UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF GEORGIA
ATLANTA DIVISION

UNITED STATES OF AMERICA,)
)
)
-VS-) DOCKET NO. 1:20-CR-00296-JPB-AJB
)
DARRELL THOMAS,)
)
DEFENDANT.)

TRANSCRIPT OF PROCEEDINGS
BEFORE THE HONORABLE RUSSELL G. VINEYARD
UNITED STATES MAGISTRATE JUDGE
MARCH 17, 2021

APPEARANCES:

ON BEHALF OF THE GOVERNMENT:

TAL COHEN CHAIKEN, ESQ.
NATHAN KITCHENS
ASSISTANT UNITED STATES ATTORNEY

ON BEHALF OF THE DEFENDANT:

BENJAMIN ALPER, ESQ.

PENNY PRITTY COUDRIET, RMR, CRR
OFFICIAL COURT REPORTER
UNITED STATES DISTRICT COURT
ATLANTA, GEORGIA

I N D E X

WITNESS: PAGE:

JOSEPH STITES

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(PROCEEDINGS HELD IN OPEN COURT AT 2:50 P.M.)

THE COURT: Please be seated.

This is the case of the United States of America v. Darrell Thomas, Case Number 1:20-CR-296. We're here for a hearing on a petition to revoke supervised -- pretrial release, I'm sorry.

Ms. Chaiken and Mr. Kitchens on behalf of the United States. And Mr. Alper on behalf of Mr. Thomas, who is present in court.

Are you ready to proceed, counsel?

MS. CHAIKEN: Yes, Judge.

MR. ALPER: Yes, your Honor.

THE COURT: All right. Ms. Chaiken.

MS. CHAIKEN: Thank you, Judge. And if it's okay with the Court, we were planning to proceed by proffer today.

MR. ALPER: I had indicated -- I didn't realize -- I had indicated I would like to hear from the agent and ask him some questions, so I'm objecting to proceeding by proffer.

THE COURT: Yes, I think we need to hear testimony from the agent in connection with this matter.

MS. CHAIKEN: Okay. So we call Special Agent Joseph Stites.

THE COURT: All right.

Have a seat right here, Agent Stites. Right here. We've got you set up right there.

AGENT STITES: Okay. I'm sorry.

THE COURT: That's all right.

Would you raise your right hand and take the oath.

(Witness duly sworn)

COURTROOM DEPUTY CLERK: Please be seated and state and spell your name for the record.

THE WITNESS: Joseph D. Stites. Last name is spelled S-T-I-T-E-S.

THE COURT: You may proceed, Ms. Chaiken.

MS. CHAIKEN: Thank you, Judge.

JOSEPH D. STITES

a witness herein, being first duly sworn,

was examined and testified as follows:

DIRECT EXAMINATION

BY MS. CHAIKEN:

Q. Good afternoon, Special Agent Stites.

A. Good afternoon.

Q. Do you have a copy of your declaration that's signed and dated March 4th, 2021?

A. Yes, I do.

Q. Is that your signature on this declaration?

A. Yes, it is.

Q. Is everything in this declaration true and correct to the best of your knowledge?

A. Yes.

Q. If you could just turn to page 17 of the declaration.
A. Okay.
Q. Do you see the paragraph that refers to payments to Rapid! PayCard by various companies that are dated August 11th, 2020, through September 28th, 2020? Do you see that?
A. Yes, I do.
Q. And in your declaration you had stated that you had probable cause to believe that those payments were deposited into an account, a MetaBank Rapid! PayCard account owned by Bellator Phront Group, is that correct?
A. That's correct.
Q. Have you since had an opportunity to review copies of the actual wire transfers and bank statements that reflect those -- the specific account into which those payments were deposited?
A. Yes.
Q. And for all of those payment records, with the exception of Infinite Education Services, Inc., was the account into which the money was transferred an account that ends in 6687?
A. Yes.
Q. And who owns the MetaBank Rapid! PayCard account that ends in 6687?
A. That's a Bellator Phront account.
Q. Were you able to speak to the owner of Infinite Education Services, Inc.?
A. Yes.

Q. Did he tell you who directed him to send money to Rapid! PayCard at MetaBank?
A. Yes, he did.
Q. What did he say?
A. He said Darrell Thomas had instructed him to do that.
Q. Other than that, is there anything in your declaration that needs to be changed or updated?
A. No.

