foreach file of local files {
28  disp "`file'"
29  quietly import delimited using
"\\trade.ftc.gov\workprod\BCP\1144DMP\Cases\NetDotSolutions_1623124\PII\CID
Returns\Christiano Companies\Production Received 2017-02-13\Working Copy\\"folder\\"file'",
clear stringcols( all) colrange(1:15)
30  count
31
32  *Keep only outbound calls. (This drops inbound and bridge calls)
33  keep if cdr type == "0" & cdr ext call id src=="\N"
34
35  *Draw a 1% sample
36  sample 1
37
38  count
39
40  *If it's the first, save, if it's a subsequent, append and then save
41  if `switch' == 0 {
42  local switch = 1
43  qui save `temp'
44  }
45  else{
46  qui append using `temp'
47  qui save `temp', replace
48  }
49  }
50  }
51  export delimited using Sample 01.csv, replace
52
53  log close
```

Attachment C

N318_Sample_RegHitsSumm.txt

Registry Hits Summary

N318_Sample_RegHitsSumm.txt created on 2017-04-04

REGISTRY: as of June 2016

INPUT: Sample_01.csv

Call Field: "Number to which calls were placed"

Total Call Records: 7,096,173

Date Field: "Call Date and Time"

Date Range: 2015-06-01 06:01:09.000 to 2016-05-05 08:15:34.000

Total Area Codes: 339

OUTPUT: N318_Sample_RegHitsSumm.txt

Total Hits: 1,522,369

Date Range: 2015-06-01 to 2016-05-05

Total Junk Records: 564

The percentage of calls that were hit: 21.46%
 $1522369 / (7096173 - 564)$

The number of DNC hits from 7/8/2015 through end is 1,206,467

The number of DNC hits from 9/17/2015 through end is 939,887

The number of DNC hits from 4/21/2016 through end is 131,138

**DECLARATION AND EXPERT REPORT OF RYAN SANDLER, PH.D.
PURSUANT TO 28 U.S.C. § 1746**

I, RYAN SANDLER, hereby declare as follows:

1. My name is Ryan Sandler. I am a citizen of the United States and am over eighteen years of age. Unless stated otherwise, I have personal knowledge of the facts contained in this Declaration. If called as a witness, I could and would testify to the facts stated herein.
2. I am an Economist with the Federal Trade Commission (“FTC”), in the Bureau of Economics. I have been an employee of the FTC since July 2012. My duties include providing economic and statistical analysis pertinent to FTC investigations and projects, as well as independent economic research on topics related to the FTC’s mission.
3. I have a Ph.D. in economics from the University of California, Davis. I earned my Bachelor’s degree in 2007 from Willamette University, with a major in economics. I then studied economics at UC Davis, where I earned a master’s degree in 2008, and completed my Ph.D. in 2012.
4. I have published several empirical studies in academic journals in economics, including a paper on statistical methodology. My full *curriculum vitae* is attached to this Declaration as Exhibit A.
5. As part of my duties at the FTC, I was assigned to assist with the FTC’s investigation into the telemarketing activities of Aaron Michael Jones and numerous individuals and entities associated with him. As a full-time, salaried employee of the FTC, I am not receiving any additional compensation for this declaration or my work on this case, and my performance is not evaluated based on the conclusions that I draw.
6. In the course of the above-referenced investigation, FTC counsel requested that I extract a random sample of call records from a set of call record data provided by NetDotSolutions,

Inc. (“NDS”). My understanding is that the sample of call records would be analyzed for Do Not Call list (“DNC”) violations by InterImage, Inc., the firm that handles DNC analysis for the Commission. A sample was required because analysis of the full set of call records, some 500 million calls, would have been infeasible.

7. The data provided by NDS was contained in 6 .ZIP archives, titled, “CDR_2014_01.ZIP”, “CDR_2014_02.ZIP”, “CDR_2014_03.ZIP”, “CDR_2015_01.ZIP”, “CDR_2015_02.ZIP”, and “CDR_2015_03.ZIP”. Each .ZIP file contained call records for one month (January 2014, February 2014, March 2014, January 2015, February 2015, and March 2015, respectively). Each file contained between 28 and 31 .CSV files, one for each day of the month. Before pulling the sample, I extracted all of the .CSV files from the .ZIP archives.
8. I pulled a random sample of records from these data using Stata, a common statistical software package. In Stata, I wrote a simple script that opened each .CSV file, dropped inbound and “bridge” calls, and randomly selected 1% of the remaining rows. FTC counsel informed me that inbound and “bridge” calls would be excluded by including only rows with a value of “0” in the “cdr_type” field, and a value of “\N” in the “cdr_ex_cal_id_src” field. My script selected a 1% sample by generating a random number between 0 and 1 for each row, and keeping only rows with a randomly generated value below 0.01. This gave an unbiased random sample of the call records in each file. My script then appended the random samples from each day of calls into one file titled “sample_01.csv,” which I provided to FTC counsel. This file provides an unbiased random sample of all the call records in the data provided by NDS for the first three months of 2014 and 2015. A true and accurate copy of my Stata script, titled “pull_sample.do” is attached to this Declaration as Exhibit B. Running this script in Stata will exactly replicate the sample I created.

9. The full 1% sample is representative of the call logs as provided by NDS. NDS did not provide any additional data that would indicate whether the call logs constitute the full extent of relevant dialing activity on any day in the sample period.
10. I have reviewed the Declaration of Jeff Hall, which describes the DNC analysis of the sample of call records I created. Using the results of Mr. Hall's analysis, a spreadsheet titled "N311_2_Results.xlsx," I have estimated the total violation rate for the full set of call records provided by NDS, based upon the 1% sample of those records.
11. Within the 1% sample, there were 3,358,980 outbound calls placed in the first three months of 2014. Of these calls, 335,563, or 9.99% were DNC violations. Thus, I estimate that the full set of call records for the first three months of 2014 had a violation rate of 9.99%, with a 99.9% confidence interval of plus or minus 0.05%.¹ Thus, out of the 329,820,709 calls made in 2014 in the full set of call records provided by NDS, I estimate that 32,949,177 calls were DNC violations, with a 99.9% confidence interval of 32,771,608 – 33,126,746 DNC violations.
12. Within the 1% sample, there were 2,300,960 outbound calls placed in the first three months of 2015. Of these calls, 415,228, or 18.05% were DNC violations. Thus, I estimate that the full set of call records for the first three months of 2015 had a violation rate of 18.05%, with a 99.9% confidence interval of plus or minus 0.08%.² Thus, out of the 222,222,062 calls made in 2015 in the full set of call records provided by NDS, I estimate that 40,101,880

¹ A 99.9% confidence interval of plus-or-minus 0.05% can be roughly thought of as saying that I am 99.9% confident that the true violation rate in the full data is between 9.94% and 10.04%. More precisely, the *ex ante* probability of selecting a sample so unusual that the 99.9% confidence interval does not contain the true violation rate is 0.1%.

² The size of a confidence interval is a function of the size of the sample, with larger samples having smaller confidence intervals. Since there were fewer total outbound calls in the sample for first three months of 2015, the confidence interval is slightly wider. The interpretation is the same as for the 2014 confidence interval.

calls were DNC violations, with a 99.9% confidence interval of 39,916,496 – 40,287,264
DNC violations.

13. I reserve the right to supplement my testimony and this report in response to any further information provided in the course of this investigation, or in light of additional documents or testimony that may be brought to my attention after the date of my signature below.
14. I declare under penalty of perjury, pursuant to 28 U.S.C. § 1746, that the foregoing is true and correct to the best of my knowledge and belief.

Executed on: August 3, 2016



RYAN SANDLER, PH.D.

Sandler Declaration Exhibit A

Ryan Sandler

Federal Trade Commission
Bureau of Economics
600 Pennsylvania Avenue
Mail Drop H238
Washington, DC 20580

Phone: (202) 326-3517
Email: rsandler@ftc.gov
U.S. Citizen

Major Fields of Concentration

Environmental/Energy Economics, Industrial Organization, Transportation Economics, Public Finance

Employment

Economist, July 2012–Present

Federal Trade Commission

Education

Ph.D. Economics University of California, Davis, 2012

M.A. Economics, University of California, Davis, 2008.

B.A. Economics, Willamette University 2007.

Research

Publications

“Knowing When To Quit: Defaults, Demographics and Fraud” (with Robert Letzler, Ania Jaroszewicz, Isaac Knowles, and Luke Olson). Forthcoming.

“Multiple Event Studies in Public Finance: A Simulation Study with Applications” (With Danielle Sandler). *Journal of Economic and Social Measurement*, 39, 2014.

“Clunkers or Junkers? Adverse Selection in a Vehicle Retirement Program,” *The American Economics Journal: Economic Policy*, 4(4), 2012.

“Carbon Prices and Greenhouse Gas Emissions: The Intensive and Extensive Margins,” (with Christopher Knittel). *Design and Implementation of U.S. Climate Policy*, Don Fullerton and Catherine Wolfram, editors. 2012.

Working Papers

“Do Smog Checks Affect Smog? Emissions Inspections, Station Quality and Local Air Pollution,” (with Nicholas J. Sanders).

“The Welfare Impact of Second Best Uniform-Pigouvian Taxation: Evidence from Transportation” (with Christopher Knittel). NBER Working Paper No. 17390. In submission.

“You Can’t Take it With You: Appliance Choices, Conveyance Customs and the Energy Efficiency Gap”.

Works in Progress

“Estimating the Effect of Deception on Demand,” (with David Ovadia).

“Testing Models of Durable Goods Markets: New Evidence from Vehicle Ownership Data,” (with Christopher Knittel).

“The Effect of Emissions Testing on Vehicle Scrapping Decisions,” (with Jeffrey Williams).

“Adverse Selection with Observable Quality.”

