International Airport on May 24, 1996. Based on American Airlines records, Pede is believed to have traveled to Curacao a minimum of eleven times--and D'Ambrosia is believed to have traveled to Curacao a minimum of twice--since then.

(f) Telephone records indicate that both Pede and D'Ambrosia have been in contact with Gold Medal in Curacao, specifically:

(i) Between August 1996 and June 24, 1999, there have been 317 facsimile transmissions from The Scoreboard in Nelsonville, Wisconsin to Gold Medal in Curacao. Additionally, between May 24, 1996 and June 24, 1999, there have been numerous calls from Pede's home and The Scoreboard to various Curacao numbers, to include the toll-free "account information line" at Gold Medal.

(ii) Between September 9, 1996 and May 24, 1999, D'Ambrosia called: Pede's residence, 23 times; The Scoreboard, 671 times; Attorney David Tedder, 41 times; and seventeen different Curacao numbers, 50 times. Note further that according to the facsimile header, the article described above referencing the illegality of off-shore sports bookmaking, which was faxed to Furst by D'Ambrosia, was previously faxed from Gold Medal.

(g) On December 1, 1999, Special Agent Richard Zeihme, IRS-CID, called the toll-free betting line at Gold Medal in Curacao.

Zeihme was acting in an undercover capacity and spoke with a Gold Medal employee. Zeihme remarked that he had received mailings advertising both Gold Medal and Seven Palms. The mailings advertised two of the respective web sites which this affidavit proposes to intercept, namely, www.goldmedalsports.com and www.sevenpalms.com.[6] Both were mailed to Illinois addresses and offered casino and sports gambling over the Internet. Zeihme also noted to the Gold Medal employee the similarity between the web sites for Gold Medal and Seven Palms. The employee first told Zeihme that Seven Palms and Gold Medal were the same company; the employee then clarified the statement and said that Gold Medal and Seven Palms were different companies but had the same owners.

26. Based on the following evidence, there is probable cause to believe that Pede, or his and D'Ambrosia's Sports Spectrum employees--via Sports Spectrum Internet Services in Nelsonville, Wisconsin-engage in electronic communications in furtherance of the conspiracy described herein with Gold Medal and Seven Palms in Curacao. The evidence demonstrating that Pede or his employees in fact engage in such communications over the Internet follows:

(a) Based on the available communication options, the Internet is the most efficient, secure and cost effective way for

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[6] Note that one can access the Seven Palms website by typing in either www.sevenpalms.com or www.7palms.com. The websites have remained the same before and after the change from Antelecom to SAVVIS.

Pede to monitor the activities of Gold Medal and Seven Palms from Wisconsin.

(b) Bruce Furst and John Edens stated that Pede and D'Ambrosia used a company called Telecommunications Information Systems Services (hereafter TISS) to create Gold Medal's illegal gambling operation. On May 7, 1998, Special Agent Michael Zeihen, IRS-CID, downloaded information about the offshore gambling business packages offered by TISS from the Internet. The downloaded information indicates that each package required a significant initial investment[7] and gave the operator the ability to run the Curacao bookmaking business over the Internet from another country.[8] TISS,

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[7] The page downloaded by SA Zeihen listed the following packages and price:
"Package A `Remote Casino Package'-$125,000, plus 50% of net profit.
Package B `On-Site Turn-Key Casino Package'-$300,000, plus 30%.
Package C. `Off Site Turn-Key Casino Package'-$875,000, no profit share."

[8] SA Zeihen downloaded two descriptions of the "packages" and the relevant portions are reproduced below with particular attention given to the aspects of the system which would allow one to run the business from the United States.

Package A was described as follows:

[O]ur entry level package . . . <u>allows remote management of a casino based here in Curacao</u>. We adjust the sports lines, . . . and provide secure, fair game play. You market your casino, handle you customers money and handle all customer service. The advantage to this program is you don't have to maintain expensive servers, bandwidth, and software. <u>All of our communications are done through secure networks that enable our computers to communicate with yours, giving you all of the information you need to run a casino. It's almost as if we're right next door, although we may be thousands of miles away</u>." (Emphasis added, spelling and punctuation as in original).

which also did business as "Cyberbookies," was established to assist gambling entrepreneurs set up off-shore gambling businesses in Curacao by selling "turn-key" packages, offering combinations of the following services: office space, toll-free telephone service, Internet connectivity, Curacao licensing, staff training, banking, and wagering-related computer systems.

(c) On December 14, 1999, Special Agent John Palmer of the Wisconsin Department of Justice-Criminal Investigation Division, accessed the TISS web site at the request of SA Zeihen. The web site featured a banner which stated "Under advice of counsel, Cyberbookies is ceasing all 800 telephone services and accordingly, will not accept applications for sports wagering if the applicant intends to accept wagers from the United States or its possessions and territories. This policy is being put into effect because there is presently litigation in the United States brought on behalf of a singular U.S. Attorney's Office." This statement was also displayed on April 8, 1999, when Zeihen accessed the "Cyberbookies" web site. On August 9, 1999, John Edens advised Special Agent Joseph Ludewig, IRS-

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Package B was described as follows:

We use state of the art equipment including . . . <u>high speed networks to enable your company to conduct business on the Internet</u> and over toll free telephones. We offer modern offices, <u>unlimited bandwidth (data-handling capability in computer-to-computer transfers)</u>, and . . . We also sub-license you[r] gaming operation in this country. (Emphasis added).

CID, that a group of prior TISS customers, to include the owners of Gold Medal, were forming a new company to handle telephone operations for the off-shore bookmaking. Access to Gold Medal, over toll-free betting and information lines, has continued as evidenced by the undercover operation discussed below.

(d) Gold Medal and Seven Palms changed Internet Service Providers, from Antelecom, N.V. to SAVVIS Communications on or about December 21, 1999. Antelecom, N.V. is an Internet Service Provider located on the Island of Curacao. Before December 21, 1999, Gold Medal and Seven Palms used the following Antelecom IP addresses: 209.58.46.98, (www.7palms.com); 209.58.46.99, (www.sevenpalms.com); and 209.58.46.100, (www.goldmedalsports.com). Gold Medal and Seven Palms now use five IP addresses serviced by SAVVIS Communications, namely, 216.91.119.10; 216.91.119.36, (www.7palms.com); 216.91.119.37, (www.sevenpalms.com); 216.91.119.41, (www.goldmedalsports.com); and 216.91.119.43, (mail.sevenpalms.com). On January 10, 2000, Special Agent Vita Paukstelis, IRS-CID, contacted the SAVVIS IP addresses for Gold Medal (216.91.119.41) and Seven Palms (216.91.119.36 and 216.91.119.37). Special Agent Paukstelis also executed a "trace route" program which traces the electronic communications route from her computer to the computers for Gold Medal and Seven Palms, respectively. The trace route program showed that when she

contacted Seven Palms, through SAVVIS IP address 216.91.119.36, and Gold Medal, through SAVVIS IP address 216.91.119.41, the communications were first directed to SAVVIS IP address 216.91.119.10. The trace route results demonstrate that: (1) Gold Medal and Seven Palms are closely associated and (2) SAVVIS IP address 216.91.119.10 facilitates electronic communications to Gold Medal and Seven Palms. On January 4, 2000, Special Agent Zeihen, using www.networksolutions.com accessed the registration information for the Gold Medal and Seven Palms websites. The registration information listed mail.sevenpalms.com (216.91.119.43) as a support server for Gold Medal and Seven Palms websites. Before and after the switch to SAVVIS Communications, Internet communications travel through AT&T Worldnet, 10 South Canal Street, Chicago, Illinois.

(e) Between January 13, 1999 and January 14, 2000, two undercover Internal Revenue Service Agents, Richard Zehme and William Paulin together placed a total of 50 sports bets, reflecting $32,200 in gross wagers, with Gold Medal from Wisconsin and Illinois (two states which prohibit sports wagering over the telephone). Each wager, and the requisite transfer of betting information coterminous with those discussions, represent violations of Title 18, United States Code, Sections 1084 and 371 by Gold Medal, Pede and D'Ambrosia. The evidence indicates that the Gold Medal

wagering records are computerized, with Curacao employees inputting the wagering data into a computer and accessing the data from terminals. After the undercover agents called Gold Medal, they were asked to provide their names and passwords. The agents could then hear Gold Medal employees striking keys and within seconds the Gold Medal employees could tell the agents the monetary balance in their respective accounts. On one occasion, undercover agent Paulin spoke with a manager at Gold Medal. Again, Paulin could hear the sound of keys striking and moments later the manager had information about Agent Paulin's betting history, when he had placed wagers and if the bets were winners or losers.

(f) On May 27, 1999, Western District of Wisconsin United States Magistrate Judge Stephen L. Crocker issued the first of four trap and trace orders permitting the United States to capture information about Internet transmissions to and from Sports Spectrum Internet Services in Nelsonville, Wisconsin. The trap and trace was performed by AT&T Worldnet. The Internet communications have demonstrated connections between, on the one hand, Sports Spectrum Internet Services and, on the other hand, Gold Medal and Seven Palms. The trap and trace evidence revealed the change of Internet Service Providers from Antelecom, N.V. to SAVVIS Communications on or about December 21, 1999. On November 19 and 22, 1999, Special Agent Michael Zeihen,

IRS-CID, conducted reverse Domain Name System (DNS) look ups for communications sent to Gold Medal and Seven Palms from Sports Spectrum Internet Services. Special Agent Zeihen determined that 15 IP addresses came back to Sports Spectrum or some variation of that name. On November 19, 1999, AT&T Worldnet Internet Technician Mario Moreno advised Zeihen that the names attached to these IP addresses would indicate that the addresses were reserved to the Sports Spectrum business as opposed to being used by customers of Sports Spectrum Internet Services. An additional Sports Spectrum IP address used to communicate with Gold Medal in September 1999 came back to "triver.com." From prior physical surveillance, Special Agent Zeihen knows that Duane Pede's residence is on the Tomorrow River near Nelsonville, Wisconsin. Further, the administrative and technical contact listed for "triver.com" is Hal Armstrong, with Internet address "hal@sports-spectrum.com." Hal Armstrong is also listed as the technical contact for IP addresses associated with Sports Spectrum.