MS. CHAIKEN: No further questions.

THE COURT: Okay. Mr. Alper, you may cross-examine.

MR. ALPER: Thank you, Judge.

CROSS-EXAMINATION

BY MR. ALPER:
Q. Good afternoon, Agent. How are you today?
A. Good. How are you doing, sir?
Q. I'm okay. Thank you.

Just to go back a little bit, Darrell Thomas was initially indicted with a number of other individuals charged with fraudulent PPP Loan applications with five businesses, is that correct?
A. Correct.
Q. But after further investigation, according to your affidavit, you uncovered an additional six PPP applications that you believe were fraudulently obtained, is that correct?
A. Correct.

Q. All of these additional six that were not charged in the initial indictment, they were applied for before Mr. Thomas was arrested, correct?
A. Correct.
Q. And they were funded before Mr. Thomas was arrested, correct?
A. I believe so, yes. Correct.
Q. So the new conduct that you're alleging in your affidavit has to do with, correct me if I'm wrong, the movement of those PPP funds to various accounts, is that correct?
A. Correct.
Q. And my understanding is there are kind of two parts to the movement or alleged movement of these funds, there's the one you just talked about, which was the payment from companies to a Bellator Rapid! PayCard account, is that correct?
A. Yes. Correct.
Q. And that's what you just described, which is detailed in paragraph 37?
A. Let me confirm the paragraph.
Q. Sure. Sure.
A. 37, yes, on page 17.
Q. And so -- and then after that, the second part, as I understand it, is then the use of this paycard account to issue payroll cards that then these funds were withdrawn from, is that correct?
A. That's correct.

Q. So let me focus on the first part you just talked about and then we'll also talk about the second.

So you list in your affidavit here eight payments made by these companies to a Rapid! PayCard account, correct?

A. Correct.

Q. And that's between August 11th of 2020, to September 28th 2020, correct?

A. Yes, that's correct.

Q. And when you referred to -- in your affidavit you call it the Rapid! PayCard account, that's the Bellator company Rapid! PayCard account?

A. Correct.

Q. And I might have misheard, but did Ms. Chaiken, when she asked you, did she indicate that the Infinite Education payment did not go to this account? Did it go to a different account?

A. I believe that went to a different account.

Q. So that payment from Infinite Education --

A. Wait. No. No. No, that's still part of 37. Infinite Education is part of that account, went to the Bellator account.

Q. Were there any payments made by these companies with PPP funds to other accounts that weren't the Bellator Rapid! PayCard account?

A. No.

Q. So I must have misunderstood that, I'm sorry.

Okay. And the way that you connect these payments to the --

from these companies to the Bellator account is your interview with a Mr. Charles Hill, is that correct?

A. The way we connect these payments to the Bellator account?

Q. The way you connect that it was Mr. Thomas that instructed these companies to make these payments is through this interview, is that correct?

A. That's one of the ways, yes.

Q. What are the other ways?

A. Well, just looking at the transactions going to the Bellator account and then other interviews of other individuals.

Q. Okay. So in addition to the interview of Mr. Hill, there are other individuals who stated that Mr. Thomas directed these specific payments to the Bellator paycard account?

A. Right.

Q. Who are those people?

A. The RK Painting, Ricky Dickson.

Q. Okay. Who else?

A. All Star Room & Board, Charmaine Redding. And then Infinite Education is Charles Hill.

Q. Okay. What about Continuing Success, did we talk about that?

A. No.

Q. You didn't interview the owner of Continuing Success?

A. No, not yet.

Q. Do you know who that is?

A. Continuing Success is David Belgrave, I believe.

Q. But he did not say that Mr. Thomas directed him to --

A. I have not talked to Mr. Belgrave.

Q. Okay.

When did you interview Ricky Dickson?

A. I can't remember the exact date but it was within the last few weeks.

Q. Okay. And when you spoke to Mr. -- is that a man? Is Ricky Dickson a male?

A. Yes, sir.

Q. When you spoke to Mr. Dickson, when did he indicate that he received instructions from Mr. Thomas to wire these funds to the Bellator paycard account?

A. I don't have specific -- are you talking about a specific date?

Q. Yes.

A. I don't have a specific date. It was just in general after the money was received, he was given instruction.

Q. But the money was received before Mr. Thomas was arrested?

A. The money was received before Mr. Thomas was arrested, yes.

Q. So the instructions may have been given before Mr. Thomas was arrested?

A. I don't know the exact date of when the instructions were --

Q. You don't know.

And is it fair to say for all these individuals, you don't know when Mr. Thomas, according to them, instructed them to disburse this money to this account?