Testimony and Expert Witness Service

FTC v Bryon Wolf, et al., Civ. No. 8:07-1279-JSM-TGW (M.D. Fla. 2013) (deposition and court testimony)

FTC v IAB Markeing Associates, LP, et al., Civ. No. 3:14-CV-458-L (N.D. Tex. 2014) (expert report)

FTC v Pecon Software ltd., et al., Civ. No. 12-CIV-7186-PAE (S.D. N.Y. 2014) (expert report and court testimony)

Honors and Awards

Janet F. Steiger Award for work on “Operation Ruse Control,” 2015

UC Davis Graduate Fellowship, Winter 2012

UC Davis Institute for Governmental Affairs Dissertation Improvement Grant, 2010

National Merit Scholar, Willamette University 2004-2007

Professional Service

Organized FTC Economics Seminar Series, 2013–2015

Referee for: *Journal of Political Economy*, *American Economics Journal: Economic Policy*, *Journal of Public Economics*, *Journal of Industrial Economics*, *Journal of the Association of Environmental and Resource Economics*, *Journal of Environmental Economics and Management*, *Regional Science and Urban Economics*, *The BEP Journal of Economic Analysis and Policy*,

Computer Skills

STATA (Expert), R (Proficient), Perl (Proficient), VBA (Proficient), ArcGIS (Basic), MATLAB (Basic), SAS (Basic), SQL (Basic).

References

Professor Christopher Knittel
Sloan School of Management
Massachusetts Institute of Technology
(617) 324-0015
knittel@mit.edu

Dr. Timothy Daniel
Bureau of Economics
Federal Trade Commission
(202) 326-2928
tdaniel@ftc.gov

Professor David Rapson
Department of Economics
University of California, Davis
(530) 752-5368
dsrapson@ucdavis.edu

Last updated: August 2, 2016

Sandler Declaration Exhibit B

```
1  /*Pull sample.do: This program pulls a 1% sample of call records from call logs produced by
   NDS*/
2
3  clear all
4  set more off
5
6  cd "\\trade.ftc.gov\workprod\BCP\1144DMP\Cases\Allorey_1523152\Investigation\Call Records"
7
8  /*Set seed so we get the same random sample each time*/
9
10 set seed 11710
11
12 /*Set up a temporary file to hold the call logs as we append them, and a switch to turn on
   after saving the first file*/
13 local switch = 0
14 tempfile temp
15
16 /*Run a loop, opening each file, dropping inbound and bridge calls, and keeping 1% of
   remaining calls*/
17
18
19
20 foreach year in 2014 2015{
21     foreach month in 01 02 03{
22         local files: dir "`year'-'month'" files "*"
23         disp "`year'-'month'"
24         foreach file of local files{
25             qui import delimited using `year'-'month'/'file', clear stringcols( all)
26             colrange(1:15)
27
28             /*Drop outbound calls*/
29             qui keep if cdr type == "0" & cdr ext call id src=="\N"
30
31             /*Keep a randomly selected 1%*/
32             qui keep if runiform() <=.01
33
34             /*If it's the first, save, if it's a subsequent, append and then save*/
35             if `switch' == 0 {
36                 local switch = 1
37                 qui save `temp'
38             }
39             else{
40                 qui append using `temp'
41                 qui save `temp', replace
42             }
43         }
44     }
45 }
46 export delimited using sample_01.csv, replace
47
```

**UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA**

Federal Trade Commission,

Plaintiff,

vs.

Aaron Michael Jones, et al.,

Defendants.

No. SACV17-00058 DOC (JCGx)

**DECLARATION OF
DARREN WRIGHT**

I, Darren Wright, hereby state that I have personal knowledge of the facts set forth below. If called as a witness, I could and would testify as follows:

1. I am a United States citizen over the age of 18. I am an investigator employed by the Federal Trade Commission in the Bureau of Consumer Protection's Division of Marketing Practices. I investigate persons and entities that may be violating the FTC Act and other laws enforced by the FTC. My business address is 600 Pennsylvania Ave. NW, CC-8528, Washington, DC 20580.

2. In connection with my work at the Federal Trade Commission, I have assisted with the Federal Trade Commission's investigation and litigation related to *FTC v. Aaron Michael Jones et al.*

I. Communications from Aaron Michael Jones, a/k/a Mike Jones, and his Attorney Concerning the Federal Trade Commission's Application for Default Judgment.

3. On March 8, 2017, FTC attorney Ian Barlow sent an email to Mike Jones at mjpmgr@gmail.com. Previously, at his investigational hearing, Jones testified that this was his email address.

4. Mr. Barlow's March 8, 2017 email to Mike Jones attached a letter informing him that the FTC intended to use excerpts from the transcript of his testimony at an investigational hearing in connection with public filings.

5. On March 16, 2017, Jones responded from his mjpmgr@gmail.com account and asked what information would be disclosed.

6. On March 24, 2017, the FTC sent an email to Mike Jones inviting him to attend a meet and confer telephone conference on March 31, 2017. The FTC specifically informed Mike Jones that the purpose of the meeting was to discuss the FTC's upcoming motion for default judgment.

7. On March 31, 2017, at 1:00pm Eastern, an attorney for Mike Jones, Mitchell N. Roth of the firm Roth Jackson Gibbons Condlin, PLC, in McLean, Virginia, dialed into the telephone conference.

8. The FTC explained that this was a meet and confer because Mr. Jones had failed to respond to the court timely and therefore defaulted. The FTC asked Mr. Roth if his client planned to oppose the default judgement and he said that Mr. Jones had just re-hired him a half an hour before the conference call and that he needed to consult with him, but he "did not think he would oppose".

9. On Friday April 6, 2017, at 3:15 pm, Mr. Roth sent the FTC an email stating that: "Mr. Jones consents to the injunctive relief sought by the Commission in the Complaint. He reserves his rights to seek to participate in the proceeding with respect to the monetary judgment sought by the Commission." The email is attached as Attachment A to this Declaration.

II. SocialHaus/SocialMediaVIP

10. The FTC has received 432 complaints from consumers about unwanted calls in which the consumers specifically identified the name of the company calling them as “socialmediavip.net.” Many of these consumers indicated that they received a robocall message directing them to visit socialmediavip.net, which then automatically redirected them to socialhaus.net.

11. On March 31, 2017, I typed socialmediavip.net into my web browser, and I was automatically redirected to socialhaus.net.

12. Previously, the FTC had received documents produced by GoDaddy.com in response to a Civil Investigative Demand issued by the State of Wisconsin that showed Mike Jones registered SoacialHaus.net and Justin Ramsey registered SocialMediaVIP.net. The responsive documents from GoDaddy.com are attached as Attachment B to this Declaration.

13. At an investigational hearing, settling defendant Houston Fraley testified that he received a robocall playing the SocialMediaVIP robocall message. He indicated that the Caller ID number for that call was (518) 313-8013. In the past year, the FTC has received 264 complaints from consumers about unwanted telephone calls with the same Caller ID Number.

14. The FTC traced ownership of this telephone number – (518) 313-8013 – to a company called EngageTel. The FTC sent a written request for information about this telephone number to EngageTel. EngageTel responded and informed the FTC that from August through October 2016, the number was licensed to a subscriber company called Magic Marketing Assistants, located at 2549 East Bluff Drive, #366, Newport Beach, CA 92660. The letter from EngageTel is attached as Attachment C to this Declaration. According to the Nevada Secretary of State’s website, Defendant Steve Stansbury is the sole officer of Magic Marketing Assistants, Inc.

III. Analysis of Bank Records of Allore, Inc., Digital Marketing Solutions, Inc., and Dial Soft Technologies, Inc.

15. The FTC issued civil investigative demands to Bank of America to obtain copies of bank statements for Allore, Inc., Dial Soft Technologies, Inc., and Digital Marketing Solutions, Inc. I have reviewed the bank statements produced by Bank of America for the first calendar quarter of 2014 and first calendar quarter of 2015.

16. During the first calendar quarter of 2014, Allore, Inc. had total deposits into its bank account totaling \$1,714,190.09. During the first calendar quarter of 2015, Digital Marketing Solutions, Inc. had deposits into its bank account totaling \$1,051,352.39. Combined, these deposits total \$2,765,542.48.


17. During the first calendar quarter of 2015, Dial Soft Technologies, Inc. had total revenue of \$796,065.01, of which at least 95% was received from Digital Marketing Solutions, Inc.

18. During the first calendar quarter of 2015, Dial Soft Technologies paid 99.94% of its revenue to three companies: TeraMesh Networks, Inc., NetDotSolutions, Inc., and VoiceInc.com Corporation.

19. On September 16, 2015, James B. Christiano testified at an investigational hearing conducted by the FTC. In that hearing, he testified that he owned TeraMesh Networks, Inc., NetDotSolutions, Inc., and VoiceInc.com Corporation.

I state under penalty of perjury that the foregoing is true and correct.

Dated: April 10, 2017
Washington, DC


Darren Wright

Attachment A

From: [Mitchell Roth](#)
To: [Barlow, Ian](#)
Cc: [Evans, James](#)
Subject: Mike Jones
Date: Friday, April 07, 2017 3:15:10 PM
Attachments: [image001.png](#)

Ian,

Mr. Jones consents to the injunctive relief sought by the Commission in the Complaint. He reserves his rights to seek to participate in the proceeding with respect to the monetary judgment sought by the Commission.

Mitchell N. Roth | Member | (703) 485-3536 (direct) | mroth@rothjackson.com
8200 Greensboro Drive | Suite 820 | McLean, Virginia 22102 | (703) 485-3535 (main) | (703) 485-3525 (fax)



-
NOTICE: Information contained in this transmission to the named addressee is proprietary information and is subject to attorney-client privilege and work product confidentiality. If the recipient of this transmission is not the named addressee, the recipient should immediately notify the sender and destroy the information transmitted without making any copy or distribution thereof.