(g) With regard to Gold Medal and Seven Palms, the IP addresses--before and after the change to SAVVIS-come back to gambling related sites, namely: www.7palms.com, www.sevenpalms.com and www.goldmedalsports.com. As the names indicate, these three sites are direct links to Gold

Medal and Seven Palms, the targeted sports book enterprises.[9]

(h) The trap and trace documented the number of Internet transmissions among Sports Spectrum and the IP addresses associated with Gold Medal and Seven Palms and also provided the "packet" size of transmissions between Sports Spectrum and the identified Gold Medal and Seven Palms IP addresses. A "packet" represents up to 1,500 characters. Note that the Internet transmission totals below reflect Sports Spectrum Internet Services electronic communications sent, before December 21, 1999, to and from the Antelecom IP addresses and, after December 21, 1999, to and from the SAVVIS Communications IP addresses. The results follow:

(i) Between June 2, 1999 and January 17, 2000, the trap and trace counted 47,079 Internet transmissions between Sports Spectrum Internet Services and IP

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[9] It is worth noting that Seven Palms and Gold Medal have nearly identical web sites with identical system requirements. For example, both state "To view the Casino games, you must be using a Java Enabled Browser and your system resolution must be set to a minimum of 800 X 600." A bettor engaged in electronic communications with these web sites, of course, would not see other bettors' communications with the web sites.

The homepage lists identical categories of information the user can "click" on for additional information to include: "Who are we?; Browser requirements?; No obligation Casino and Sports Book Tour?; Nicknames!; How can I play for real money?; and Customer Service?" Under the "Who are we?" category, it states, respectively "Seven Palms Casino and Sports Book [or Gold Medal Sportsbook and Casino], licensed by the Government of the Netherlands Antilles, is an active member of the Interactive Gaming Council. Seven Palms [Gold Medal] uses the latest gaming technology to offer Java Based games for immediate play as well as a complete sports book."

addresses associated with Gold Medal and Seven Palms. This is an average of 370 electronic communications per day. This pace has not diminished after the change to SAVVIS; for example, on January 17, 2000, there were 760 electronic communications between Sports Spectrum Internet Services and the five IP addresses associated with Gold Medal and Seven Palms. Of the total Internet transmissions, 7,640 (16.2%) were Internet transmissions from Sports Spectrum Internet Services to IP addresses associated with Gold Medal and Seven Palms. The remaining 39,439 (83.8%) transmissions were from IP addresses associated with Gold Medal and Seven Palms to Sports Spectrum Internet Services.

(ii) The total packets of information exchanged between Sports Spectrum Internet Services and the IP addresses associated with Gold Medal and Seven Palms during the same time was 2,637,877. Of that total, 36% of the packets of information were sent from IP addresses associated with Gold Medal and Seven Palms to Sports Spectrum Internet Services; 64% of the packets of information were sent from Sports Spectrum Internet Services to the IP addresses associated with Gold Medal and Seven Palms. Because each packet represents up to 1,500 characters, the total number of characters exchanged was a maximum of 3,956,815,500.

27. The following evidence establishes probable cause to believe that Pede and D'Ambrosia, through Gold Medal, are illegally taking sports bets over the telephone from customers in the United States in violation of Title 18, United States Code, Sections 1084 and 371:

(a) As noted in the preceding section, between January 13, 1999 and January 14, 2000, two undercover Internal Revenue Service Agents, Richard Zehme and William Paulin placed 50 bets, reflecting a total of $ 32,200 in gross wagers, with Gold Medal from Wisconsin and Illinois (two states which prohibit sports wagering). Of these bets, 48 took place over interstate and international telephone communications. On October 14, 1999 and January 7, 2000, Special Agent Zehme, using an undercover computer in Madison, Wisconsin, accessed Gold Medal through the Internet at "www.goldmedalsports.com" and placed bets on sporting events. Each wager, and the requisite transfer of betting information included within the discussions or transmissions, represent violations of Title 18, United States Code, Sections 1084 and 371.

(b) To open their wagering accounts, both undercover agents called the Gold Medal toll-free information line (800-209-4632) and provided identifying information, including name, address, telephone number and a password. (Gold Medal personnel know that bettors are calling from the United States before ever accepting a bet; one Gold Medal employee

asked the agent what state he was calling from). Gold Medal personnel instructed the agents to send a minimum of $500 to Gold Medal. Gold Medal brochures indicate that bettors can send money to Gold Medal in one of the following ways:

(i) Send personal checks, money orders, money grams or cashier's checks directly to Gold Medal Sports NV, Bon Bini Business Center, Unit J, Schottegat Weg Oost #10, Willemstad, Curacao, Netherlands Antilles;

(ii) Send money via Western Union; or

(iii) Wire the money to Gold Medal, via ORCO Bank accounts at First Union National Bank of Florida or Republic National Bank of New York. The agents were told that when their money was either received or confirmed, they could begin placing bets by calling Gold Medal's toll-free betting line (800-209-3166). The agents were advised that withdrawals from their Gold Medal accounts would be sent via these same routes.

(c) On April 27, 1999, undercover agent Paulin called the Gold Medal toll-free betting line. Paulin was directed to speak with a man named "Kenny" who advised Paulin that he had not made a bet since March and had only called for line information. "Kenny" stated that Gold Medal had 7,000 customers and that Gold Medal could not have people just calling the toll-free betting numbers and getting line information without placing a wager.

(d) Until December 1998, Gold Medal's toll-free lines for wagers and accounting were provided by Qwest Communications. The grand jury issued a subpoena for records for the wager and accounting lines. Special Agent Zeihen examined the invoices to determine whether there were calls from the United States. Special Agent Zeihen determined that the vast majority of calls to Gold Medal were from the United States. For example, in October 1998, Gold Medal's toll-free lines received 1,024 calls from outside the United States and 91,050 calls from within the United States. For the thirteen months ending December 19, 1998, Gold Medal's toll-free lines received the following number of calls:

(i) Betting line, (800) 209-3166 --- 488,249 calls; and

(ii) Accounting line, (800) 209-4632 --- 13,622 calls.

(e) Special Agent Joseph Ludewig, Internal Revenue Service-Criminal Investigation Division, St, Louis, Missouri has reviewed Western Union records, obtained via grand jury subpoena, in connection with this case. Special Agent Ludewig determined that, between September 5, 1996 and

February 28, 1998,[10] $14,643,987.83 has been sent to Gold Medal from individuals inside the United States.

28. Your affiant submits that Pede and D'Ambrosia promote Gold Medal and Seven Palms through their other businesses, specifically, The Scoreboard, NSN, Sports Spectrum and Signature Press. This proposition is based on the following evidence:

(a) During the undercover operation, both Special Agents Zehme and Paulin were referred to Gold Medal to place off-shore bets by tout services owned by Pede and D'Ambrosia. Specifically, on January 13, 1999, Special Agent Paulin spoke with Rudy Mason of Dan Pastorini Sports (Note that Dan Pastorini Sports is one of Sports Spectrum's tout services). Mason referred Paulin to Gold Medal Sports in Curacao for sports betting. On January 15, 1999, while placing a sports wager with an employee named Claudia at Gold Medal, Paulin mentioned that he had been referred to Gold Medal by "Rudy" at Dan Pastorini Sports. Claudia replied that Dan Pastorini Sports did some advertising for Gold Medal.

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[10] On December 22, 1997, Western Union entered into an agreement with the Florida Attorney General's Office to take steps to avoid having their wire service used for off-shore sports betting. In April 1999, Western Union's agreement with the Florida Attorney General's office was revised and expanded.

However, money is still being sent to Gold Medal via Western Union. Bettors--to include the undercover IRS agents--who wish to send money to Gold Medal via Western Union are instructed to send money to a nominee name rather than to Gold Medal. Undercover agent Zehme was told on September 7, 1999, by a Gold Medal manager that the change was the result of an investigation by the Attorney General's Office in Florida.

(b) On March 5, 1999, Special Agent Zehme spoke with Joe Rammell of Mike Wynn Sports (another tout service owned by Pede and D'Ambrosia). Rammell suggested that Zehme try off-shore sports betting and recommended Gold Medal.

(c) After opening accounts with Gold Medal, both agents terminated their accounts with the tout services. Nonetheless, both continue to receive mailings to undercover addresses in Illinois from The Scoreboard, P.O. Box 254, Amherst Junction, Wisconsin. (Amherst Junction lies just south of Nelsonville). Several mailings contained literature promoting the tout services and the off-shore sports betting businesses, Gold Medal and Seven Palms. For example, on June 22, August 18 and September 10, 1999, undercover agent Zehme received mailings from The Scoreboard which contained brochures advertising Gold Medal and furnishing the toll-free Gold Medal information line. Within the June 22, 1999 mailing, Zehme found a brochure advertising Seven Palms Casino and Sports Book and furnishing the toll-free "sales department" telephone number. At another undercover Illinois address, Special Agent Paulin received mailings from The Scoreboard which contained Gold Medal brochures on February 8, March 2, June 25, August 7, and September 13, 1999. Within the June 25, 1999 mailing, Paulin found a brochure advertising Seven Palms Casino and Sports Book and furnishing the toll-free "sales department" telephone number. All the mailings were

sent "BULK RATE, U.S. POSTAGE PAID, Signature Press" (emphasis added).

(d) Additionally, on September 20, 1999, Paulin found two postcards from Gold Medal advertising that "GOLD MEDAL SPORTS IS ON THE NET." On September 24, 1999, Zehme found two identical postcards in his undercover mail box. All the postcards were sent "U.S. Postage paid, Stevens Point, WI, Permit #193."

(e) On November 23, 1999, United States Postal Inspector Patricia Peters, Milwaukee, Wisconsin advised Special Agent Zeihen that Stevens Point, Wisconsin Postage Permit #193 is registered to Signature Press. Inspector Peters further advised that during calender year 1999, as of November 19, Signature Press had sent out 1,782,016 pieces of mail under Permit #193 at a cost of $314,528.00.

(f) On October 8, 1999, Special Agent Zeihen received a Seven Palms postcard from the Office of the Florida Attorney General, Economic Crimes Division. The postcard had been sent to a Florida address. The card offered sports wagering and casino gambling over the Internet. The card had a toll-free number for the "sales department" and had been sent, just like the Gold Medal postcards described above, "U.S. Postage paid, Stevens Point, WI, Permit #193."