A. I would assume it was just prior to whenever the money was disbursed.

Q. Okay. But you don't know? I mean --

A. Exact dates, no.

Q. Right.

They did not -- did they, did they provide you with any e-mails, text messages, voicemail messages that have Mr. Thomas directing them to transfer these funds?

A. No, no voicemail messages, no e-mail messages, no text messages.

Q. Okay. So, again, as far as you know, the instructions that allegedly came from Mr. Thomas could have come prior to him being arrested because you don't know when they came?

A. There are transfers that occurred after the arrest date.

Q. I understand that.

A. I just don't know the exact dates of when the instructions were given.

Q. Okay.

Mr. Hill got a PPP loan of about $850,000, is that correct?

A. That's correct.

Q. And he sent to Bellator Rapid! PayCard account about 280,000, is that correct?

A. 281,496, correct.

Q. Is the remaining -- is the difference in that, is that still

sitting in Mr. Hill's account?
A. No.
Q. Where is that?
A. I don't recall all the other transfers that occurred out of that account.
Q. From before?
A. Excuse me?
Q. From before the ones you list in your affidavit?
A. I don't understand the question.
Q. You list, I think, two in your affidavit --
A. Yes.
Q. -- that went to Mr. Hill. They were transfers before the ones listed in your affidavit as well; is that what you're telling me?
A. Yes.
Q. And those presumably would have been made pursuant to the instructions of Mr. Thomas as well, correct?
A. That's correct. And Mr. Hill, all the instructions were provided by Mr. Thomas.
Q. So let's talk about the second part of this, which is the use of these payroll cards to withdraw these funds.
Mr. Thomas was arrested and released August the 6th, is that correct?
A. That's correct.
Q. And that was after a search of his home?
A. Correct. On the 6th we searched his home.

Q. And during that search you seized his computers and cell phones?
A. That's correct.
Q. And you also seized I think nine of these payroll cards?
A. Correct.
Q. And then according to paragraph 47 of your affidavit, let's skip ahead on page 21, according to you, within hours of him being released someone contacts Rapid! PayCard to get these cards replaced, correct?
A. Correct.
Q. Do you know who requested that those cards be replaced?
A. No.
Q. Did you investigate as to what device or phone or computer was used to request that these cards be replaced?
A. We're still looking into that.
Q. Okay.
Where were the cards sent, the replacement cards?
A. I don't recall.
Q. So you don't know if someone signed for them when they were sent?
A. I do not know that.
Q. Do you know -- is it your understanding that these cards when they were received by someone, they have to then be activated?
A. I'm not aware of that.
Q. Did you investigate with Rapid! PayCard to find out the

answers to these questions?
A. We're in the process --
Q. You don't have that yet, correct?
A. No.
Q. Or you're not going to tell me. Okay.
And then you discuss in the affidavit that -- how these cards were supposedly used after he's arrested at different banks in Florida and Georgia?
A. Correct.
Q. And according to you, it was approximately 60 cards being used at 6 different banks in Jacksonville, is that correct?
A. Correct.
Q. Did you attempt to obtain security footage or surveillance footage from these banks indicating who the individual was who went to the bank to withdraw this money?
A. We are attempting that.
Q. You don't have that, is that correct?
A. No.
Q. You don't have any photographs of Mr. Thomas walking into the banks or these ATMs and pulling out this cash, correct?
A. No.
Q. Is it your understanding -- I mean, if someone goes to a bank and uses a -- 30 different payroll cards, is it your understanding that someone was physically at an ATM for like an hour plugging these cards in at the bank?

A. Yeah, there would -- at the same location, it would have had to have been a process to do that, yeah, whether it's one --

Q. One individual or --

A. One individual or multiple.

Q. So it could have been more than one individual that was doing this, correct?

A. We don't know.

MR. ALPER: If I could have one second, Judge.

THE COURT: Yes, sir.

MR. ALPER: That's all I have, Judge. Thank you.

THE COURT: All right. Any redirect, Ms. Chaiken?

MS. CHAIKEN: Yes, just briefly, Judge.

THE COURT: All right.