Attachment B

Contact Info for Shopper ID 136765656

Shopper ID: 136765656
Private Label ID 1
Login Name: socialhaus
First Name: Mike
Middle Name:
Last Name: Jones
Company:
Address1: 2618 San Miguel Dr Ste 253
Address2:
City: Newport Beach
State/Prov: CA
Postal Code: 92660
Country: US
Phone1: +1.949 [REDACTED]
Phone1Extension:
Phone2:
Fax:
Mobile:
Email: admin@socialhaus.net
BirthDate:
Gender:
Date Created: 9/2/2016 9:50:38 AM
Last Changed By gdPostPurchase.StoreShopperInfo
Last Changed By Date 1/26/2017 6:11:04 PM
Status:
Fraud: Verified by Fraud Dept - Customer OK
Shopper Pin
Password Reminder
Twitter Handle

Domain List for Shopper ID 136765656

Domain Name	Status	Created	Expires	Order ID
socialhaus.org	0 Active	9/2/2016	9/2/2017	1022006952
socialhaus.biz	0 Active	9/2/2016	9/1/2017	1022006952
socialhaus.net	0 Active	9/2/2016	9/2/2017	1022006952
socialhaus.info	0 Active	9/2/2016	9/2/2017	1022006952
tustinstylist.com	0 Active	1/26/2017	1/26/2018	1083425971

Domain Information for Shopper ID 136765656

Shopper ID: 136765656
Domain Name: socialhaus net
Registrar:
Registration Period: 1
Create Date: 9/2/2016 12:20:26 PM
Expiration Date: 9/2/2017 12:20:26 PM
Update Date: 9/2/2016 12:20:26 PM
Transfer Away Eligibility Date:
Status: 0 Active
Is Certified Domain: False
Gaining Registrar Name:
Transferred Away Date:
Last Modified: 9/2/2016 11:52:07 AM
Custom DNS: Yes
Name Servers: ns67.domaincontrol.com
ns68.domaincontrol.com
Auto Renew: Yes
Renew Period: 0

Registrant Contact

Name: Registration Private
Company: Domains By Proxy, LLC
Email: DBP@domainsbyproxy.com
Address 1: DomainsByProxy.com
Address 2: 14455 N. Hayden Road
City: Scottsdale
State/Province: AZ
Postal Code: 85260
Country: United States
Phone: +1.4806242599
Fax: +1.4806242598
Modify Time: 9/2/2016 10:20:18 AM

Technical Contact

Name: Registration Private
Company: Domains By Proxy, LLC
Email: DBP@domainsbyproxy.com
Address 1: DomainsByProxy.com
Address 2: 14455 N. Hayden Road
City: Scottsdale
State/Province: AZ
Postal Code: 85260
Country: United States
Phone: +1.4806242599
Fax: +1.4806242598
Modify Time: 9/2/2016 10:20:20 AM

Administrative Contact

Name: Registration Private
Company: Domains By Proxy, LLC
Email: DBP@domainsbyproxy.com
Address 1: DomainsByProxy.com
Address 2: 14455 N. Hayden Road
City: Scottsdale
State/Province: AZ
Postal Code: 85260
Country: United States
Phone: +1.4806242599
Fax: +1.4806242598
Modify Time: 9/2/2016 10:20:20 AM

Billing Contact

Name: Registration Private
Company: Domains By Proxy, LLC
Email: DBP@domainsbyproxy.com
Address 1: DomainsByProxy.com
Address 2: 14455 N. Hayden Road
City: Scottsdale
State/Province: AZ
Postal Code: 85260
Country: United States
Phone: +1.4806242599
Fax: +1.4806242598
Modify Time: 9/2/2016 10:20:20 AM

Custom DNS Entries**socialhaus.net**

Shopper ID: 136765656
Domain Name: socialhaus.net




DNS Record Type	Record Name	Record Value	TTL
A	csd18093kvm	38.130.213.40	3600
A	beta4	50.116.35.69	1800
A	csd21084kvm	38.130.223.37	3600
A	csd12063	64.71.76.18	3600
A	csd18054kvm	38.130.213.25	3600
A	csd18122	38.130.213.68	3600
A	csd29082kvm	38.130.204.35	3600
A	csd29082	64.71.79.22	3600
A	beta2	66.198.240.22	1800
A	api	198.58.114.218	1800
A	csd206022	38.130.228.132	1800
A	csd28022kvm	38.130.203.11	3600
A	sql1	64.71.78.200	1800
A	@	50.116.35.69	600
A	csd18054	38.130.213.140	3600
A	csd21084	38.130.223.56	3600
A	csd28022	64.71.78.167	3600
A	csd206021	38.130.228.165	1800
A	csd18122kvm	38.130.213.51	3600
A	csd18093	38.130.213.214	3600
A	vsphere	64.71.78.168	1800
A	tech	50.116.35.69	3600
A	csd12063kvm	38.130.210.28	3600
CNAME	email	email.secureserver.net	3600
CNAME	s1._domainkey	s1.domainkey.u4467779.wl030.sendgrid.net	3600
CNAME	business	@	1800
CNAME	trial	pageserve.co	600
CNAME	_domainconnect	_domainconnect.gd.domaincontrol.com	3600
CNAME	www	@	3600
CNAME	email mg	email.mg.socialhaus.net	1800
CNAME	signup	pageserve.co	1800
CNAME	zb14728514	zmverify.zoho.com	600
CNAME	beta	@	1800
CNAME	info	u4467779.wl030.sendgrid.net	3600
CNAME	ftp	@	3600
CNAME	s2._domainkey	s2.domainkey.u4467779.wl030.sendgrid.net	3600
MX	@	mx.zoho.com	600
MX	@	mx2.zoho.com	600
MX	mg	mx.b.mailgun.org	1800

Custom DNS Entries

socialhaus.net

DNS Record Type	Record Name	Record Value	TTL
MX	mg	mx1 mailgun.org	1800

Contact Info for Shopper ID 129281333

Shopper ID: 129281333
Private Label ID 1
Login Name: Rolltide40
First Name: justin
Middle Name:
Last Name: ramsey
Company:
Address1: 
Address2:
City: boca raton
State/Prov: FL
Postal Code: 
Country: us
Phone1: +1.561 
Phone1Extension:
Phone2:
Fax:
Mobile:
Email: jramsey9799@gmail.com
BirthDate:
Gender:
Date Created: 5/12/2016 12:59:18 PM
Last Changed By Password Reset
Last Changed By Date 12/25/2016 7:41:29 PM
Status:
Fraud: Verified by Fraud Dept - Customer OK
Shopper Pin
Password Reminder
Twitter Handle

Domain List for Shopper ID 129281333

Domain Name	Status	Created	Expires	Order ID
socialmediavip.net	0 Active	5/12/2016	5/12/2017	974751546
realinstagrowth net	0 Active	10/3/2016	10/3/2017	1034967763
realinstagrowth.com	0 Active	10/3/2016	10/3/2017	1034967763
realinstagrowth.info	0 Active	10/3/2016	10/3/2017	1034967763
realinstagrowth.org	0 Active	10/3/2016	10/3/2017	1034967763
instamarketingboost net	0 Active	12/7/2016	12/7/2017	1062242668
instamarketingboost.com	0 Active	12/7/2016	12/7/2017	1062242668

Domain Information for Shopper ID 129281333

Shopper ID: 129281333
Domain Name: socialmediavip net
Registrar:
Registration Period: 1
Create Date: 5/12/2016 3:01:12 PM
Expiration Date: 5/12/2017 3:01:12 PM
Update Date: 5/12/2016 3:01:12 PM
Transfer Away Eligibility Date:
Status: 0 Active
Is Certified Domain: False
Gaining Registrar Name:
Transferred Away Date:
Last Modified: 8/15/2016 8:26:33 PM
Custom DNS: Yes
Name Servers: ns69.domaincontrol.com
ns70.domaincontrol.com
Auto Renew: Yes
Renew Period: 0

Registrant Contact

Name: Registration Private
Company: Domains By Proxy, LLC
Email: DBP@domainsbyproxy.com
Address 1: DomainsByProxy.com
Address 2: 14455 N. Hayden Road
City: Scottsdale
State/Province: AZ
Postal Code: 85260
Country: United States
Phone: +1.4806242599
Fax: +1.4806242598
Modify Time: 8/15/2016 8:26:29 PM

Technical Contact

Name: Registration Private
Company: Domains By Proxy, LLC
Email: DBP@domainsbyproxy.com
Address 1: DomainsByProxy.com
Address 2: 14455 N. Hayden Road
City: Scottsdale
State/Province: AZ
Postal Code: 85260
Country: United States
Phone: +1.4806242599
Fax: +1.4806242598
Modify Time: 8/15/2016 8:26:29 PM

Administrative Contact

Name: Registration Private
Company: Domains By Proxy, LLC
Email: DBP@domainsbyproxy.com
Address 1: DomainsByProxy.com
Address 2: 14455 N. Hayden Road
City: Scottsdale
State/Province: AZ
Postal Code: 85260
Country: United States
Phone: +1.4806242599
Fax: +1.4806242598
Modify Time: 8/15/2016 8:26:29 PM

Billing Contact

Name: Registration Private
Company: Domains By Proxy, LLC
Email: DBP@domainsbyproxy.com
Address 1: DomainsByProxy.com
Address 2: 14455 N. Hayden Road
City: Scottsdale
State/Province: AZ
Postal Code: 85260
Country: United States
Phone: +1.4806242599
Fax: +1.4806242598
Modify Time: 8/15/2016 8:26:29 PM

Custom DNS Entries**socialmediavip.net**

Shopper ID: 129281333

Domain Name: socialmediavip.net

DNS Record Type	Record Name	Record Value	TTL
A	@	>>+FWD1++<<	600
CNAME	autodiscover	autodiscover.outlook.com	600
CNAME	bounces	sparkpostmail.com	3600
CNAME	ftp	@	3600
CNAME	email	email.secureserver.net	600
CNAME	sip	sipdir.online.lync.com	600
CNAME	_domainconnect	_domainconnect.gd.domaincontrol.com	3600
CNAME	www	@	3600
CNAME	lyncdiscover	webdir.online.lync.com	600
CNAME	msoid	clientconfig.microsoftonline-p.net	600
MX	@	socialmediavip-net.mail.protection.outlook.com	600

Contact Audit History**socialmediavip.net**

Modified	Origin	Note
8/15/2016 8:26:29 PM	Domain Registration - Contact. : Updated by:ppp_writeDomainRegistration_sp;REQUEST EDBY:974751546 fulfillment;IP:M1PWGDCOMM007	Billing info updated from: justin ramsey jramsey9799@gmail.com «BLANK» K» ██████████ «BLANK» boca raton Florida ██████████ United States +1.561 ██████████ 8 «BLANK»
8/15/2016 8:26:29 PM	Domain Registration - Contact. : Updated by:ppp_writeDomainRegistration_sp;REQUEST EDBY:974751546 fulfillment;IP:M1PWGDCOMM007	Administrative info updated from: justin ramsey jramsey9799@gmail.com «BLANK» K» ██████████ «BLANK» boca raton Florida ██████████ United States +1.561 ██████████ 8 «BLANK»