29. Probable cause exists to believe that Pede and D'Ambrosia are engaged in laundering illegal gambling proceeds generated by Gold Medal through a series of accounts located in the Bahamas and Ireland

and then through domestic accounts and financial service businesses here in the United States. Gold Medal proceeds are funneled to banks in the Bahamas and Ireland where they are intermingled with income generated by certain of Pede and D'Ambrosia's other businesses, namely, The Scoreboard, Sports Spectrum and NSN. The evidence supporting these propositions follows:

(a) On April 27, 1998, in Chamblee, Georgia, John Edens was interviewed, by among others, Assistant United States Attorney Michael Fagan and Special Agent Joseph Ludewig, IRS-CID, both of St. Louis, Missouri. Edens explained his own involvement in illegal off-shore bookmaking through Paradise Casino. Edens also discussed other individuals he knew who were involved in off-shore bookmaking, including Duane Pede and Jeffrey D'Ambrosia. Edens said that an attorney named David Tedder assisted in laundering proceeds of Paradise Casino back into the United States. Edens described several banks in Ireland and Antigua used to launder Paradise Casino funds. Edens stated that Tedder buys assets at the direction of his clients and classifies the money used to buy those assets as loans. Edens stated his belief that Pede and D'Ambrosia were also clients of Tedder's.

(b) On July 21, 1998, Bruce Furst was interviewed by AUSA Michael Fagan and Special Agent Joseph Ludewig, IRS-CID, in St. Louis, Missouri. Among other things, Furst described his involvement, and the involvement of his confederates,

in sports bookmaking over the telephone through Paradise Casino on the Island of Curacao. Furst explained that he had met David Tedder and attended one of Tedder's seminars concerning asset protection and tax deferral. Furst explained that Tedder had a "deferred compensation" program to avoid taxes for his clients. Furst explained that in Tedder's program, all money earned by a client, other than funds used for living expenses and wages, was sent to an entity called "Corpus Harem." Taxes were only paid on income which was used for living expenses and wages. The remaining funds could be withdrawn and placed in investments as directed by the client. Furst described opening an account at the National Irish Bank for Paradise Casino. Furst introduced Tedder to various operators and owners of other Internet casinos and off-shore sports bookmakers. Furst stated that among those interested in Tedder's programs were Pede and D'Ambrosia, the partners in Gold Medal Sports.

(c) Special Agent Zeihen has analyzed records found during the execution of a June 1998 search warrant at the office of Attorney David Tedder. Those records indicate that Pede and D'Ambrosia in fact were Tedder's clients. Among these was a May 19, 1997 letter from Tedder to D'Ambrosia explaining Tedder's $41,550 bill to D'Ambrosia. Among other things, the letter explains that "use of the foreign

system" will allow D'Ambrosia to defer income from his ownership of Gold Medal and Sports Spectrum.

(d) Special Agent Zeihen's analysis of records obtained in Tedder's office indicates that, from at least April 1997, Tedder has been moving money for Pede and D'Ambrosia between ten banks in a number of locations, including the Netherlands Antilles, where Gold Medal is located, Bahamas, Ireland, Florida, California and Wisconsin. One example, selected from many, demonstrates the circuitous method used by Tedder to conceal the illegal proceeds and avoid taxation. Probable cause exists to believe that the money transferred in this example are gambling proceeds. Special Agent Zeihen has reconciled the accounts in question and determined, based on the balances within the accounts before and after the transactions, that the sum described below--although a progressively smaller number--is in fact the same money. In my experience and that of Special Agent Zeihen, there is no readily apparent legitimate reason for conducting the following transfers in this fashion other than to conceal the illegal proceeds and avoid taxation. Special Agent Zeihen has confirmed that Pede and D'Ambrosia's 1996 through 1998 tax return information, kept by the Internal Revenue Service, does not reflect interest or control of foreign bank accounts or payment of excise taxes by persons engaged in the business of taking wagers from bettors residing in the United States.

(i) On April 21, 1997, $1,400,000 was transferred from an R. Granvill Bank account, on the Island of Curacao to Surety Bank and Trust, Bahamas, Gold Medal account #20087; on October 31, 1997, an additional $1,000,000 was transferred to the same Gold Medal account from the ING Bank on the Island of Curacao.

(ii) Of these funds, $1,900,000 was transferred on December 30, 1997 to a Personal Leasing Services account (# 20013) also at Surety Bank and Trust, Bahamas.

(iii) Next, $1,823,992 was transferred on January 9, 1998 from the Personal Leasing Services account to a Surety Services account (#37796001) at the Bank of Ireland.

(iv) Next, $1,794,530 was transferred on January 14, 1998 from the Surety Services account back to the Surety Bank and Trust in the Bahamas, to a Corpus Harem I account (#20215).

(v) From the Corpus Harem I account, the following two transfers occurred: on January 16, 1998, $1,714,560 was transferred within Surety Bank and Trust to Corpus Harem VIII (labeled the "Pede" account on a Tedder file); and on January 19, 1998, $18,240 to a Challenge Realty account at the Great Western Bank, Laguna Hills, California. Typed notations concerning these transfers in a register maintained by Tedder for "Surety Bank and Trust acct #20215 (main)," state, concerning the $1,714,560 transfer "Pede;" and

concerning the $18,240 transfer, "Consulting Fees: Challenge Realty for Pede foreign."

OTHER INVESTIGATIVE PROCEDURES

30. Based on my training and experience and that of Special Agent Michael Zeihen and other federal law enforcement agents, and based on all the facts set forth herein, it is my belief that interception of electronic communications sent among Sports Spectrum Internet Services and the five target SAVVIS Communications IP addresses is the only investigative technique that has a reasonable likelihood of securing the cyber-evidence necessary to achieve the goals of this investigation. As noted above, I believe that the electronic communications between Gold Medal, Seven Palms and Sports Spectrum will show: (a) Pede or his and D'Ambrosia's employees engaged in communications with Gold Medal and Seven Palms in furtherance of the conspiracy to engage in illegal off-shore sports bookmaking; (b) the extent of the illegal activity and the methods of operation used to direct the illegal conduct; (c) the identities of unknown Gold Medal and Seven Palms accomplices, aiders and abettors and conspirators; (d) the other locations and facilities used in furtherance of the illegal activities; (e) the locations of illegal proceeds and assets obtained with illegal proceeds; (f) the existence and locations of records evidencing the illegal conduct; and (f) the identities, locations and betting histories of gamblers who have wagered with Gold Medal or Seven Palms and thus may be witnesses in criminal proceedings.

31. As described below, other investigative procedures have been tried and have failed, or reasonably appear unlikely to succeed if tried.

32. Physical surveillance has been used to the degree it is possible and helpful in this case. Special Agent Zeihen was able to enter the Nelsonville, Wisconsin offices of Sports Spectrum / The Scoreboard on February 13, 1998, when he interviewed Pede in connection with a separate investigation, the Daniel Knutowski case. Pede described The Scoreboard operation, explained the tout service business and gave Special Agent Zeihen a tour of one floor of The Scoreboard office. Pede accessed a computer to obtain records concerning Knutowski's use of The Scoreboard's tout services. Pede told Zeihen that while he provides information to bettors through The Scoreboard and Sports Spectrum, he does not engage in any sports gambling activity because that would be illegal. Special Agent Zeihen and I have further surveilled the Nelsonville, Wisconsin area to determine the location of other places relevant to this investigation, specifically, Pede's home and Signature Press.

33. Physical surveillance on the Island of Curacao is not possible by United States law enforcement officers. Because gambling is legal in Curacao, assistance by Curacao law enforcement officers with surveillance is unlikely and a request for them to do so could possibly be counterproductive.

34. Further physical surveillance is unlikely to gather additional evidence of the criminal activity under investigation. Further, surveillance is an investigative technique with limited

utility where Internet communications are used by the targets. Surveillance is used to confirm meetings between alleged conspirators and does not reveal the content or purpose of meetings. In this case, the "meetings" take place behind closed doors--both physical and virtual--over the Internet and physical surveillance is unlikely to succeed in disclosing information relevant to the evidentiary goals discussed above. Moreover, prolonged or regular physical surveillance of the targets would most likely be noticed and would only serve to alert the conspirators to the law enforcement interest in their activities and thereby compromise the investigation. Nelsonville, Wisconsin is a small town with a population of approximately two hundred residents. In addition, Pede and D'Ambrosia's several businesses are major employers in Nelsonville.

35. Use of the grand jury to subpoena witnesses is premature and the subpoenaing of persons believed to be involved with this conspiracy would not be successful at this point of the investigation. The targets and other potential conspirators, if called before the grand jury, would doubtless refuse to testify and invoke their Fifth Amendment privilege. Granting immunity without the benefit of the electronic communications sought might foreclose prosecution of the most culpable members of this conspiracy. Additionally, the service of grand jury subpoenas on the targets or their co-conspirators at this stage would only alert them to the existence of this investigation, causing them to be more cautious in their activities, to flee to avoid further investigation or

prosecution, conceal illegal proceeds or otherwise compromise the investigation.

36. Confidential informants. The investigation has not produced a potential informant who is in the position to provide reliable information necessary to the investigation or to record conversations with or obtain other evidence from Pede, D'Ambrosia or other potential co-conspirators. Even if a successful confidential informant were developed, it is unlikely that the witness would be able to successfully identify all participants of the illegal sports bookmaking business, determine the volume and amount of wagers, determine where the targets are directing the proceeds of their unlawful sports bookmaking business or otherwise satisfy the goals of the investigation.

37. Undercover agents have been used as described above. However, I believe that there are no undercover agents who can infiltrate the conspiracy at a level high enough to successfully identify all members of the conspiracy, determine the volume of wagers, determine the location of unlawful sports bookmaking proceeds or otherwise satisfy the goals of the investigation. Moreover, an infiltration of Gold Medal or Seven Palms on the Island of Curacao is unlikely to be successful. The United States could not send a federal agent to another country without the agreement of law enforcement officials of that foreign nation. Because gambling is legal in Curacao, local law enforcement officers would be unlikely to agree to allow undercover agents to target Curacao gambling enterprises.