REDIRECT EXAMINATION

BY MS. CHAIKEN:

Q. Just a couple points of clarifications, Special Agent Stites.

Mr. Alper asked you if you had uncovered these six loans that are listed in your declaration as being additional fraudulent loans. Are there any additional loans that you have uncovered that are fraudulent in addition to those six?

A. Yes.

Q. Did all of the financial transactions that are listed in your declaration between August 11th and September of -- sorry, August and September of 2020 occur after Mr. Thomas's arrest?

A. Yes.

Q. Now, for Infinite Education -- I apologize, I think I asked an unclear question, but for Infinite Education's bank statements, did the records that you reviewed identify the specific account number of the account at Rapid! -- at MetaBank into which the money was distributed?

A. The bank -- the account records from Infinite?

Q. Any of the bank records that you've reviewed. We've discussed the other ones identified an account number that ended in 6687.

A. Infinite did not but you see it coming into the Rapid! Pay MetaBank.

Q. Do you recall the username of the person who was listed as reporting the Rapid! PayCard payments -- sorry, the Rapid! payroll cards that were seized from the defendant's house as lost?

A. I don't recall.

Q. Okay.

MS. CHAIKEN: I have nothing further.

THE COURT: Special Agent Stites, you may step down.

MR. ALPER: Can I clarify one thing, Judge?

THE COURT: What's it on, Mr. Alper?

MR. ALPER: Just the other loans that she mentioned that were also PPP and fraudulent.

THE COURT: All right, I'll allow that.

MR. ALPER: Thank you, Judge.

RECROSS-EXAMINATION

BY MR. ALPER:

Q. You -- again, you indicated there were other alleged fraudulent PPP loans. Were any of those applied for after Mr. Thomas was arrested?
A. I don't think they were applied for after the arrest, no.
Q. Okay. Thank you.
And there were obviously other individuals charged in this case and your investigation, obviously, as you indicated, continues to identify other potential co-conspirators, correct?
A. Correct.
Q. Thank you.
THE COURT: Agent Stites, you may step down.
THE WITNESS: Thank you.
(Witness excused)
THE COURT: Any other evidence to present, Ms. Chaiken?
MS. CHAIKEN: No, Judge.
THE COURT: Are you relying on the declaration of Agent Stites as part of your evidence?
MS. CHAIKEN: Yes, Judge.
THE COURT: Okay.
Mr. Alper, do you have any evidence that you want to present on behalf of Mr. Thomas?
MR. ALPER: No, sir. Thank you.
THE COURT: All right.
All right. Ms. Chaiken, the evidence is presented in support of the petition to revoke pretrial release. Let me hear

from you.

MS. CHAIKEN: Thank you, your Honor.

Judge, under Title 18, USC, Section 3148, the defendant's bond should be revoked and an order of detention should be issued because there's probable cause to believe that the defendant has committed new federal offenses, specifically money laundering and aggravated identity theft, since he was released on pretrial supervision. He's unlikely to abide by any conditions that this Court may impose in the future, and he -- there's no condition or combination of conditions that will assure that he will not be a danger to the community, in this case the financial community, in the sense that he will continue to commit financial fraud.

Under Section 3148(b) there's a rebuttal presumption that he will be -- that no condition or combination of conditions will assure the safety of the community because he has committed a new federal offense and given the circumstances present here, defendant can't overcome that presumption.

The evidence is clear that after Mr. Thomas was arrested, he continued to launder millions of dollars of PPP loan proceeds into accounts that he controls, that his company controls, and then laundered them out of that account using payroll cards in a manner that was designed to make it look like the payments were coming into his account as legitimate payroll payments by the companies that he had helped apply for fraudulent

PPP loans so that they could obtained fraudulently loan forgiveness. And then they were laundered out of the account appearing -- designed to look like legitimate payroll payments to his employees.

Now, whether Mr. Thomas had those cards or other people had those cards, they were cards that he controlled. It's his company. He decided who had the cards and how they used it. And his company is the one that continued to fund those cards, millions of dollars worth of money that was then withdrawn at ATMs on dates and in locations that coincide with Mr. Thomas's travel. That's not a coincidence.

If he was going down to Jacksonville for business, and there was over $200,000 withdrawn at ATMs during that time period on payroll cards that were issued by his company to people who there's no evidence actually work for his company, he's controlling that, regardless of whether the card is in his hand or in somebody else's hand. And I don't think there can really be any doubt that he engaged in these financial transactions after his arrest.