8/15/2016 8:26:29 PM	Domain Registration - Contact. : Updated by:ppp_writeDomainRegistration_sp;REQUEST EDBY:974751546 fulfillment;IP:M1PWGDCOMM007	Technical info updated from: justin ramsey jramsey9799@gmail.com «BLANK» K» ██████████ «BLANK» boca raton Florida ██████████ 8 United States +1.561 ██████████ «BLANK»
8/15/2016 8:26:29 PM	Domain Registration - Contact. : Updated by:ppp_writeDomainRegistration_sp;REQUEST EDBY:974751546 fulfillment;IP:M1PWGDCOMM007	Registrant info updated from: justin ramsey jramsey9799@gmail.com «BLANK» K» ██████████ «BLANK» boca raton Florida ██████████ United States +1.561 ██████████ «BLANK»

Attachment C



10/31/2016

Federal Trade Commission
Washington DC, 20580

Attn: Ian L. Barlow

To Whom It May Concern:

This letter is in response to a letter received from the FTC requesting the name, address and place of business of the EngageTel subscribers that were assigned telephone numbers 443-228-7022 and 518-313-8013 during August through October 2016. We are not aware of the specific place of business for these companies; however they provided EngageTel with the following valid mailing addresses:

443-228-7022:

Point Break Media

[REDACTED]

Boca Raton, FL [REDACTED]

518-313-8013:

Magic Marketing Assistants (Inactive client)

2549 Eastbluff Drive, #366

Newport Beach, CA 92660

Sincerely,

EngageTel Subpoena Compliance

BARBARA K. CEGAUSKE
Secretary of State



JEFFERY LANDERFELT
*Deputy Secretary
for Commercial Recordings*

**OFFICE OF THE
SECRETARY OF STATE**

Certified Copy

December 10, 2015

Job Number: C20151208-1836
Reference Number: 00010150755-14
Expedite:
Through Date:

The undersigned filing officer hereby certifies that the attached copies are true and exact copies of all requested statements and related subsequent documentation filed with the Secretary of State's Office, Commercial Recordings Division listed on the attached report.

Document Number(s)	Description	Number of Pages
20130393078-26	Articles of Incorporation	1 Pages/1 Copies
20130393081-70	Initial List	1 Pages/1 Copies
20130427757-78	Amended List	1 Pages/1 Copies
20130429241-88	Amended List	1 Pages/1 Copies
20130590773-27	Amended List	1 Pages/1 Copies



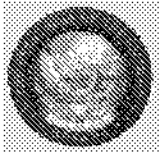
Respectfully,

Barbara K. Cegauske

BARBARA K. CEGAUSKE
Secretary of State

Certified By: Raphael Alves
Certificate Number: C20151208-1836
You may verify this certificate
online at <http://www.nvsos.gov/>

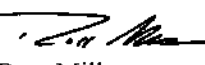
Commercial Recording Division
202 N. Carson Street
Carson City, Nevada 89701-4201
Telephone (775) 684-5708
Fax (775) 684-7138



ROSS MILLER
Secretary of State
204 North Carson Street, Suite 4
Carson City, Nevada 89701-4520
(775) 684-5708
Website: www.nvsos.gov

Articles of Incorporation

(PURSUANT TO NRS CHAPTER 78)

Filed in the office of  Ross Miller Secretary of State State of Nevada	Document Number 20130393078-26 Filing Date and Time 06/13/2013 11:46 AM Entity Number E0292712013-6
---	---

(This document was filed electronically.)

USE BLACK INK ONLY - DO NOT HIGHLIGHT

ABOVE SPACE IS FOR OFFICE USE ONLY

1. Name of Corporation:	DIAL SOFT TECHNOLOGIES, INC.			
2. Registered Agent for Service of Process: (check only one box)	<input checked="" type="checkbox"/> Commercial Registered Agent: SILVER SHIELD SERVICES, INC. Name <input type="checkbox"/> Noncommercial Registered Agent (name and address below) OR <input type="checkbox"/> Office or Position with Entity (name and address below) Name of Noncommercial Registered Agent OR Name of Title of Office or Other Position with Entity Street Address City Nevada Zip Code Mailing Address (if different from street address) City Nevada Zip Code			
3. Authorized Stock: (number of shares corporation is authorized to issue)	Number of shares with par value:	Par value per share: \$	Number of shares without par value:	75000
4. Names and Addresses of the Board of Directors/Trustees: (each Director/Trustee must be a natural person at least 18 years of age; attach additional page if more than two directors/trustees)	1) D SHOAF Name PO BOX 3540 SILVER SPRINGS NV 89429 Street Address City State Zip Code 2) Name Street Address City State Zip Code			
5. Purpose: (optional; see instructions)	The purpose of the corporation shall be: ANY LEGAL PURPOSE			
6. Name, Address and Signature of Incorporator: (attach additional page if more than one incorporator)	SILVER SHIELD SERVICES, INC. <input checked="" type="checkbox"/> SILVER SHIELD SERVICES, INC. Name Incorporator Signature 3315 HWY 50 SILVER SPRINGS NV 89429 Address City State Zip Code			
7. Certificate of Acceptance of Appointment of Registered Agent:	I hereby accept appointment as Registered Agent for the above named Entity. <input checked="" type="checkbox"/> SILVER SHIELD SERVICES, INC. Authorized Signature of Registered Agent or On Behalf of Registered Agent Entity 6/13/2013 Date			

DIAL SOFT TECHNOLOGIES, INC.

NAME OF CORPORATION

FOR THE FILING PERIOD OF JUN, 2013 TO JUN, 2014

****YOU MAY FILE THIS FORM ONLINE AT www.nvsos.gov****

The entity's duly appointed registered agent in the State of Nevada upon whom process can be served is:

SILVER SHIELD SERVICES, INC.
3315 HWY 50
SILVER SPRINGS, NV 89429

A FORM TO CHANGE REGISTERED AGENT INFORMATION IS FOUND AT: www.nvsos.gov



100105

Filed in the office of Ross Miller Secretary of State State of Nevada	Document Number
	20130393081-70
	Filing Date and Time
	06/13/2013 11:46 AM
	Entity Number
	E0292712013-6

(This document was filed electronically.)
ABOVE SPACE IS FOR OFFICE USE ONLY

USE BLACK INK ONLY - DO NOT HIGHLIGHT

☐ Return one file stamped copy. (If filing not accompanied by order instructions, file stamped copy will be sent to registered agent.)

IMPORTANT: Read instructions before completing and returning this form.

- Print or type names and addresses, either residence or business, for all officers and directors. A President, Secretary, Treasurer, or equivalent of and all Directors must be named. There must be at least one director. An **Officer** must sign the form. **FORM WILL BE RETURNED IF UNSIGNED.**
- If there are additional officers, attach a list of them to this form.
- Return completed form with the filing fee of \$125.00. A \$75.00 penalty must be added for failure to file this form by the last day of the first month following the incorporation/initial registration with this office.
- State business license fee is \$200.00. Effective 2/1/2010, \$100.00 must be added for failure to file form by deadline.
- Make your check payable to the Secretary of State.
- Ordering Copies:** If requested above, one file stamped copy will be returned at no additional charge. To receive a certified copy, enclose an additional \$30.00 per certification. A copy fee of \$2.00 per page is required for each additional copy generated when ordering 2 or more file stamped or certified copies. Appropriate instructions must accompany your order.
- Return the completed form to: Secretary of State, 202 North Carson Street, Carson City, Nevada 89701-4201, (775) 684-5708.
- Form must be in the possession of the Secretary of State on or before the last day of the first month following the initial registration date. (Postmark date is not accepted as receipt date.) Forms received after due date will be returned for additional fees and penalties. Failure to include initial list and business license fees will result in rejection of filing.

INITIAL LIST FILING FEE: \$125.00

LATE PENALTY: \$75.00

BUSINESS LICENSE FEE: \$200.00

LATE PENALTY: \$100.00

CHECK ONLY IF APPLICABLE AND ENTER EXEMPTION CODE IN BOX BELOW

☐ Pursuant to NRS Chapter 76, this entity is exempt from the business license fee. Exemption code:

NOTE: If claiming an exemption, a notarized Declaration of Eligibility form must be attached. Failure to attach the Declaration of Eligibility form will result in rejection, which could result in late fees.

☐ This corporation is a publicly traded corporation. The Central Index Key number is:

☐ This publicly traded corporation is not required to have a Central Index Key number.

NRS 76.020 Exemption Codes

- 001 - Governmental Entity
- 005 - Motion Picture Company
- 006 - NRS 680B.020 Insurance Co.