38. Interviews of subjects or associates are unlikely to produce sufficient evidence of the identities of all persons involved in the conspiracy, determine the volume of wagers or determine the locations of illegal proceeds. Assuming that such persons would consent to be interviewed, their responses would likely contain a significant amount of misinformation designed to divert the investigation. Moreover, such interviewed persons would likely warn the targets of the existence of the investigation, compromising any efforts to develop additional evidence of criminal activities and resulting in the possible concealment of assets, and the destruction or concealment of evidence. As noted above, Bruce Furst and John Edens have been interviewed and have provided detailed information relevant to this investigation. However, this information, standing alone, does not identify all members of the conspiracy, determine the betting volume or show the location of illegal proceeds.

39. Pen register, trap and trace and telephone billing information has been developed which indicates that there are regular telephonic and Internet contacts among Gold Medal, Seven Palms and Sports Spectrum. Pen registers, telephone toll records and trap and trace records, however, do not reveal the identities of the parties to the communications and cannot identify the nature or substance of the transmissions. The trap and trace evidence concerning Internet transmissions among Gold Medal, Seven Palms and The Scoreboard indicates that there are thousands of contacts between the businesses on a monthly basis and that millions of packets of information are exchanged. This evidence, while valuable, cannot establish proof of

the conspiracy, nor does it identify all members of the conspiracy, determine the volume of wagers, or determine the location of unlawful sports bookmaking proceeds.

40. Search warrants in the United States would be premature at this stage of the investigation. Moreover, while probable cause exists to believe that betting records are stored on computers located at Gold Medal, Gold Medal is located on the Island of Curacao, beyond the reach of search warrants issued by a United States District Court. Based on my experience and knowledge concerning illegal sports bookmaking operations, and that of other law enforcement officers, I believe that the bookmaking records are reviewed and confirmed at Sports Spectrum in Wisconsin, but that the cyber-data is promptly destroyed (deleted) from the Wisconsin computers after the accounts and volume of wagers are verified. Thus, even if search warrants could be properly timed and targeted, they would be unlikely to gather sufficient identifying information about all the participants to the crimes, reveal the total scope of the criminal operations, or show the locations of illegal proceeds. I believe that search warrants at this time would be more likely to compromise the investigation by alerting the targets of the investigation, thereby allowing them and unidentified co-conspirators to hide illegal proceeds, frustrate the investigation and further insulate themselves from successful detection.

41. Bank records from domestic banks have been gathered with grand jury subpoenas. As demonstrated by the evidence described above, Special Agent Zeihen has been able to use domestic bank

records to corroborate documentary evidence of specific laundering transactions found at the office of attorney David Tedder. This analysis cannot extend beyond the specific transactions evidenced by Tedder's records, however, because illegal sports bookmaking proceeds from Gold Medal are laundered through a series of accounts at banks in the Bahamas and Ireland before being repatriated into the United States for the benefit of Pede and D'Ambrosia. Banks in the Bahamas and Ireland are beyond the reach of federal grand jury subpoenas. Accordingly, investigators have not been able to complete the picture of how Pede and D'Ambrosia direct the illegal proceeds. The missing evidentiary link is to show how Gold Medal and Seven Palms funds first enter the foreign accounts. It is anticipated that Pede will provide such direction in his electronic communications to Gold Medal and Seven Palms. It is further anticipated that analysis of those communications will indicate how gambling proceeds are transferred to foreign banks and which domestic financial institutions were used to bring gambling proceeds into the United States. It is anticipated that, at that point, records from the various domestic institutions can be subpoenaed.

42. Based on the foregoing, it is your affiant's belief that the interception of electronic communications is an essential investigative means of obtaining evidence of the offenses in which Pede, D'Ambrosia and others yet unconfirmed are involved.

PRIOR APPLICATIONS

43. Based upon a check of the records of the Federal Bureau of Investigation and the IRS - Special Investigative Techniques

Division, conducted between December 15, 1999, and January 19, 2000, no prior applications are known to me to have been made for an order authorizing the interception of wire, oral or electronic communications involving the persons, places or facilities named herein.

44. In an abundance of caution, the Federal Bureau of Investigation and Internal Revenue Service have checked against their indices the names of all persons where evidence exists indicating that a person might work or have an ownership interest in Gold Medal or Sports Spectrum. A July 1999 Interpol response to an inquiry concerning Gold Medal indicated that a man born in New Jersey, Nicholas John Caputi, was then visiting Curacao and could be clandestinely working as a Gold Medal employee. No other facts known to your affiant connect Mr. Caputi with this case. Nicholas John Caputi was a subject of prior applications for interception of wire communications in the Eastern District of Pennsylvania. As a result of those applications, United States District Court Judge Lowell A. Reed, Jr., of the Eastern District of Pennsylvania, authorized on the dates described herein thirty-day interceptions of wire communications as follows:

(a) an order dated December 21, 1990, authorized interception of wire communications involving (215) 467-2333 and (215) 467-8046, both numbers subscribed to by Celeste M. Fratrick;

(b) an order dated January 25, 1991, authorized interception of wire communications involving (215) 271-7376, subscribed to by James Mele; and

(c) an order dated February 5, 1991, authorized interception of wire communications involving (215) 755-3569 subscribed to by Frank Chiavaroli.

45. Judge Reed authorized the interceptions in connection with an investigation concerning offenses to include Title 18, United States Code, Sections 892 (making extortionate extensions of credit), 893 (financing extortionate extensions of credit), 894 (collecting credit extensions by extortionate means), 1955 (racketeering in connection with an illegal gambling business), 1962 (racketeering activities) and 1963 (criminal penalties for racketeering activities).

RECORDING AND MINIMIZATION OF INTERCEPTED COMMUNICATIONS

46. All interceptions will be minimized in accordance with Chapter 119 of Title 18, United States Code.

47. To target only those communications believed to relate to money laundering and illegal off-shore sports bookmaking, only electronic communications exchanged among Pede and D'Ambrosia's business, Sports Spectrum Internet Services, and the five identified SAVVIS IP addresses will be intercepted. The five SAVVIS IP addresses are numerically expressed as: 216.91.119.10; 216.91.119.36; 216.91.119.37; 216.91.119.41; and 216.91.119.43. Four of the IP addresses have associated domain names, specifically: 216.91.119.36, (www.7palms.com); 216.91.119.37, (www.sevenpalms.com); 216.91.119.41, (www.goldmedalsports.com); and 216.91.119.43, (mail.sevenpalms.com). Because the interception will be limited to electronic communications

to or from the five gambling-related SAVVIS IP addresses and Sports Spectrum Internet Services, it is anticipated that no communications unrelated to gambling will be intercepted. Because Sports Spectrum Internet Services offers Internet access to the public in the rural Nelsonville area, a remote possibility exists that a subscriber could use Sports Spectrum Internet Services to communicate with one of the five IP addresses associated with Gold Medal or Seven Palms. For example, if a Sports Spectrum subscriber places a sports bet with Gold Medal or Seven Palms. Any non-criminal electronic communications will be minimized as described below.

48. Electronic communications between Sports Spectrum Internet Services and the five SAVVIS IP addresses will be minimized after the fact and as soon as practical after such interception pursuant to Title 18, United States Code, Section 2518(5). The electronic communications will be reviewed and minimized as follows: all electronic communications sent between Sports Spectrum Internet Services and the five SAVVIS IP addresses will be intercepted in their entirety and electronically stored on magnetic media. Working copies of all of the electronic communications will then be made from the magnetic media.

49. Because of the type of information intercepted, the monitoring agents will not be able to contemporaneously minimize any non-pertinent information. The monitoring agents will not be able to minimize the electronic communications until after the communications have been received at the monitoring location. As soon as practicable thereafter, these electronic communications will be reviewed and minimized. It is anticipated that the monitoring location will not be staffed at all times, but will be activated

electronically. The monitoring location will be kept secure and access will only be available to persons authorized to be involved with this investigation. Monitoring agents will review the working copies, and based on the identities of the parties to the electronic communication and the subject matter and content of the electronic communication, will determine whether the communication appears to be pertinent to the criminal offenses listed in the Court's order or pertinent to other criminal activity. As soon as an electronic communication is determined to be non-pertinent, review of the electronic communication will cease and the communication will be designated as non-pertinent. An Assistant United States Attorney, who is not the prosecuting attorney on this case, will give legal advice.

50. The monitoring agents will turn over to the investigating agents only that information that is pertinent to the criminal offenses that are the subject of this investigation. The monitoring agents' working copies will be placed in a locked storage place until they are turned over to the Court after the interception order has expired. The monitoring agents will not communicate any non-pertinent information to government personnel responsible for this investigation, and the monitoring agents will have no investigative responsibilities, other than monitoring, concerning this investigation. It is not the intention of the government to intercept wire or oral communications during this investigation; only electronic communications will be intercepted.

51. Because the interception, recording and minimization of electronic communications within a computer network requires the use of new programs and techniques, it may become necessary to modify the

techniques described herein. The Court will be notified before any material change is implemented.

52. Unless extended by the Court, all interceptions conducted pursuant to this Court's order will terminate upon attainment of the authorized objectives or, in any event, at the end of thirty (30) days measured from the earlier of the day on which investigative or law enforcement officers first begin to conduct an interception under the Court's order or ten (10) days after the order is entered.

Dated this 24 day of January, 2000.

THOMAS K. MARQUARDT
Special Agent
Federal Bureau of Investigation

Sworn to me this 24 day of January, 2000.

United States District Judge

A TRUE COPY-ATTEST
MICHAEL W. DOBBINS, CLERK
By ..... DEPUTY CLERK
U. S. DISTRICT COURT, NORTHERN DISTRICT OF ILLINOIS
DATE: 1/24/2000

AO 106
Rev 8/82

AFFIDAVIT FOR SEARCH WARRANT

RECEIVED
APR - 7 2000

United States District Court	DISTRICT WESTERN DISTRICT OF WISCONSIN	
United States of America v. The Premises Known As: 2971 Highway 161 Nelsonville, Wisconsin	DOCKET NO. SEALED	MAGISTRATE JUDGE CASE NO. 00-0033M-X-01
	NAME AND ADDRESS OF JUDGE[1] OR MAGISTRATE JUDGE HONORABLE STEPHEN L. CROCKER United States Magistrate Judge 120 N. Henry Street Madison, WI 53703	

The undersigned being duly sworn deposes and says: That there is reason to believe that

[] on the person of [X] on the premises known as	DISTRICT WESTERN DISTRICT OF WISCONSIN

2971 Highway 161, Nelsonville, Wisconsin (SEE ATTACHMENT A)

The following property (or person) is concealed: SEE ATTACHMENT B

Affiant alleges the following grounds for search and seizure[2]:

SEE ATTACHED AFFIDAVIT WHICH IS INCORPORATED AS PART OF THIS AFFIDAVIT FOR SEARCH WARRANT.