So with respect to the money coming into the MetaBank Rapid! Pay account, whether he gave the instruction to make regular payments to Rapid! PayCard once you get the money, or whether he did it each time, his account was engaging in that financial transaction after the date of his arrest, eight separate transactions, and that money kept rolling in. If he was inclined to stop committing criminal activity, he could have instructed them not to make those payments or to close that account or to stop using it in order to launder money, but the evidence in this case establishes that Bellator doesn't have any legitimate employees.

And, in fact, Judge, the day before Bellator filed its PPP loan applications, which stated that it had 66 employees, Bellator filed -- the day before Bellator filed with the City of Roswell an application for a commercial business that listed three employees and that had a sworn and Notarized statement that as of January 1st the business had fewer than ten employees. And the two other people that were identified on that application were the defendant's wife and a woman named Brenda Miller. Special Agent Stites spoke to Brenda Miller and she stated that she hadn't heard of Bellator and did not work there.

So all of these payroll cards were issued for the sole purpose of laundering money out of this Rapid! PayCard account. The declaration makes clear that Mr. Thomas had access to at least some of those payroll cards before he was arrested because he was using it -- using them in Las Vegas at the same hotel where we received information that he was staying. And then in Jacksonville, during his trip there, he used his own card on two of the dates. And it justifies logic that he would give somebody a payroll card in his own name to be used to withdraw money at the same time as several other payroll cards were being used.

So the evidence I think is clear that he has committed acts of money laundering and aggravated identity theft because these payroll cards were in the names of other real individuals who were not using those cards. And that activity began merely hours after the Court released him for pretrial supervision, just hours later. Whether it was him, again, or whether it was somebody else who reported those cards lost, it's his company, it's his payroll cards. They were seized from his house. He had to tell somebody that those cards had been seized. And then, again, those cards, the same ones that were -- that were reported lost, some of them were then used in Jacksonville on dates that coincide with the defendant's travel. So it appears that rather than serving as a wake-up call to Mr. Thomas, his arrest and immediate release just emboldened him to continue his money laundering activities.

I would just note, Judge, I think, again, there's a rebuttal presumption that this conduct shows that there's no combination of conditions that will assure that he will not pose a danger to the safety of any other person or community. And case law establishes that danger does not just mean physical danger, economic crime falls into that as well.

Beyond that, there -- that the Court issued an arrest warrant on Wednesday afternoon, Mr. Thomas was instructed to report to probation at 9:00 a.m. on Friday morning. During that phone call he informed his pretrial supervision officer that he was in Jacksonville. And when she told him that he had not gotten permission for that trip, he said that he had told Officer Bachelor, who was his prior officer. And after checking with Officer Bachelor, the pretrial supervision officer told me that statement was not true.

MR. ALPER: I'm going to object. That's not been presented. That's not part of the petition and it's not in evidence. I'm not prepared to deal with it.

THE COURT: Overruled. I'll hear it proffered with respect to detention.

MS. CHAIKEN: Mr. Thomas did not appear at probation on Friday morning. He told the pretrial supervision officer that he could not get on a stand-by flight, and that he did not have enough money to come back from Jacksonville. And then he, again, appeared at 9:00 a.m. on Monday morning and was arrested.

But that, too, I think shows that he is not abiding by the Court's order and by -- he's not respecting the probation office's authority over him. And, obviously, the failure to report or give notice of travel pales in comparison to the millions of dollars in money laundering, but it's just an additional factor here that I think should be considered in determining that he should be detained pending trial.

Thank you.

THE COURT: Thank you.

Mr. Alper.

MR. ALPER: Thank you, Judge.

I think it's important to highlight, Judge, that this from the beginning has been a complicated scheme involving over, it seems, a dozen companies with a dozen different owners, multiple bank accounts, multiple conspirators, multiple, it seems, soon-to-be superseded indicted co-conspirators.

I think it's also important to note that Mr. Thomas, since being arrested and released, did exactly what we would want him to do; he cut all ties with his bank and he cut all ties with these co-conspirators. He's not allowed to tell a co-conspirator after he's arrested and released on bond don't transfer this money, stop sending this money, stop doing that, he's not allowed to communicate with them.

And if a co-conspirator thinks it's still part of the scheme to do it or is doing it at the direction of another co-conspirator after he's arrested, that's not attributable to him, okay.