NAME D SHOAF	TITLE(S) PRESIDENT (OR EQUIVALENT OF)
ADDRESS PO BOX 3540 , USA	CITY SILVER SPRINGS
	STATE NV
	ZIP CODE 89429
NAME D SHOAF	TITLE(S) SECRETARY (OR EQUIVALENT OF)
ADDRESS PO BOX 3540 , USA	CITY SILVER SPRINGS
	STATE NV
	ZIP CODE 89429
NAME D SHOAF	TITLE(S) TREASURER (OR EQUIVALENT OF)
ADDRESS PO BOX 3540 , USA	CITY SILVER SPRINGS
	STATE NV
	ZIP CODE 89429
NAME D SHOAF	TITLE(S) DIRECTOR
ADDRESS PO BOX 3540 , USA	CITY SILVER SPRINGS
	STATE NV
	ZIP CODE 89429

I declare, to the best of my knowledge under penalty of perjury, that the above mentioned entity has complied with the provisions of NRS Chapter 76 and acknowledge that pursuant to NRS 239.330, it is a category C felony to knowingly offer any false or forged instrument for filing in the Office of the Secretary of State.

X D SHOAF

Signature of Officer

Title

PRESIDENT

Date

6/13/2013 11:46:45 AM

Case 8:17-cv-00058-DGC-JGS Document 79-14 Filed 04/19/17 Page 4 of 6 Page ID
#1296
(PROFIT) ANNUAL LIST OF OFFICERS, DIRECTORS AND REGISTERED AGENT AND
STATE BUSINESS LICENSE APPLICATION OF:

FILE NUMBER
E0292712013-6

DIAL SOFT TECHNOLOGIES, INC.

NAME OF CORPORATION

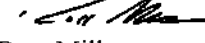
FOR THE FILING PERIOD OF JUN, 2013 TO JUN, 2014

****YOU MAY FILE THIS FORM ONLINE AT www.nvsos.gov****

The entity's duly appointed registered agent in the State of Nevada upon whom process can be served is:

110105

SILVER SHIELD SERVICES, INC.
3315 HWY 50
SILVER SPRINGS, NV 89429

Filed in the office of  Ross Miller Secretary of State State of Nevada	Document Number 20130427757-78
	Filing Date and Time 06/27/2013 3:33 PM
	Entity Number E0292712013-6

A FORM TO CHANGE REGISTERED AGENT INFORMATION IS FOUND AT: www.nvsos.gov

USE BLACK INK ONLY - DO NOT HIGHLIGHT

☐ Return one file stamped copy. (If filing not accompanied by order instructions, file stamped copy will be sent to registered agent.)

IMPORTANT: Read instructions before completing and returning this form.

- Print or type names and addresses, either residence or business, for all officers and directors. A President, Secretary, Treasurer, or equivalent of and all Directors must be named. There must be at least one director. An Officer must sign the form. **FORM WILL BE RETURNED IF UNSIGNED.**
- If there are additional officers, attach a list of them to this form.
- Return the completed form with the filing fee. Annual list fee is based upon the current total authorized stock as explained in the Annual List Fee Schedule For Profit Corporations. A \$75.00 penalty must be added for failure to file this form by the deadline. An annual list received more than 90 days before its due date shall be deemed an amended list for the previous year.
- State business license fee is \$200.00. Effective 2/1/2010, \$100.00 must be added for failure to file form by deadline.
- Make your check payable to the Secretary of State.
- Ordering Copies:** If requested above, one file stamped copy will be returned at no additional charge. To receive a certified copy, enclose an additional \$30.00 per certification. A copy fee of \$2.00 per page is required for each additional copy generated when ordering 2 or more file stamped or certified copies. Appropriate instructions must accompany your order.
- Return the completed form to: Secretary of State, 202 North Carson Street, Carson City, Nevada 89701-4201, (775) 684-5708.
- Form must be in the possession of the Secretary of State on or before the last day of the month in which it is due. (Postmark date is not accepted as receipt date.) Forms received after due date will be returned for additional fees and penalties. Failure to include annual list and business license fees will result in rejection of filing.

CHECK ONLY IF APPLICABLE AND ENTER EXEMPTION CODE IN BOX BELOW

- ☐ Pursuant to NRS Chapter 76, this entity is exempt from the business license fee. Exemption code: **NRS 76.020 Exemption Codes**
NOTE: If claiming an exemption, a notarized Declaration of Eligibility form must be attached. Failure to attach the Declaration of Eligibility form will result in rejection, which could result in late fees.
☐ This corporation is a publicly traded corporation. The Central Index Key number is:
☐ This publicly traded corporation is not required to have a Central Index Key number.

001 - Governmental Entity
005 - Motion Picture Company
006 - NRS 680B.020 Insurance Co.

NAME RAYMUND VERALLO	TITLE(S) PRESIDENT (OR EQUIVALENT OF)		
ADDRESS 3843 S BRISTOL ST 3186 , USA	CITY SANTA ANA	STATE CA	ZIP CODE 92704
NAME RAYMOND VERALLO	TITLE(S) SECRETARY (OR EQUIVALENT OF)		
ADDRESS 3843 S BRISTOL ST 3186 , USA	CITY SANTA ANA	STATE CA	ZIP CODE 92704
NAME RAYMUND VERALLO	TITLE(S) TREASURER (OR EQUIVALENT OF)		
ADDRESS 3843 S BRISTOL ST 3186 , USA	CITY SANTA ANA	STATE CA	ZIP CODE 92704
NAME RAYMUND VERALLO	TITLE(S) DIRECTOR		
ADDRESS 3843 S BRISTOL ST 3186 , USA	CITY SANTA ANA	STATE CA	ZIP CODE 92704

I declare, to the best of my knowledge under penalty of perjury, that the above mentioned entity has complied with the provisions of NRS Chapter 76 and acknowledge that pursuant to NRS 239.330, it is a category C felony to knowingly offer any false or forged instrument for filing in the Office of the Secretary of State.

RAYMUND VERALLO

Title
PRESIDENT
Date
6/27/2013 3:33:11 PM

X
Signature of Officer

Nevada Secretary of State Annual List Profit
Revised 5-5-12

Exhibit DJ 14
DST Records

Case 8:17-cv-00058-DGC-JGS Document 79-14 Filed 04/19/17 Page 5 of 6 Page ID
#1297
(PROFIT) ANNUAL LIST OF OFFICERS, DIRECTORS AND REGISTERED AGENT AND
STATE BUSINESS LICENSE APPLICATION OF:

FILE NUMBER

DIAL SOFT TECHNOLOGIES, INC.

E0292712013-6

NAME OF CORPORATION

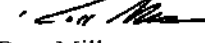
FOR THE FILING PERIOD OF JUN, 2013 TO JUN, 2014

****YOU MAY FILE THIS FORM ONLINE AT www.nvsos.gov****

The entity's duly appointed registered agent in the State of Nevada upon whom process can be served is:

110105

SILVER SHIELD SERVICES, INC.
3315 HWY 50
SILVER SPRINGS, NV 89429

Filed in the office of  Ross Miller Secretary of State State of Nevada	Document Number
	20130429241-88
	Filing Date and Time
	06/28/2013 9:09 AM
Entity Number	
E0292712013-6	

A FORM TO CHANGE REGISTERED AGENT INFORMATION IS FOUND AT: www.nvsos.gov

USE BLACK INK ONLY - DO NOT HIGHLIGHT

☐ Return one file stamped copy. (If filing not accompanied by order instructions, file stamped copy will be sent to registered agent.)

IMPORTANT: Read instructions before completing and returning this form.

- Print or type names and addresses, either residence or business, for all officers and directors. A President, Secretary, Treasurer, or equivalent of and all Directors must be named. There must be at least one director. An **Officer** must sign the form. **FORM WILL BE RETURNED IF UNSIGNED.**
- If there are additional officers, attach a list of them to this form.
- Return the completed form with the filing fee. Annual list fee is based upon the current total authorized stock as explained in the Annual List Fee Schedule For Profit Corporations. A \$75.00 penalty must be added for failure to file this form by the deadline. An annual list received more than 90 days before its due date shall be deemed an amended list for the previous year.
- State business license fee is \$200.00. Effective 2/1/2010, \$100.00 must be added for failure to file form by deadline.
- Make your check payable to the Secretary of State.
- Ordering Copies:** If requested above, one file stamped copy will be returned at no additional charge. To receive a certified copy, enclose an additional \$30.00 per certification. A copy fee of \$2.00 per page is required for each additional copy generated when ordering 2 or more file stamped or certified copies. Appropriate instructions must accompany your order.
- Return the completed form to: Secretary of State, 202 North Carson Street, Carson City, Nevada 89701-4201, (775) 684-5708.
- Form must be in the possession of the Secretary of State on or before the last day of the month in which it is due. (Postmark date is not accepted as receipt date.) Forms received after due date will be returned for additional fees and penalties. Failure to include annual list and business license fees will result in rejection of filing.

CHECK ONLY IF APPLICABLE AND ENTER EXEMPTION CODE IN BOX BELOW

- ☐ Pursuant to NRS Chapter 76, this entity is exempt from the business license fee. Exemption code: **NRS 76.020 Exemption Codes**
- NOTE: If claiming an exemption, a notarized Declaration of Eligibility form must be attached. Failure to attach the Declaration of Eligibility form will result in rejection, which could result in late fees.**
- ☐ This corporation is a publicly traded corporation. The Central Index Key number is:
- ☐ This publicly traded corporation is not required to have a Central Index Key number.

001 - Governmental Entity
005 - Motion Picture Company
006 - NRS 680B.020 Insurance Co.

NAME ROBERT TERRY	TITLE(S) PRESIDENT (OR EQUIVALENT OF)		
ADDRESS 3843 S BRISTOL ST 3186 , USA	CITY SANTA ANA	STATE CA	ZIP CODE 92704
NAME ROBERT TERRY	TITLE(S) SECRETARY (OR EQUIVALENT OF)		
ADDRESS 3843 S BRISTOL ST 3186 , USA	CITY SANTA ANA	STATE CA	ZIP CODE 92704
NAME ROBERT TERRY	TITLE(S) TREASURER (OR EQUIVALENT OF)		
ADDRESS 3843 S BRISTOL ST 3186 , USA	CITY SANTA ANA	STATE CA	ZIP CODE 92704
NAME ROBERT TERRY	TITLE(S) DIRECTOR		
ADDRESS 3843 S BRISTOL ST 3186 , USA	CITY SANTA ANA	STATE CA	ZIP CODE 92704

I declare, to the best of my knowledge under penalty of perjury, that the above mentioned entity has complied with the provisions of NRS Chapter 76 and acknowledge that pursuant to NRS 239.330, it is a category C felony to knowingly offer any false or forged instrument for filing in the Office of the Secretary of State.