Affiant states the following facts establishing the foregoing grounds for issuance of a search warrant:

SEE ATTACHED AFFIDAVIT WHICH IS INCORPORATED AS PART OF THIS AFFIDAVIT FOR SEARCH WARRANT.

SIGNATURE OF AFFIANT	OFFICIAL TITLE, IF ANY
Michael R. Zeihen Michael Zeihen	Special Agent, IRS/CID

Sworn to before me, and subscribed in my presence:

DATE	~~JUDGE OR~~ MAGISTRATE JUDGE
4-7-00	

[1] United States Judge or Judge of a State Court of Record.

[2] If a search is to be authorized "at any time in the day or night" pursuant to Federal Rules of Criminal Procedure 41(c), show reasonable cause therefor.

IN THE UNITED STATES DISTRICT COURT

FOR THE WESTERN DISTRICT OF WISCONSIN

UNITED STATES OF AMERICA	)	
v.	)	Case No. 00-0033M-K-01
THE PREMISES KNOWN AS: 2971 HIGHWAY 161 NELSONVILLE, WISCONSIN	)	UNDER SEAL

AFFIDAVIT

STATE OF WISCONSIN)
) ss.
COUNTY OF DANE)

I, Michael Zeihen, being first duly sworn on oath, depose and state as follows:

I. INTRODUCTION

1. I am a Special Agent with the Internal Revenue Service, Criminal Investigation Division (IRS-CID). I have been employed with IRS-CID for more than seventeen years. I have conducted numerous financial, tax, and money laundering investigations and participated in numerous search warrants related to such investigations.

2. This affidavit is submitted in support of a search warrant to search the premises known as: 2971 Highway 161, Nelsonville, Wisconsin. This building houses three businesses targeted in this criminal investigation: Sports Spectrum, LLC., Sports Spectrum Internet Services and The Scoreboard, Inc. A physical description of this location is attached to this affidavit as ATTACHMENT A, and is incorporated by

reference. A list of the items to be seized is attached to this affidavit as ATTACHMENT B, and is also incorporated by reference.

3. This affidavit is based on my investigation, as well as the investigation of other agents with IRS-CID, the Federal Bureau of Investigation (FBI), the Wisconsin Department of Justice, Division of Criminal Investigations (DCI), and the U.S. Postal Inspection Service. All information contained in this affidavit is information known to me or is information from law enforcement officers or other sources which I believe to be reliable.

II. OVERVIEW OF CRIMES, PERSONS AND ENTITIES

Criminal Offenses

4. As a result of this investigation, probable cause exists to believe that Duane K. Pede (hereafter Pede), Jeffrey A. D'Ambrosia a/k/a Jeff Allen (hereafter D'Ambrosia) and others are committing a series of crimes and are using the above premises to facilitate those crimes. First, probable cause exists to believe that Pede and D'Ambrosia run two illegal sports bookmaking and casino-style gambling businesses, Gold Medal Sports Book and Casino (hereafter Gold Medal) and Seven Palms Casino and Sports Book (hereafter Seven Palms) on the Island of Curacao in the Netherlands Antilles.[1] Pede and D'Ambrosia, through Gold Medal and Seven Palms, take wagers on sports contests from bettors in the United States using "wire

[1] The Netherlands Antilles is an autonomous territory of the Netherlands consisting of six islands in the West Indies. The Island of Curacao lies between Puerto Rico to the north and the coast of Venezuela, approximately 40 miles to the south.

communications facilities," that is, over the Internet and telephone systems, in violation of Title 18, United States Code, Section 1084. Second, probable cause exists to believe that Pede and D'Ambrosia, through Gold Medal and Seven Palms, take wagers from bettors in the United States over the Internet on slots, baccarat, blackjack and other casino-style games in violation of Chapter 945 of the Wisconsin Statutes and Title 18, United States Code, Section 1961(1)(A). Third, probable cause exists to believe that Pede, D'Ambrosia and others are engaged in a scheme to launder the proceeds of the illegal gaming operation through the use of foreign banks and nominee bank accounts, in violation of 18 U.S.C. §§ 1956 and 1957. Fourth, probable cause exists to believe that Pede, D'Ambrosia and others are engaged in a conspiracy to impede and impair the IRS in assessing and collecting income tax and excise wagering tax generated as a result of this criminal venture, in violation of 26 U.S.C. § 7201 and 18 U.S.C. § 371. Finally, probable cause exists to believe that Pede and D'Ambrosia are using their corporations as a RICO enterprise to conduct a pattern of racketeering acts, in violation of 18 U.S.C. § 1962(c).

5. Probable cause exists to believe that Pede and D'Ambrosia use the premises at 2971 Highway 161, Nelsonville, Wisconsin to promote and facilitate the above-stated crimes. Probable cause exists to believe that the items described in ATTACHMENT B are presently located at the premises to be searched.

<u>2971 Highway 161, Nelsonville, Wisconsin</u>

6. The premises at 2971 Highway 161, Nelsonville, Wisconsin houses three businesses: The Scoreboard, Inc. (hereafter The Scoreboard), Sports Spectrum, LLC.

(hereafter Sports Spectrum) and Sports Spectrum Internet Services (hereafter SSIS).

The Scoreboard

7. The Scoreboard offers two services. First, it provides current information on the betting "line" for sporting events. Customers call in on 1-900 telephone lines, and for a per-minute fee, get line information, as well as scores, injuries and weather reports on various sporting events. Second, Scoreboard provides a "tout" service. Customers call in on 1-800 telephone lines, and for a fee, sports handicappers tell customers the purported "guaranteed winners" for upcoming sporting events. The tout services are marketed under various names such as: Jeff Allen Sports, Mike Wynn Sports, Bob Gregorka Sports, Dan Pastorini Sports, and Sam Sharp Sports.

8. On February 13, 1998, I interviewed Duane Pede in connection with an unrelated narcotics investigation involving Daniel Knutowski. Knutowski was under investigation for selling cocaine. Knutowski also worked as a bookie in Milwaukee and utilized the services of The Scoreboard. In my interview of Pede, he told me, among other things, the following:

a. The Scoreboard distributes scoring booklets to its customers. These booklets list the dates and times of upcoming sporting events and leave space for scoring the event. The Scoreboard issues four booklets per baseball season, six booklets per football season, and ten booklets per basketball season. The booklets are free to subscribers and regular customers.

b. The Scoreboard maintains computerized files for each of its customers. These records indicate whether the customer utilizes 900 lines or 800 lines,

the type of booklet the customer receives, as well as the customer's name, address and phone number.

c. Pede started The Scoreboard in the early 1980's to distribute sports information to interested parties. The Scoreboard provides scores, injuries, Las Vegas lines, predicted winners, expected point spreads, and total expected points scored. Pede also analyzes games and reviews the Las Vegas line. When he believes that the Las Vegas line is wrong, he sells this information to his customers.

d. Most of his approximately 500 customers are probably bookies. Pede used to gamble, but stopped when advised that it would be illegal to run The Scoreboard and gamble at the same time.

e. In 1995, Pede and D'Ambrosia merged two sports information or "tout" services --The Scoreboard (owned by Pede) and NSN, Inc. (owned by Jeff D'Ambrosia) -- to form an umbrella company called Sports Spectrum.

Sports Spectrum

9. Sports Spectrum is incorporated in both Wisconsin and Nevada. In Articles of Incorporation filed with the State of Wisconsin on July 20, 1995, Pede is listed as the registered agent of Sports Spectrum. The Wisconsin business address for Sports Spectrum is 2971 Highway 161, Nelsonville, Wisconsin (the same address as The Scoreboard).

10. In Articles of Incorporation filed with the State of Nevada on June 30, 1995, D'Ambrosia is listed as the registered agent for Sports Spectrum. In the Nevada Articles of Incorporation, NSN Corporation is listed as Sports Spectrum's president;

The Scoreboard is listed as Sports Spectrum's secretary.

Sports Spectrum Internet Services

11. Sports Spectrum Internet Services is an Internet Service Provider[2] providing Internet access to the public. Sports Spectrum Internet Services is a subsidiary of Sports Spectrum, which is owned by Pede and D'Ambrosia. Lexis-Nexis checks reveal that Duane Pede is the registered agent for Sports Spectrum Internet Services. On April 8, 1999, I accessed the Sports Spectrum Internet Services web site. At that time, the web site stated "July 1, 1997 - Sports Spectrum On-Line *** Sports Spectrum, a Wisconsin Corporation formed in 1985, is on the Internet." The web site featured advertisements for, and hyperlinks to, two of Pede and D'Ambrosia's businesses -- The Scoreboard and Signature Press. On February 5, 2000, I again accessed the web site for Sports Spectrum Internet Services. This web site contained a hyperlink to The Scoreboard web site. That site contained a hyperlink to the Seven Palms Casino web site, which offered Internet sports betting and casino gambling.

Signature Press [3261 Highway 161, Nelsonville, Wisconsin]

12. Signature Press is a printing company owned by Pede, D'Ambrosia and other minority stockholders. Signature Press does business at a plant located approximately one mile south of Sports Spectrum at 3261 Highway 161, Nelsonville, Wisconsin. Signature Press was incorporated as a subchapter S corporation on August 1, 1991. Pede and D'Ambrosia use Signature Press to print and mail post

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[2] An Internet Service Provider, or ISP, provides accounts that individuals, businesses and organizations can use to access the Internet.

cards and brochures advertising Gold Medal and Seven Palms to customers in the United States.

NSN, Inc./Jeff Allen Sports [5025 South Eastern Avenue, #19, 25-27, Las Vegas, Nevada]

13. Jeffrey A. D'Ambrosia operates a "tout" business, called NSN, Inc. (hereafter NSN) doing business as "Jeff Allen Sports," 5025 South Eastern Avenue, #27, Las Vegas, Nevada. Nevada Secretary of State corporate records reveal that NSN was incorporated on June 18, 1987, and that Jeffrey A. D'Ambrosia is the registered agent. D'Ambrosia provides services through NSN as a sports handicapper. I know from my investigation that D'Ambrosia regularly uses his middle name as his surname and that he advertises himself as "Jeff Allen - World Champion Handicapper" in USA Today and other sports publications. On Saturday mornings during the football season, D'Ambrosia participates in a sports handicapping television infomercial on the USA Network called the "Sports Desk TV Show with World Champion Handicapper Jeff Allen."