The government has not been able to establish that any actions were taken directly by Mr. Thomas after he was arrested and released on this case to deal with any of this money whatsoever. They can't show that the instructions that were given to these companies to wire the money to this account were given by him after his arrest. They can't show that he's the one that requested these payroll cards after they were seized from his house. They can't show that he's the one that activated them.

They can't even show that he's the one that received them.

And, again, everything that occurred before his arrest is not the subject of this hearing, it's the actions he took after the fact. They can't show that it's him, the one that's going into the banks, pulling this money out allegedly. And they can't show that he's the only one who had access to these payroll cards or had access to these banks. The fact that one of his names is on one of them indicates at best that he's maybe a victim of a continuing fraud by these folks who still have access to these cards now.

I would also point out that it seems that this conduct, as far as I can tell, ended at the end of September in dealing with withdrawing these cards. There's been nothing for six months indicating at all that he's touched this money, that he's done anything with this money. If he's pulling out $3 million in fraudulent proceeds and they can't show that it's gone anywhere to any of his accounts or businesses or anything like that, I think that calls into question whether or not he actually dealt with this money.

So, again, you know, in reading the complaint, you know, or the affidavit, I understand, you know, the optics of it but there are too many holes, too many gaps, too many things that could have occurred before his arrest and not enough investigation done after the fact. Again, having been six months, every bank case I have, they've got a picture of a guy going in, cashing a check at the ATM, those are not hard records to get. So I don't believe they've established by probable cause that he committed these money laundering offenses.

To the extent that he was traveling in Florida, again, I'm not aware of that. I know when pretrial initially contacted him, he contacted my partner, Howard Weintraub, who spoke with pretrial and said, you know, do you really need him to come in? We weren't aware of the warrant at that time, we thought this was just a routine health check or whatever. So they said, no, he needs to come in. And we negotiated with them back and forth saying he can't get out, he's coming in Monday. And, obviously, he came in first thing Monday morning when they put the handcuffs on him.

So he's certainly not a flight risk. There's no evidence that he violated any other conditions of his bond. So I don't think they've met their burden. If they have, then it's a rebuttal presumption that I need to rebut, which I think I can.

To that, I would speak to again, as far as I can see nothing in the past six months there has been any indication that he's had anything to do with this money, so he's otherwise been perfectly compliant on bond. There's obviously been no -- no -- any kind of suggestion that there's any threats or violence or witness intimidation while he's been out on bond. The government seems to have done a good job tracking this money down, and there's no evidence that there is additional moneys out there he has access to or could have access to.

So for all those reasons, I think he's still a suitable candidate for bond. I think there are reasonable conditions. If your Honor wants to put an ankle monitor on him because they're concerned about the travel, if you want to limit his Internet access, the Court can do that.

He put up a signature bond, you know, when he was -- first came before your Honor. He's got properties in the Atlanta area of, you know, $190, $180,000 in equity that he's prepared to put up to secure his conditions and his appearance. So he can -- we can do more than a signature, obviously, now if the Court has concerns about that, but we can I think satisfactorily assuage those concerns.

So we would ask that the Court not find that he has violated the conditions of his bond or committed a new offense. But should you find that, I would ask that you release him on a stricter bond, your Honor. Thank you.

THE COURT: Thank you.

Ms. Chaiken, do you have anything else? Do you have anything else?

MS. CHAIKEN: Yes. I just want to respond to a couple of points raised by Mr. Alper.

It is true that this is a very complex investigation that involves a lot of loans and a lot of people. And the one common thread here is Mr. Thomas in all of it. He is the only person who has money coming to him from essentially every loan applicant. He is the only person who is linked to all of these different loan applicants, either directly or through other co-conspirators. And his e-mail records show that he directly participated in the fabrication of documents for all these loan applicants. That includes falsified W-2 payroll spreadsheets. It includes falsified IRS Form 941s, which are employer's quarterly tax returns that there are IRS stamps purported to have been received by the IRS, and the IRS records show that those forms were never filed.

It includes falsified bank statements, including fake bank statements that are identical for multiple businesses where the only thing that's different is the business name, and the account number obviously.

Just to give you an example, there's -- Bellator in response to a grand jury subpoena produced a W-2 payroll spreadsheet that was just a PDF with names and then supposed payroll amounts. One of the businesses we're discussing here, Continuing Success, submitted a payroll spreadsheet with its PPP loan application where the payroll figures were identical both for the company as a whole and for each individual employee.