ROBERT TERRY

Title

PRESIDENT

Date

6/28/2013 9:09:43 AM

X
Signature of Officer

Nevada Secretary of State Annual List Profit
Revised 5-5-12

Exhibit DJ 14
DST Records

(PROFIT) ANNUAL LIST OF OFFICERS, DIRECTORS AND REGISTERED AGENT AND
STATE BUSINESS LICENSE APPLICATION OF:

FILE NUMBER

DIAL SOFT TECHNOLOGIES, INC.

E0292712013-6

NAME OF CORPORATION

FOR THE FILING PERIOD OF JUN, 2013 TO JUN, 2014

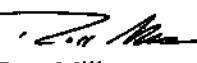
****YOU MAY FILE THIS FORM ONLINE AT www.nvsos.gov****

The entity's duly appointed registered agent in the State of Nevada upon whom process can be served is:

110105

SILVER SHIELD SERVICES, INC.
3315 HWY 50
SILVER SPRINGS, NV 89429

Filed in the office of


Ross Miller
Secretary of State
State of Nevada

Document Number

20130590773-27

Filing Date and Time

09/09/2013 12:36 PM

Entity Number

E0292712013-6

A FORM TO CHANGE REGISTERED AGENT INFORMATION IS FOUND AT: www.nvsos.gov

USE BLACK INK ONLY - DO NOT HIGHLIGHT

☐ Return one file stamped copy. (If filing not accompanied by order instructions, file stamped copy will be sent to registered agent.)

IMPORTANT: Read instructions before completing and returning this form.

- Print or type names and addresses, either residence or business, for all officers and directors. A President, Secretary, Treasurer, or equivalent of and all Directors must be named. There must be at least one director. An **Officer** must sign the form. **FORM WILL BE RETURNED IF UNSIGNED.**
- If there are additional officers, attach a list of them to this form.
- Return the completed form with the filing fee. Annual list fee is based upon the current total authorized stock as explained in the Annual List Fee Schedule For Profit Corporations. A \$75.00 penalty must be added for failure to file this form by the deadline. An annual list received more than 90 days before its due date shall be deemed an amended list for the previous year.
- State business license fee is \$200.00. Effective 2/1/2010, \$100.00 must be added for failure to file form by deadline.
- Make your check payable to the Secretary of State.
- Ordering Copies:** If requested above, one file stamped copy will be returned at no additional charge. To receive a certified copy, enclose an additional \$30.00 per certification. A copy fee of \$2.00 per page is required for each additional copy generated when ordering 2 or more file stamped or certified copies. Appropriate instructions must accompany your order.
- Return the completed form to: Secretary of State, 202 North Carson Street, Carson City, Nevada 89701-4201, (775) 684-5708.
- Form must be in the possession of the Secretary of State on or before the last day of the month in which it is due. (Postmark date is not accepted as receipt date.) Forms received after due date will be returned for additional fees and penalties. Failure to include annual list and business license fees will result in rejection of filing.

CHECK ONLY IF APPLICABLE AND ENTER EXEMPTION CODE IN BOX BELOW

☐ Pursuant to NRS Chapter 76, this entity is exempt from the business license fee. Exemption code:

NRS 76.020 Exemption Codes

NOTE: If claiming an exemption, a notarized Declaration of Eligibility form must be attached. Failure to attach the Declaration of Eligibility form will result in rejection, which could result in late fees.

001 - Governmental Entity

005 - Motion Picture Company

006 - NRS 680B.020 Insurance Co.

☐ This corporation is a publicly traded corporation. The Central Index Key number is:

☐ This publicly traded corporation is not required to have a Central Index Key number.

NAME STEVE STANSBURY	TITLE(S) PRESIDENT (OR EQUIVALENT OF)		
ADDRESS PO BOX 3540 , USA	CITY SILVER SPRINGS	STATE CA	ZIP CODE 89429
NAME STEVE STANSBURY	TITLE(S) SECRETARY (OR EQUIVALENT OF)		
ADDRESS PO BOX 3540 , USA	CITY SILVER SPRINGS	STATE CA	ZIP CODE 89429
NAME STEVE STANSBURY	TITLE(S) TREASURER (OR EQUIVALENT OF)		
ADDRESS PO BOX 3540 , USA	CITY SILVER SPRINGS	STATE CA	ZIP CODE 89429
NAME STEVE STANSBURY	TITLE(S) DIRECTOR		
ADDRESS PO BOX 3540 , USA	CITY SILVER SPRINGS	STATE CA	ZIP CODE 89429

I declare, to the best of my knowledge under penalty of perjury, that the above mentioned entity has complied with the provisions of NRS Chapter 76 and acknowledge that pursuant to NRS 239.330, it is a category C felony to knowingly offer any false or forged instrument for filing in the Office of the Secretary of State.

STEVE STANSBURY

Title

PRESIDENT

Date

9/9/2013 12:36:46 PM

X
Signature of Officer

Nevada Secretary of State Annual List Profit
Revised 5-5-12

Exhibit DJ 14
DST Records

**UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA**

Federal Trade Commission,

Plaintiff,

vs.

Aaron Michael Jones, et al.,

Defendants.

No. SACV17-00058 DOC (JCGx)

[Proposed]

**Final Order for Permanent
Injunction as to Defaulting Corporate
Defendants Allore, Inc., Audacity
LLC, Data World Technologies, Inc.,
Dial Soft Technologies, Inc., Digital
Marketing Solutions, Inc., Savilo
Support Services, Inc., Secure
Alliance Corp., Velocity Information
Corp., and World Access Media**

Plaintiff, the Federal Trade Commission (“Commission” or “FTC”), filed its Complaint for Civil Penalties, Permanent Injunction and Other Relief (“Complaint,” Docket No. 1) pursuant to Sections 5(a), 5(m)(1)(A), 13(b), and 16(a) of the Federal Trade Commission Act (“FTC Act”), 15 U.S.C. §§ 45(a), 45(m)(1)(A), 53(b), and 56(a), and Section 6 of the Telemarketing and Consumer Fraud and Abuse Prevention Act (the “Telemarketing Act”), 15 U.S.C. § 6105. The FTC alleged that Defendants assisted their numerous telemarketer clients in bombarding American consumers with billions of “robocalls”—calls delivery prerecorded messages—as well as calls to consumers whose telephone numbers

1 were on the National Do Not Call (“DNC”) Registry, and calls made with
2 inaccurate, or “spoofed,” caller ID information.

3 The FTC subsequently filed a Motion for Default Judgment against
4 Defendants Allore, Inc., Audacity LLC, Data World Technologies, Inc., Dial Soft
5 Technologies, Inc., Digital Marketing Solutions, Inc., Savilo Support Services,
6 Inc., Secure Alliance Corp., Velocity Information Corp., and World Access Media
7 (the “Defaulting Dialing Company Defendants”). The Dialing Company
8 Defendants were served with the Complaint in this action (*see* Docket Nos. 36-40,
9 58, 59, 61, 73), but have not opposed, defended, or answered the Complaint (*see*
10 Docket Nos. 41, 60, 62, 71). The Complaint is well pled and the relief sought in the
11 Complaint is reflected in the proposed order submitted with the Motion for Default
12 Judgment.

13 Having considered the Complaint, Motion for Default Judgment, exhibits,
14 and other evidence filed in this matter, **it is hereby ordered** that the FTC’s Motion
15 for Default Judgment against the Dialing Company Defendants is **granted** as
16 follows:

17 FINDINGS

18 1. This is an action by the Commission instituted under Sections 5(a),
19 5(m)(1)(A), 13(b), and 16(a) of the FTC Act, 15 U.S.C. §§ 45(a), 45(m)(1)(A),
20 53(b), and 56(a), and Section 6 of the Telemarketing and Consumer Fraud and
21 Abuse Prevention Act (the “Telemarketing Act”), 15 U.S.C. § 6105. The
22 Commission has authority to seek the relief contained herein.

23 2. The Complaint charges that the Defaulting Dialing Company
24 Defendants participated in acts or practices in violation of Section 5 of the FTC
25 Act, 15 U.S.C. § 45, and the FTC’s Telemarketing Sales Rule (“TSR”), as
26 amended, 16 C.F.R. Part 310, by assisting and facilitating clients of an enterprise
27 who were, among other things: (a) placing telemarketing calls to consumers that
28 delivered prerecorded messages; (b) placing telemarketing calls to consumers

1 whose telephone numbers were on the National Do Not Call (“DNC”) Registry;
2 and (c) transmitting inaccurate caller ID numbers and names with their
3 telemarketing calls.

4 3. The Commission’s Complaint states a claim upon which relief may be
5 granted under Section 5 of the FTC Act, 15 U.S.C. § 45, and the TSR, 16 C.F.R.
6 Part 310.

7 4. This Court has subject matter jurisdiction pursuant to 28 U.S.C.
8 §§ 1331, 1337(a), and 1345, 15 U.S.C. §§ 45(a), 53(b), 6102(c), and 6105(b).

9 5. Venue is proper in this district under 28 U.S.C. § 1391(b)(1), (b)(2),
10 (c)(2) and (d), and 15 U.S.C. § 53(b).

11 6. The activities of the Defaulting Dialing Company Defendants as
12 alleged in the Commission’s Complaint are in or affecting commerce, as
13 “commerce” is defined in Section 4 of the FTC Act, 15 U.S.C. § 44.

14 7. By virtue of the Court’s decision regarding the FTC’s Motion for
15 Default Judgment, the Defaulting Dialing Company Defendants are liable for
16 injunctive relief for violations of Section 5(a) of the FTC Act and the TSR.