Gold Medal Sports Book and Casino

14. Gold Medal is an offshore sports betting and casino gambling operation located on the island of Curacao in the Netherlands Antilles. Gold Medal takes wagers from bettors in the United States over the phones and over the Internet. On August 8, 1996, Gold Medal was registered with the Curacao Chamber of Commerce. The registration lists Duane K. Pede as the "statutory and managing director." Gold Medal's business address is Bon Bini Business Center, Unit J, Schottegat Weg Oost,

#10, Willemstad, Curacao, Netherlands Antilles.

Seven Palms Casino and Sports Book

15. Seven Palms Casino and Sports Book (hereafter Seven Palms) is a second sports book and casino gambling operation owned by Pede and D'Ambrosia. The business address for Seven Palms is Bon Bini Business Center, Unit H, Schottegat Weg Oost, #10, Willemstad, Curacao, Netherlands Antilles. (Note that Gold Medal's address is Unit J in the same building.) In a brochure obtained on June 25, 1999, Seven Palms billed itself as "a full service sports book ... licensed by the Government of the Netherlands Antilles and an active member of the Interactive Gaming Council." The brochure states that Seven Palms offers sports betting and games of chance--such as blackjack and roulette--over the Internet.

III. SUMMARY OF INVESTIGATION

Undercover operation

16. Between January 13, 1999, and January 14, 2000, two undercover IRS-CID agents, Richard Zehme and William Paulin, together placed a total of approximately 50 sports bets, reflecting $32,200 in gross wagers, with Gold Medal from Wisconsin and Illinois (two states which prohibit sports wagering over the telephone lines). Of these bets, 48 took place over interstate and international telephone lines. The other two bets were placed over the Internet from a computer located in Madison, Wisconsin. Each sports wager, and the requisite transfer of betting information included within the discussion or transmission, constitutes a violation of Title 18, United States Code, Section 1084.

17. To open their wagering accounts, each undercover agent called the Gold Medal toll-free information line (800-209-4632) and provided identifying information, including name, address, telephone number and a password. Gold Medal personnel instructed each agent to send a minimum of $500 to Gold Medal.

18. Each time an undercover agent called Gold Medal to place a sports bet, he was asked to provide his name and password. The agent could then hear a Gold Medal employee striking keys and, within seconds, the Gold Medal employee could tell the agent the monetary balance in his account. For example, on April 14, 1999, undercover agent Paulin spoke with a manager at Gold Medal. Paulin could hear the sound of keys striking, and moments later the manager had information about Agent Paulin's betting history, when he had placed wagers, and if the bets were winners or losers. The manager also mentioned Paulin's undercover Illinois address and telephone number and discussed the accuracy of this information with Paulin.

19. Prior to opening a betting account at Gold Medal, undercover agent Bill Paulin called Dan Pastorini Sports about setting up an account to receive handicapping information. Dan Pastorini Sports is one of Sports Spectrum's tout services run by Pede and D'Ambrosia. On January 13, 1999, Paulin spoke with Rudy Mason of Dan Pastorini Sports. During the conversation, Mason referred Paulin to Gold Medal Sports in Curacao for sports betting. Mason provided Paulin with Gold Medal's information line for setting up an account (800-209-4632). On January 15, 1999, while placing a sports wager with an employee named Claudia at Gold Medal, Paulin mentioned that he had been referred to Gold Medal by "Rudy" at Dan Pastorini Sports. Claudia replied

that Dan Pastorini Sports did some advertising for Gold Medal.

20. On March 5, 1999, undercover agent Rich Zehme called Mike Wynn Sports about setting up an account to receive handicapping information. Mike Wynn Sports is another one of Sports Spectrum's tout services run by Pede and D'Ambrosia. Zehme spoke with Joe Rammell of Mike Wynn Sports. During the conversation, Rammell referred Zehme to Gold Medal Sports in Curacao for sports betting. On April 15, 1999, while placing a sports wager with an employee named "BJ" at Gold Medal, Zehme mentioned that he had been referred to Gold Medal by Mike Wynn Sports and stated that, from the referral, it seemed like Mike Wynn Sports and Gold Medal were "tied together." "BJ" replied, "Yes, that's right."

21. After opening betting accounts with Gold Medal, both undercover agents terminated their handicapping accounts with the tout services. Nonetheless, both agents continued to receive mailings with envelopes addressed from The Scoreboard, P.O. Box 254, Amherst Junction, Wisconsin. Several mailings contained literature promoting the tout services and the off-shore sports betting businesses, Gold Medal and Seven Palms. For example:

a. On June 22, August 18, and September 10, 1999, undercover agent Zehme received mailings from The Scoreboard which contained brochures advertising Jeff Allen Sports, as well as Gold Medal, and furnishing the toll-free Gold Medal information line. Within the June 22, 1999, mailing, Zehme found a brochure advertising Seven Palms Casino and Sports Book and furnishing the toll-free "sales department" telephone number.

b. At another undercover Illinois address, Special Agent Paulin received mailings from The Scoreboard which contained material from Jeff Allen Sports, as well as Gold Medal brochures, on February 8, March 2, June 25, August 7, and September 13, 1999. Within the June 25, 1999, mailing, Paulin found a brochure advertising Seven Palms Casino and Sports Book and furnishing the toll-free "sales department" telephone number.

c. All of The Scoreboard mailings received by the undercover agents were sent "BULK RATE, U.S. POSTAGE PAID, Signature Press."

22. On September 20, 1999, undercover agent Paulin found two postcards in his mail from Gold Medal advertising that "GOLD MEDAL SPORTS IS ON THE NET." Similarly, on September 24, 1999, Zehme found two identical postcards in his undercover mail box. All the postcards were sent "U.S. Postage paid, Stevens Point, WI, Permit #193."

23. In October 1999, Rick Shiffer from the Florida Attorney General's Office informed me that he had been making undercover contacts with various offshore sports books and tout services. In connection with his investigation, he had received the following mail which he forwarded to me:

a. On October 5, 1999, I received a letter mailed to Shiffer from Gold Medal Sportsbook and Casino at P.O. Box 3143, Willemstead, Curacao, Netherlands Antilles. The letter contained a brochure for Gold Medal advertising a phone number for information and a brochure for Dan Pastorini Sports. The postage on the envelope

indicated it was from postage meter #504430 and was mailed from Stevens Point, WI.[3]

b. On October 8, 1999, I received a Seven Palms postcard mailed to Shiffer. The postcard indicated that Seven Palms offered sports wagering and casino gambling over the Internet. The card had a toll-free number for the "sales department" and had been sent "U.S. Postage paid, Stevens Point, WI, Permit #193."

c. On October 28, 1999, I received two letters mailed from The Scoreboard to Shiffer. The first letter contained a scoring booklet from The Scoreboard, as well as printed brochures from "Legalbook Sports," and "World Wide Tele-Sports." The envelope indicated "U.S. Postage Paid Stevens Point, WI Permit No. 193." The second letter came from Sam Sharp's Razor Sports. Included with this letter was a brochure for Gold Medal. The postage on the envelope shows it was from postage meter #504430 and was mailed from Stevens Point, WI.

d. In December 1999, I received a letter mailed from Mike Wynn Sports at P.O. Box 254 Amherst Junction, WI to Shiffer. The letter contained a brochure for Seven Palms. The postage on the envelope showed it was from meter #504430 and was mailed from Stevens Point, WI.

e. On January 21, 2000, I received a letter mailed from Jeff Allen Sports at 5025 S. Eastern Ave., #27, Las Vegas, Nevada to Shiffer. The letter contained a brochure for Seven Palms. The postage on the envelope showed it was from postage meter #504430 and was mailed from Stevens Point, WI.

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[3] On February 18, 2000, Postal Inspector Steve Werlein told me that postage meter # 504430 is registered to Signature Press.

24. On November 23, 1999, United States Postal Inspector Patricia Peters, Milwaukee, Wisconsin advised me that Stevens Point, Wisconsin Postage Permit #193 is registered to Signature Press. Inspector Peters further advised that as of November 19, 1999, Signature Press had sent out 1,782,016 pieces of mail under Permit #193 at a cost of $314,528.00 for the calendar year 1999.

25. On December 1, 1999, undercover agent Zehme called Gold Medal to place a sports bet. While on the phone with the Gold Medal employee, Zehme remarked that he had received mailings advertising both Gold Medal and Seven Palms. The mailings advertised two web sites; namely, www.goldmedalsports.com and www.sevenpalms.com. Both were mailed to Illinois addresses and offered casino and sports gambling over the Internet. Zehme also noted the similarity between the web sites for Gold Medal and Seven Palms. The employee first told Zehme that Seven Palms and Gold Medal were the same company; the employee then clarified the statement and said that Gold Medal and Seven Palms were different companies but had the same owners.

26. On October 14, 1999, and January 7, 2000, Special Agent Zehme, using an undercover computer in Madison, Wisconsin, accessed Gold Medal through the Internet at "www.goldmedalsports.com" and placed bets on sporting events.

27. The Internet Protocol (IP) address for Gold Medal's web site is 216.91.119.41. On January 10, 2000, Special Agent Vita Paukstelis, IRS-CID, executed a "trace route" program on Gold Medal's Internet IP address. According to SA Paukstelis, her Internet communications to Gold Medal's web site was handled by

routers serviced by SAVVIS Communication, with the last router being located in Phoenix, Arizona. Thus, the Internet connection to Gold Medal's web site from Wisconsin moves in interstate commerce to Phoenix, Arizona over the Internet.

28. On September 1, 1999, undercover agent Paulin called Gold Medal's accounting department at 1-800-209-4372 to discuss adding more money to his account. Paulin spoke with Hilda at Gold Medal Sports who told Paulin that he could use Western Union to send funds to Gold Medal, but that Paulin could not designate the recipient as Gold Medal Sports. Hilda informed Paulin that Western Union will not send money to sports books anymore, so Gold Medal is using different recipient names with every transaction. Paulin would have to get a new recipient name every time he called the accounting department to send down more money. Hilda also informed Paulin that if he sent money via Western Union more than once a week, Paulin would have to use a different sender name, and that he could not use his own name twice in the same week. For that particular transaction, Hilda told Paulin to address the money to "Lesly Vos" located in Paramaribo, Suriname.