And the first employee on Continuing Success was Johnny Gillespie. The first one on Bellator's list Sabrina Gillespie. The Sandy Waire and Chasity Waire. The third was Mike Kneeland and Julian Kneeland. They both reported having an employee named

Adonay Yehdego. One reported having Matt Zimmerman and one reported Matthew Zimmerman. These are all documents that were in Mr. Darrell's -- Mr. Thomas's e-mails. So the suggestion that he is the victim of a fraud carried out by other co-conspirators is just not borne out by the evidence. The same thing goes for the use of his payroll card.

And the suggestion that he may be a victim of fraud by another co-conspirator, when agents searched his house, they found a receipt for a hotel room at the Encore Hotel in Vegas where he had just been visiting. That receipt matched exactly the amount that was charged to the payroll card in Darrell Thomas's name. So at least we know that the day before his arrest he had that payroll card in his name.

Again, I -- we're obviously talking about the post-arrest conduct here, but the pre-arrest conduct is relevant to proving circumstantially that Mr. Thomas had and was using these cards. The behavior pre-arrest with multiple cards being used at the same ATM on the same day is identical to the post-arrest conduct. There are multiple cards being used at the same ATM on the same day. And I would add to that that based on the information that we have from Rapid! PayCard, a lot of the other cards which we do believe may have been in co-conspirators' hands were being used for transactions like grocery stores and other personal expenses, but the transactions that we've highlighted and that are contained in Agent Stites's declaration are large amounts of payroll cards being used at ATMs to withdraw approximately a thousand dollars each, which was the maximum we understand of these payroll cards, and that's conduct that mirrors exactly the conduct in Vegas before the arrest.

With respect to the flight risk, as the declaration details, there were million of dollars withdrawn from the Rapid! PayCard account on payroll cards. There was a suggestion that we've tracked it down, but this is not money that's been tracked down, this was money that was withdrawn in cash from ATMs throughout Florida and Georgia. We don't know where that money is, and this case involves a very large number of bank accounts that are opened specifically for the purpose of laundering money. What we see in this case is bank accounts that are opened and the next day they receive a transfer of hundreds of thousands of dollars from one of these business applicants or one of the co-conspirators. And so we don't know where that money is.

Mr. Thomas, the evidence is -- I think circumstantially establishes that he has access to it. And he is now facing a very significant amount of time and much longer time than he was facing when he was first arrested in August because of this additional conduct itself and because it occurred while he was on pretrial release. So we think that there is a very significant risk that he will flee in order to avoid the very lengthy sentence that he is facing. And, again, we don't think there's enough to rebut the presumption that he will be a danger to the safety of the community if he is released.

Thank you.

THE COURT: Thank you, Ms. Chaiken.

So in this case the petition is supported by a very detailed declaration from Special Agent Stites. He's also testified today reaffirming the declaration. And I find based on that testimony and the declaration that there is probable cause to believe that Mr. Thomas has committed violations of federal law involving money laundering and identity theft after his release in this case. Because of that finding, it does invoke the rebuttable presumption that he will present a danger to the community based on that continuing engagement of the conduct.

There is a substantial amount of money, that also causes me concern that that money is not fully accounted for and would be available to him if he wanted to flee. Also, the conduct, because it appears to have occurred so soon after release and in a substantial amount of money, it's unlikely he would abide by conditions of release if I were to release him. So I'm going to order Mr. Thomas to be detained pending trial in this case. Certainly if anything develops with respect to the investigation that undermines what has been purported to the Court, I expect to be informed about that.

I'm finding probable cause. Obviously, the government is not required at this point to present anything more, and it sounds like the investigation is still underway. But based on the record before me today, I believe that burden has been satisfied and that he should be detained.

Anything further from the government?

MS. CHAIKEN: No, your Honor.

THE COURT: Mr. Alper?

MR. ALPER: No, sir. Thank you.

THE COURT: Very good. We're in recess.

(PROCEEDINGS REPORTED WERE CONCLUDED)

C E R T I F I C A T E

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF GEORGIA

I do hereby certify that the foregoing pages are a true and correct transcript of the proceedings taken down by me in the case aforesaid.

This the 15th of April, 2021.

Penny Pritty Coudriet

PENNY PRITTY COUDRIET, RMR, CRR
OFFICIAL COURT REPORTER