17 8. This Order resolves all matters in dispute in this action between the
18 FTC and the Defaulting Dialing Company Defendants, but not as to any other
19 person, such as an indemnitee.

20 9. Entry of this Order is in the public interest.

21 DEFINITIONS

22 For the purpose of this Order, the following definitions apply:

23 A. **“Dialing Company Defendants”** means Defendants Allore, Inc.,
24 Audacity LLC, Data World Technologies, Inc., Dial Soft Technologies, Inc.,
25 Digital Marketing Solutions, Inc., Savilo Support Services, Inc., Secure Alliance
26 Corp., Velocity Information Corp., and World Access Media, and their successors
27 and assigns, individually, collectively, or in any combination.
28

B. “**National Do Not Call Registry**” means the “do-not-call” registry of telephone numbers maintained by the Commission pursuant to 16 C.F.R. § 310.4(b)(1)(iii)(B).

C. **“Person”** means any individual, group, unincorporated association, limited or general partnership, corporation, or other business entity.

D. **“Telemarketing”** means a plan, program, or campaign which is conducted to induce the purchase of goods or services or a charitable contribution, by use of one or more telephones and which involves more than one interstate telephone call.

ORDER

I

Permanent Bans on Telemarketing, Robocalls, and Calling

Telephone Numbers Listed on the National Do Not Call Registry

It is ordered that the Dialing Company Defendants, whether acting directly or through an intermediary, **are permanently restrained and enjoined from:**

A. Engaging in, or assisting others to engage in Telemarketing, which includes, without limitation, providing others with access to automated dialing systems, providing others with Caller ID numbers, and providing others with data lists containing consumer information;

B. Initiating, causing others to initiate, or assisting others in initiating any telephone call that plays or delivers a prerecorded message;

C. Initiating, causing others to initiate, or assisting others in initiating any telephone call to any telephone number listed on the National Do Not Call Registry; and

D. Holding any ownership interest, share, or stock in any business that engages in any of the acts and practices listed in paragraphs A–C of this Section.

II

Cooperation

It is further ordered that the Dialing Company Defendants must fully cooperate with representatives of the Commission in this case and in any investigation related to or associated with the transactions or the occurrences that are the subject of the Complaint. The Dialing Company Defendants must provide truthful and complete information, evidence, and testimony. The Dialing Company Defendants must cause their officers, employees, representatives, or agents to appear for interviews, discovery, hearings, trials, and any other proceedings that a Commission representative may reasonably request upon five days written notice, or other reasonable notice, at such places and times as a Commission representative may designate, without the service of a subpoena.

III

Order Acknowledgments

It is further ordered that the Dialing Company Defendants obtain acknowledgments of receipt of this Order as follows:

A. Each Dialing Company Defendant, within seven days of entry of this Order, must submit to the Commission an acknowledgment of receipt of this Order sworn under penalty of perjury.

B. For five years after entry of this Order, each Dialing Company Defendant must deliver a copy of this Order to: (1) all principals, officers, directors, and LLC managers and members, (2) all employees, agents, and other representatives who participate in conduct related to the subject matter of the Order, and (3) any business entity resulting from any change in structure as set forth in the section titled Compliance Reporting. Delivery must occur within seven days of entry of this Order for current personnel. For all others, delivery must occur before they assume their responsibilities.

1 C. From each individual or entity to which a Dialing Company
2 Defendant delivered a copy of this Order, it must obtain, within thirty days, a
3 signed and dated acknowledgment of receipt of this Order.

4 **IV**

5 **Compliance Reporting**

6 **It is further ordered** that the Dialing Company Defendants make timely
7 submissions to the Commission as follows:

8 A. One year after entry of this Order, each Dialing Company Defendant
9 must submit a compliance report, sworn under penalty of perjury, which must:

- 10 1) Identify the primary physical, postal, and email address and
11 telephone number, as designated points of contact, which
12 representatives of the Commission may use to communicate
13 with the Defendant;
- 14 2) Identify all of that Defendant's businesses by all of their names,
15 telephone numbers, and physical, postal, email, and Internet
16 addresses;
- 17 3) Describe the activities of each business, including the goods
18 and services offered, the means of advertising, marketing, and
19 sales, and the involvement of any other Defendant;
- 20 4) Describe in detail whether and how that Defendant is in
21 compliance with each Section of this Order; and
- 22 5) Provide a copy of each Order Acknowledgment obtained
23 pursuant to this Order, unless previously submitted to the
24 Commission.

25 B. For twenty years after entry of this Order, the Dialing Company
26 Defendants must submit a compliance notice, sworn under penalty of perjury,
27 within fourteen days of any change in the following:

- 28 1) Any designated point of contact; or

- 2) The structure of any Dialing Company Defendant or any entity that a Dialing Company Defendant has any ownership interest in or controls directly or indirectly that may affect compliance obligations arising under this Order, including: creation, merger, sale, or dissolution of the entity or any subsidiary, parent, or affiliate that engages in any acts or practices subject to this Order.

C. Each Dialing Company Defendant must submit to the Commission notice of the filing of any bankruptcy petition, insolvency proceeding, or similar proceeding by or against it within fourteen days of its filing.

D. Any submission to the Commission required by this Order to be sworn under penalty of perjury must be true and accurate and comply with 28 U.S.C. § 1746, such as by concluding: “I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct. Executed on: _____” and supplying the date, signatory’s full name, title (if applicable), and signature.

E. Unless otherwise directed by a Commission representative in writing, all submissions to the Commission pursuant to this Order must be emailed to DEbrief@ftc.gov or sent by overnight courier (not the U.S. Postal Service) to: Associate Director for Enforcement, Bureau of Consumer Protection, Federal Trade Commission, 600 Pennsylvania Avenue NW, Washington, DC 20580. The subject line must begin: *FTC v. Aaron Michael Jones, et al.*, Matter Number X170013.

V

Recordkeeping

It is further ordered that the Dialing Company Defendants must create certain records for twenty years after entry of the Order, and retain each such

1 record for five years. Specifically, each Dialing Company Defendant must create
2 and retain the following records:

3 A. Accounting records showing the revenues from all goods or services
4 sold;

5 B. Personnel records showing, for each person providing services,
6 whether as an employee or otherwise, that person's: name, addresses, telephone
7 numbers, job title or position, dates of service, and (if applicable) the reason for
8 termination;

9 C. Records of all consumer complaints, whether received directly or
10 indirectly, such as through a third party, and any response;

11 D. All records necessary to demonstrate full compliance with each
12 provision of this Order, including all submissions to the Commission.

13 VI

14 Compliance Monitoring

15 **It is further ordered** that, for the purpose of monitoring the Dialing
16 Company Defendants' compliance with this Order:

17 A. Within fourteen days of receipt of a written request from a
18 representative of the Commission, a Dialing Company Defendant must: (1) submit
19 additional compliance reports or other requested information, which must be sworn
20 under penalty of perjury; (2) appear for depositions; and (3) produce documents for
21 inspection and copying. The Commission is also authorized to obtain discovery,
22 without further leave of court, using any of the procedures prescribed by Federal
23 Rules of Civil Procedure 29, 30 (including telephonic depositions), 31, 33, 34, 36,
24 45, and 69.

25 B. For matters concerning this Order, the Commission is authorized to
26 communicate directly with each Dialing Company Defendant. The Dialing
27 Company Defendants must permit representatives of the Commission to interview
28

1 anyone employed by or affiliated with any Defendant who has agreed to such an
2 interview. The person interviewed may have counsel present.

3 C. The Commission may use all other lawful means, including posing,
4 through its representatives as consumers, suppliers, or other individuals or entities
5 to the Dialing Company Defendants or any individual or entity affiliated with
6 them, without the necessity of identification or prior notice. Nothing in this Order
7 limits the Commission's lawful use of compulsory process, pursuant to Sections 9
8 and 20 of the FTC Act, 15 U.S.C. §§ 49, 57b-1.

9 **VII**

10 **Retention of Jurisdiction**

11 **It is further ordered** that this Court retains jurisdiction of this matter for
12 purposes of construction, modification, and enforcement of this Order.

13
14 **It is so ordered.**

15
16 Dated:

17 _____
18 David O. Carter
19 United States District Judge
20
21
22
23
24
25
26
27
28

**UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA**

Federal Trade Commission,

Plaintiff,

vs.

Aaron Michael Jones, et al.,

Defendants.

No. SACV17-00058 DOC (JCGx)

[Proposed]

**Final Order for Permanent
Injunction as to Defaulting Corporate
Defendants Allore, Inc., Audacity
LLC, Data World Technologies, Inc.,
Dial Soft Technologies, Inc., Digital
Marketing Solutions, Inc., Savilo
Support Services, Inc., Secure
Alliance Corp., Velocity Information
Corp., and World Access Media**

Plaintiff, the Federal Trade Commission (“Commission” or “FTC”), filed its Complaint for Civil Penalties, Permanent Injunction and Other Relief (“Complaint,” Docket No. 1) pursuant to Sections 5(a), 5(m)(1)(A), 13(b), and 16(a) of the Federal Trade Commission Act (“FTC Act”), 15 U.S.C. §§ 45(a), 45(m)(1)(A), 53(b), and 56(a), and Section 6 of the Telemarketing and Consumer Fraud and Abuse Prevention Act (the “Telemarketing Act”), 15 U.S.C. § 6105. The FTC alleged that Defendants assisted their numerous telemarketer clients in bombarding American consumers with billions of “robocalls”—calls delivery prerecorded messages—as well as calls to consumers whose telephone numbers

1 were on the National Do Not Call (“DNC”) Registry, and calls made with
2 inaccurate, or “spoofed,” caller ID information.