29. On September 7, 1999, undercover agent Zehme called Gold Medal's accounting department to add money to his betting account. Zehme talked to Hilda at Gold Medal. Hilda told Zehme the same thing she told Paulin. Hilda noted this new procedure was required to get around being "shut down" by the "attorney general."[4]

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[4] On December 22, 1997, Western Union entered into an agreement with the Florida Attorney General's Office to take steps to avoid having their wire service used by off-shore sports betting operations. In April 1999, Western Union's agreement with the Florida Attorney General's office was revised and expanded to include, among

Hilda told Zehme to address the money for this transaction to "Ruben Vinck" located in Paramaribo, Suriname. Zehme then asked to talk to Hilda's supervisor to make sure this was an approved procedure. Zehme was connected to Rick who told Zehme the reason for using different names was because "the United States government doesn't like us" and is "trying to shut off our Western Union all the time." Rick explained that the attorney general from Florida doesn't like us because "we don't pay taxes in the United States 'cause we're all offshore."

June 1998 Search of the Office of Bruce Furst

30. In June 1998, the IRS executed a search warrant at the office of Bruce Furst, in connection with an investigation of Paradise Casino, another offshore sports book located in Curacao, N.V. I reviewed Furst's files and found, among other things, the following information about Pede, D'Ambrosia and Gold Medal Sports:

a. A confidential memorandum dated May 5, 1997, regarding Gold Medal which stated that J. Allan (sic) owns 72% of the company; D. Petey (sic) owns 20%; and another 11 people own the remaining 8%. The memorandum also states that Gold Medal believes they are "whipping" Paradise Casino because Gold Medal has: (1) half time betting; (2) outbound calling for clients; and (3) direct mail. The memorandum also provides that "J. Allan (sic) has agreed to join Tedder's deferred compensation plan and has already moved $1.4 million into the plan."[5]

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others, Gold Medal Sports.

[5] As noted in greater detail later in this affidavit, David Tedder is another target of this investigation. Tedder is an attorney with an office in Florida. He markets a

b. In a file marked "Gold Medal" is a notation that on December 5, 1997, Furst spoke with "Dwayne" (sic) who told Furst they are "close with a third licensee on the Island." The file also contains a slip of paper with the address 2971 Highway 161, Nelsonville, Wisconsin 54458. This is the address for Sports Spectrum.

c. In a file marked "J.A. Working File" are meeting notes from a October 21, 1997, meeting with Furst and J. Allen in Las Vegas. The notes states that "Westel" is set up in Curacao and will receive dividends from Gold Medal.

d. Also found was a check for $12,000 payable to H. Furst written on a First Union National Bank check from the account of Orco Bank. With the check was an April 21, 1998, invoice from Furst & Furst for $12,000 for services rendered in a U.S. Olympic Committee licensing infringement case against Gold Medal Sports.

e. Found in a different file was a letter addressed to Rick McColley, as director of Gold Medal Sports. The letter is from the Arter & Hatten law firm, attorneys for the U.S. Olympic Committee. The letter informed McColley that Gold Medal's use of the five Olympic rings in their brochure is a licensing infringement. Attached to this letter is a fax cover sheet from Duane Pede at The Scoreboard with a written notation to Furst asking for his help in responding to this letter.

f. Found in another file is a March 31, 1998, Internet Law Journal article about the legality of offshore sports betting. The article noted that federal prosecutors have brought charges against Internet gambling operations using 18

"deferred compensation program" to wealthy clients who wish to move their income and assets offshore for protection against creditors and the IRS.

U.S.C. § 1084. The article analyzed this statute and concluded "there is little doubt that engaging in offshore sports betting by telephone communications is illegal under Sec. 1084." On the top of this article is a header showing it had been faxed on March 31, 1998, at 12:26 from Gold Medal Sports. Attached to the front of the article was a fax cover sheet from Allen Communications with the address for Jeff Allen Sports in Las Vegas from "Jeff Allen" to Bruce, dated March 31, 1998. The cover sheet contained a written message "Please call in regards to this ..."

g. Also found was a July 9, 1997, attorney opinion letter authored by attorney Kenneth Hense. The letter is addressed to a Howard Rubinsky in Las Vegas and is in response to the client's request to set up an offshore sports book that accepts wagers over the phone and Internet. The opinion letter reviewed only federal criminal statutes and gave a disclaimer on any other legal issue, including the tax aspects from the IRS perspective. The letter analyzed 18 U.S.C. §1084, and concluded that this statute would apply to offshore sports betting as long as the prosecution could prove the owner could foresee that US bettors would call the sports book and use the phone lines in interstate and foreign commerce. The opinion letter pointed out that proof of an owner advertising in the US or sending flyers via direct mail to US bettors would prove the owner reasonably foresaw that his conduct would affect interstate and foreign commerce. On the bottom of the opinion letter is a footer showing that it had been faxed on October 12, 1997, at 10:03 from The Scoreboard.

h. In a January 20, 1998, fax cover sheet from David Tedder to Bruce Furst, Tedder informed Furst that he was faxing him a copy of a letter addressed to

Marc Harris in Panama regarding the process of using Western Union to send funds to Paradise Casino and Gold Medal. The cover sheet states: "We will have to inform Marc (which I will do in a separate cover letter) that once the funds are confirmed as being accounted for the benefit of Western Union, that this fact alone is enough for Paradise and/or Gold Medal to begin the betting process . . ." Attached to this cover sheet is a January 15, 1998, letter from Tedder to Marc Harris. The purpose of the letter is to outline the procedures for Western Union transfers to Gold Medal and Paradise, through an intermediary, The Harris Organization. In exchange for being an intermediary, The Harris Organization would receive a 2% fee of all gross cash flow. The letter further stated: "As you may be aware, the single biggest day in sports betting is the Super Bowl period. If we were available at that point, each entity estimated as much as $2,000,000 to $3,000,000 in cash flow for that week. We have been informed on an average basis, the cash flow ranges from $300,000 to $600,000 on a weekly basis."

i. There is a 15 page Confidential Questionnaire filled out by Jeff D'Ambrosia for David Tedder, dated March 24, 1997. The questionnaire is for the stated purposes of estate planning, tax planning and asset protection. D'Ambrosia listed an ownership interest in Sports Spectrum, with a salary of $320,000 a year. He also listed an ownership interest in Westel, NV, with a salary of $300,000 a year. D'Ambrosia listed his annual before tax income as $1.4 million, and stated that he would only need $240,000 a year to live on. The header on the questionnaire showed that it had been faxed on March 24, 1997, at 5:09 p.m. from David Tedder.

Furst & Edens Interviews

31. On July 21, 1998, Assistant United States Attorney (AUSA) Michael Fagan and Special Agent Joseph Ludewig, IRS-CID, in connection with a criminal investigation of Paradise Casino, interviewed Bruce Furst. Furst stated, among other things, the following:

a. He described his involvement, and the involvement of his confederates, in sports bookmaking over the telephone through Paradise Casino on the Island of Curacao.

b. Furst met David Tedder and attended one of Tedder's seminars concerning asset protection and tax deferral. Furst explained that Tedder had a "deferred compensation" program to avoid taxes for his clients. Furst explained that in Tedder's program, all money earned by a client, other than funds used for living expenses and wages, was sent to an entity called "Corpus Harem." Taxes were only paid on income used for living expenses and wages. The remaining funds could be withdrawn and invested as directed by the client.

c. Furst opened an account at the National Irish Bank for Paradise Casino.

d. Furst introduced Tedder to various operators and owners of other Internet casinos and offshore sports bookmakers. Among those interested in Tedder's programs were Pede and D'Ambrosia, the partners in Gold Medal Sports.

32. On April 27, 1998, AUSA Fagan and Special Agent Ludewig, and others, while conducting their investigation into Paradise Casino, interviewed John Edens. In

the course of the interview, Edens explained his involvement in illegal offshore bookmaking through Paradise Casino. Edens also stated, among other things, the following:

a. Among the individuals he knew were involved in offshore bookmaking, were Duane Pede and Jeffrey D'Ambrosia.

b. An attorney named David Tedder assisted in laundering proceeds of Paradise Casino back into the United States through several banks in Ireland and Antigua. Tedder buys assets at the direction of his clients and classifies the money used to buy those assets as loans.

c. Edens believed that Pede and D'Ambrosia were also clients of Tedder. Tedder's clients use Tedder to bring the funds generated by their offshore sports betting business back into the United States.

June 1998 Search of David Tedder's Law Office

33. On June 10, 1998, the IRS executed a search warrant at the law offices of David Tedder in Longwood, Florida.[6] Tedder is currently under investigation by the IRS and the U.S. Attorney's Office in Tampa, Florida for tax evasion and structuring in connection with his marketing of a "deferred compensation program" that uses nominee bank accounts at offshore banks located in Ireland and the Bahamas. In September 1999, I traveled to Tampa, Florida and reviewed over 20 boxes of records

[6] Before law enforcement reviewed any seized documents, the material was reviewed by a Special Master appointed by the United States District Court for the Middle District of Florida. The Special Master determined that no attorney-client privilege attached to the evidence referenced herein.

seized from Tedder's office. These records contained numerous documents related to Duane Pede, Jeff D'Ambrosia, and Gold Medal Sports. In addition, Tedder had bank records for foreign bank accounts at Barclays Bank and Surety Bank & Trust in Nassau, Bahamas. My review of these records revealed, among other things, the following:

a. Tedder marketed a deferred compensation program to wealthy individuals, including Pede and D'Ambrosia. Tedder's program consisted of employee leasing agreements with companies called Surety Services, Ltd. of Ireland and Personal Leasing Services, Inc. of Florida (hereafter "PLSI"). Under this plan, Tedder's clients would no longer receive a wage from their employer. Instead, the employer would pay a leasing fee to the leasing company. Tedder's clients would then designate how much of the leasing payment should be returned to them as W-2 income. The balance of the leasing payment was called "deferred compensation" and cycled through the Bank of Ireland in Dublin and then wired to bank accounts in the Bahamas. Tedder used nominee names for the Bahamian bank accounts. Most of the Bahamian accounts were under the name "Corpus Harem." Each individual client then had a specific "Corpus Harem" sub-account assigned to them. For example, Pede had his deferred compensation money placed into Corpus Harem #VIII, D'Ambrosia had his money in Corpus Harem #XIII. When the client wanted the money back, they would tell Tedder, and he would wire it back into the United States and call it a loan or disguise it as Corpus Harem monies. For example, D'Ambrosia had $620,000 brought back in February 1998 and invested in a Merrill Lynch account. Tedder made the transfer for D'Ambrosia, but opened the account in the name of Corpus Harem Ltd.