3 The FTC subsequently filed a Motion for Default Judgment against
4 Defendants Allore, Inc., Audacity LLC, Data World Technologies, Inc., Dial Soft
5 Technologies, Inc., Digital Marketing Solutions, Inc., Savilo Support Services,
6 Inc., Secure Alliance Corp., Velocity Information Corp., and World Access Media
7 (the “Defaulting Dialing Company Defendants”). The Dialing Company
8 Defendants were served with the Complaint in this action (*see* Docket Nos. 36-40,
9 58, 59, 61, 73), but have not opposed, defended, or answered the Complaint (*see*
10 Docket Nos. 41, 60, 62, 71). The Complaint is well pled and the relief sought in the
11 Complaint is reflected in the proposed order submitted with the Motion for Default
12 Judgment.

13 Having considered the Complaint, Motion for Default Judgment, exhibits,
14 and other evidence filed in this matter, **it is hereby ordered** that the FTC’s Motion
15 for Default Judgment against the Dialing Company Defendants is **granted** as
16 follows:

17 FINDINGS

18 1. This is an action by the Commission instituted under Sections 5(a),
19 5(m)(1)(A), 13(b), and 16(a) of the FTC Act, 15 U.S.C. §§ 45(a), 45(m)(1)(A),
20 53(b), and 56(a), and Section 6 of the Telemarketing and Consumer Fraud and
21 Abuse Prevention Act (the “Telemarketing Act”), 15 U.S.C. § 6105. The
22 Commission has authority to seek the relief contained herein.

23 2. The Complaint charges that the Defaulting Dialing Company
24 Defendants participated in acts or practices in violation of Section 5 of the FTC
25 Act, 15 U.S.C. § 45, and the FTC’s Telemarketing Sales Rule (“TSR”), as
26 amended, 16 C.F.R. Part 310, by assisting and facilitating clients of an enterprise
27 who were, among other things: (a) placing telemarketing calls to consumers that
28 delivered prerecorded messages; (b) placing telemarketing calls to consumers

1 whose telephone numbers were on the National Do Not Call (“DNC”) Registry;
2 and (c) transmitting inaccurate caller ID numbers and names with their
3 telemarketing calls.

4 3. The Commission’s Complaint states a claim upon which relief may be
5 granted under Section 5 of the FTC Act, 15 U.S.C. § 45, and the TSR, 16 C.F.R.
6 Part 310.

7 4. This Court has subject matter jurisdiction pursuant to 28 U.S.C.
8 §§ 1331, 1337(a), and 1345, 15 U.S.C. §§ 45(a), 53(b), 6102(c), and 6105(b).

9 5. Venue is proper in this district under 28 U.S.C. § 1391(b)(1), (b)(2),
10 (c)(2) and (d), and 15 U.S.C. § 53(b).

11 6. The activities of the Defaulting Dialing Company Defendants as
12 alleged in the Commission’s Complaint are in or affecting commerce, as
13 “commerce” is defined in Section 4 of the FTC Act, 15 U.S.C. § 44.

14 7. By virtue of the Court’s decision regarding the FTC’s Motion for
15 Default Judgment, the Defaulting Dialing Company Defendants are liable for
16 injunctive relief for violations of Section 5(a) of the FTC Act and the TSR.

17 8. This Order resolves all matters in dispute in this action between the
18 FTC and the Defaulting Dialing Company Defendants, but not as to any other
19 person, such as an indemnitee.

20 9. Entry of this Order is in the public interest.

21 DEFINITIONS

22 For the purpose of this Order, the following definitions apply:

23 A. **“Dialing Company Defendants”** means Defendants Allore, Inc.,
24 Audacity LLC, Data World Technologies, Inc., Dial Soft Technologies, Inc.,
25 Digital Marketing Solutions, Inc., Savilo Support Services, Inc., Secure Alliance
26 Corp., Velocity Information Corp., and World Access Media, and their successors
27 and assigns, individually, collectively, or in any combination.
28

II

Cooperation

It is further ordered that the Dialing Company Defendants must fully cooperate with representatives of the Commission in this case and in any investigation related to or associated with the transactions or the occurrences that are the subject of the Complaint. The Dialing Company Defendants must provide truthful and complete information, evidence, and testimony. The Dialing Company Defendants must cause their officers, employees, representatives, or agents to appear for interviews, discovery, hearings, trials, and any other proceedings that a Commission representative may reasonably request upon five days written notice, or other reasonable notice, at such places and times as a Commission representative may designate, without the service of a subpoena.

III

Order Acknowledgments

It is further ordered that the Dialing Company Defendants obtain acknowledgments of receipt of this Order as follows:

A. Each Dialing Company Defendant, within seven days of entry of this Order, must submit to the Commission an acknowledgment of receipt of this Order sworn under penalty of perjury.

B. For five years after entry of this Order, each Dialing Company Defendant must deliver a copy of this Order to: (1) all principals, officers, directors, and LLC managers and members, (2) all employees, agents, and other representatives who participate in conduct related to the subject matter of the Order, and (3) any business entity resulting from any change in structure as set forth in the section titled Compliance Reporting. Delivery must occur within seven days of entry of this Order for current personnel. For all others, delivery must occur before they assume their responsibilities.

1 C. From each individual or entity to which a Dialing Company
2 Defendant delivered a copy of this Order, it must obtain, within thirty days, a
3 signed and dated acknowledgment of receipt of this Order.

4 **IV**

5 **Compliance Reporting**

6 **It is further ordered** that the Dialing Company Defendants make timely
7 submissions to the Commission as follows:

8 A. One year after entry of this Order, each Dialing Company Defendant
9 must submit a compliance report, sworn under penalty of perjury, which must:

- 10 1) Identify the primary physical, postal, and email address and
11 telephone number, as designated points of contact, which
12 representatives of the Commission may use to communicate
13 with the Defendant;
- 14 2) Identify all of that Defendant's businesses by all of their names,
15 telephone numbers, and physical, postal, email, and Internet
16 addresses;
- 17 3) Describe the activities of each business, including the goods
18 and services offered, the means of advertising, marketing, and
19 sales, and the involvement of any other Defendant;
- 20 4) Describe in detail whether and how that Defendant is in
21 compliance with each Section of this Order; and
- 22 5) Provide a copy of each Order Acknowledgment obtained
23 pursuant to this Order, unless previously submitted to the
24 Commission.

25 B. For twenty years after entry of this Order, the Dialing Company
26 Defendants must submit a compliance notice, sworn under penalty of perjury,
27 within fourteen days of any change in the following:

- 28 1) Any designated point of contact; or

- 2) The structure of any Dialing Company Defendant or any entity that a Dialing Company Defendant has any ownership interest in or controls directly or indirectly that may affect compliance obligations arising under this Order, including: creation, merger, sale, or dissolution of the entity or any subsidiary, parent, or affiliate that engages in any acts or practices subject to this Order.

C. Each Dialing Company Defendant must submit to the Commission notice of the filing of any bankruptcy petition, insolvency proceeding, or similar proceeding by or against it within fourteen days of its filing.

D. Any submission to the Commission required by this Order to be sworn under penalty of perjury must be true and accurate and comply with 28 U.S.C. § 1746, such as by concluding: “I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct. Executed on: _____” and supplying the date, signatory’s full name, title (if applicable), and signature.

E. Unless otherwise directed by a Commission representative in writing, all submissions to the Commission pursuant to this Order must be emailed to DEbrief@ftc.gov or sent by overnight courier (not the U.S. Postal Service) to: Associate Director for Enforcement, Bureau of Consumer Protection, Federal Trade Commission, 600 Pennsylvania Avenue NW, Washington, DC 20580. The subject line must begin: *FTC v. Aaron Michael Jones, et al.*, Matter Number X170013.

V

Recordkeeping

It is further ordered that the Dialing Company Defendants must create certain records for twenty years after entry of the Order, and retain each such

1 record for five years. Specifically, each Dialing Company Defendant must create
2 and retain the following records:

3 A. Accounting records showing the revenues from all goods or services
4 sold;

5 B. Personnel records showing, for each person providing services,
6 whether as an employee or otherwise, that person's: name, addresses, telephone
7 numbers, job title or position, dates of service, and (if applicable) the reason for
8 termination;

9 C. Records of all consumer complaints, whether received directly or
10 indirectly, such as through a third party, and any response;

11 D. All records necessary to demonstrate full compliance with each
12 provision of this Order, including all submissions to the Commission.

13 VI

14 Compliance Monitoring

15 **It is further ordered** that, for the purpose of monitoring the Dialing
16 Company Defendants' compliance with this Order:

17 A. Within fourteen days of receipt of a written request from a
18 representative of the Commission, a Dialing Company Defendant must: (1) submit
19 additional compliance reports or other requested information, which must be sworn
20 under penalty of perjury; (2) appear for depositions; and (3) produce documents for
21 inspection and copying. The Commission is also authorized to obtain discovery,
22 without further leave of court, using any of the procedures prescribed by Federal
23 Rules of Civil Procedure 29, 30 (including telephonic depositions), 31, 33, 34, 36,
24 45, and 69.

25 B. For matters concerning this Order, the Commission is authorized to
26 communicate directly with each Dialing Company Defendant. The Dialing
27 Company Defendants must permit representatives of the Commission to interview
28

1 anyone employed by or affiliated with any Defendant who has agreed to such an
2 interview. The person interviewed may have counsel present.

3 C. The Commission may use all other lawful means, including posing,
4 through its representatives as consumers, suppliers, or other individuals or entities
5 to the Dialing Company Defendants or any individual or entity affiliated with
6 them, without the necessity of identification or prior notice. Nothing in this Order
7 limits the Commission's lawful use of compulsory process, pursuant to Sections 9
8 and 20 of the FTC Act, 15 U.S.C. §§ 49, 57b-1.

9 **VII**

10 **Retention of Jurisdiction**

11 **It is further ordered** that this Court retains jurisdiction of this matter for
12 purposes of construction, modification, and enforcement of this Order.

13
14 **It is so ordered.**

15
16 Dated:

17 _____
18 David O. Carter
19 United States District Judge
20
21
22
23
24
25
26
27
28