(which listed its address as Tedder's law office address). Tedder also gave instructions to Merrill Lynch to mail a copy of the monthly statements to D'Ambrosia's home.[7]

b. D'Ambrosia began using Tedder's program in 1997. Pede started in 1998. Charts developed by Tedder for Pede and D'Ambrosia reveal that Tedder set up foreign corporations, foreign bank accounts and foreign trusts for both men. For Pede, Tedder set up an Irrevocable Foreign Grantor Trust called Amherst Trust, a Revocable Foreign Grantor Trust called Nelsonville Trust, a Foreign Limited Liability Company called Grand Junction LLC based in Nevis, and trusts called The Sports Trust and The Western Trust, as well as entities called Global Access Ltd and Research Technologies Ltd. For D'Ambrosia, Tedder set up a Foreign Corporation called Westel Corp. based in Curacao, as well as The Eastern Trust, Gold Star Trust, Grand Doral LP, Grand Junction LP, Grand Junction LLC, Westar LLC, Grand Northstar LLC, and Telstar Irrevocable for Grantor Trust. Tedder's invoices show that he charged Pede $25,000 and D'Ambrosia $41,000 for these services.

c. Both Pede and D'Ambrosia used Tedder's program to launder not only their income derived from Sports Spectrum, but also their profits from Gold Medal. For Pede, F&M Bank records show wire transfers coming from Sports Spectrum and Signature Press's bank accounts in Stevens Point, Wisconsin, to PLSI's bank account at Colonial Bank in Florida. The deferred compensation portion of these funds was

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[7] A grand jury subpoena for documents served on Merrill Lynch reveals that the monthly statements are still being sent to D'Ambrosia's home at 2015 Doral Court, Henderson, Nevada with copies being sent to Tedder's office in Longview, Florida c/o Corpus Harem.

then wired through the Bank of Ireland to the main Corpus Harem account at Surety Bank & Trust in the Bahamas. For D'Ambrosia, Bank of America records showed money coming from NSN and Sports Spectrum's accounts at Bank of America in Nevada to Grand Northstar, Inc.'s[8] account at Bank of America to PLSI's account in Florida. The money was then cycled through Ireland to the Bahamas. For Gold Medal, Tedder had a contract dated December 1, 1997, for Pede's services from PLSI to Gold Medal. Also, in a May 19, 1997, letter to D'Ambrosia, Tedder wrote: "We will use the foreign system to avoid controlled foreign corporation status and other foreign tax problems associated with the ownership of Gold Medal and Westel Corp. The use of the foreign system will allow the deferral of income from these entities." Finally, Tedder had an income statement for Gold Medal for the years 1996, 1997, and the first three months of 1998. Gold Medal reported "sales" of $687,981 in 1996 and $8,644,174 in 1997.

34. On March 14, 2000, I spoke with IRS Revenue Agent Alan Ford, who told me that he had reviewed Tedder's marketing materials for his foreign deferred compensation program. According to RA Ford, Tedder's program is a sham because the client always retains control of the funds, rather than the employee leasing company. Moreover, Tedder's program attempts to assign income and change it from

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[8] Lexis-Nexis records reveal that Grand Northstar, Inc. was incorporated on June 30, 1997, and that D'Ambrosia is its president, secretary and treasurer. A copy of Grand Northstar's application to the IRS for an Employee Identification Number was found in Tedder's search warrant files. This application listed the company as a consulting firm.

taxable wage income to deferred compensation by simply cycling it though foreign bank accounts. This is not allowed under the Internal Revenue Code.

35. My review of the records seized from Tedder's office also revealed that Pede and D'Ambrosia are the owners of Gold Medal and direct where the money should go. For example:

a. There is a fax transmission sheet dated March 18, 1998, from Randy Moreau at Signature Press to Katherine Vergopia at Tedder's office. It states: "Duane asked me to forward to you the wire transfer instructions for Signature Press. Below is the banking information." The sheet then contains the wire transfer account information and the notation "Gold Medal." Bank records, held by Tedder, from Surety Bank and Trust in the Bahamas, show that on March 20, 1998, $200,000 was wired from Surety Bank & Trust, account #20228, in the name of Corpus Harem VIII (Pede), to F&M Bank in Stevens Point, account #13196, in the name of Signature Press.

b. In a file marked "Jeffrey D'Ambrosia - Merrill Lynch," there is a letter dated February 17, 1998, from Jeff D'Ambrosia listing his home address on Doral Court to the account manager at Corpus Harem with an address the same as Tedder's law firm. The letter requested that $620,000 be transferred to a Merrill Lynch investment account. There is another letter in the file dated the day before to Merrill Lynch from Corpus Harem. This letter asked that a duplicate copy of the monthly Merrill Lynch statements be sent to Jeff D'Ambrosia at his home address on Doral Court in Henderson, Nevada. Finally, there is a third letter dated February 2, 1998, from Tedder's office to Merrill Lynch. This letter informed Merrill Lynch that even

though Corpus Harem is the registered account holder, the money in the account really belongs to Jeff D'Ambrosia.

c. There is a faxed letter from Gold Medal Sports to Tedder, dated July 28, 1997. The letter provided information, previously requested by Tedder, in order to set up foreign corporations for Rick McColley, Joe Gianino and Eugene Gunderson (all employees of Gold Medal Sports). A Tedder invoice shows that he set up these entities and billed Gold Medal $6,600 on August 6, 1997.

d. There is a fax cover sheet from Greg Elias at Intertrust in Curacao to Tony Vergopia at Tedder's office, dated December 30, 1997. The fax was accompanied by Articles of Incorporation for Gold Medal Sports, dated August 8, 1996. The Articles show Duane Pede as a managing director.

e. There is a fax cover sheet from Duane Pede at The Scoreboard to Catherine Vergopia at Tedder's office, dated December 30, 1997. The cover sheet states: "FROM: Duane Pede Gold Medal." Attached to the cover sheet are corporate certificates for Gold Medal. They contain the signature of Duane Pede as President. The footer on the fax shows it was faxed from The Scoreboard on December 30, 1997 at 11:14.

f. There is a fax cover sheet dated December 30, 1997, from Duane Pede, Gold Medal Sports to Annette Lynn at Surety Bank, re: Gold Medal account #20087. The cover sheet stated: "Please transfer $1.9 million from the above account to Personal Leasing Services Inc. account #20013. Thank you. Duane Pede."

g. There is a faxed letter from Jeff D'Ambrosia to Tony. The letter

gives wire instructions to move $325,000 to PLSI from three sources: D'Ambrosia, Westel, and Grand Northstar. The footer on the letter showed it was faxed December 30, 1997, at 15:26 from (702) 276-3104 which is believed to be the fax line for NSN, Inc. in Las Vegas.

Tax Return Filing History

36. I have reviewed the 1996-1998 federal income tax returns for Duane K. Pede. Analysis of these returns reveals the following:

a. In 1996, Pede reported W-2 wage income from one source: Sports Spectrum in the amount of $553,179. He did not report any wage income from Gold Medal or Seven Palms. Pede reported $34,142 in interest income from nine sources, none of them were Gold Medal or Seven Palms. Pede reported dividend income of $9,116 from ten sources, none of them were Gold Medal or Seven Palms. Pede reported that he did not have an interest in any foreign bank accounts or trusts in 1996.

b. In 1997, Pede reported W-2 wage income from one source: Sports Spectrum in the amount of $541,451. He did not report any wage income from Gold Medal or Seven Palms. Pede reported $76,561 in interest income from one source, which was not Gold Medal or Seven Palms. Pede reported dividend income of $308,450 from eleven sources, one of which was Gold Medal in the amount of $300,000. Pede reported that he did not have an interest in any foreign bank accounts or trusts in 1997. The envelope used to mail this return to the IRS bears a return address which is Pede's residence.

c. In 1998, Pede reported W-2 wage income from one source:

Personal Leasing Services Inc., in the amount of $240,000. He did not report any wage income from Gold Medal or Seven Palms. Pede reported $50,148 in interest income from twelve sources, none of them were Gold Medal or Seven Palms. Pede reported dividend income of $3,890 from seven sources, none of them were Gold Medal or Seven Palms. Pede reported that he did not have an interest in any foreign bank accounts or trusts in 1998. The envelope used to mail the return to the IRS bears a return address which is Pede's residence.

37. I have reviewed the 1996-1998 federal income tax returns for Jeffrey D'Ambrosia. Analysis of these returns reveals the following:

a. In 1996, D'Ambrosia reported W-2 wage income from one source: Sports Spectrum in the amount of $576,418. He did not report any wage income from Gold Medal or Seven Palms. D'Ambrosia reported $75,218 in interest income from six sources, none of them were Gold Medal or Seven Palms. D'Ambrosia reported dividend income of $129 from three sources, none of them were Gold Medal or Seven Palms. D'Ambrosia failed to check off on his return whether he did or did not have an interest in any foreign bank accounts or trusts in 1996. D'Ambrosia reported $11,000 in other income on Line 21 of the return, and gambling losses of $11,000 as a Schedule A deduction. D'Ambrosia also listed a loss of $9,810 from a Schedule C business which he listed as a service telephone business located in Las Vegas, Nevada.

b. In 1997, D'Ambrosia reported W-2 wage income from two sources: Sports Spectrum in the amount of $233,381 and Personal Leasing Services in the amount of $60,000. He did not report any wage income from Gold Medal or Seven

Palms. D'Ambrosia reported $93,581 in interest income from seven sources, none of them were Gold Medal or Seven Palms. D'Ambrosia reported dividend income of $213 from three sources, none of them were Gold Medal or Seven Palms. D'Ambrosia failed to check off on his return whether he did or did not have an interest in any foreign bank accounts or trusts in 1997.

c. In 1998, D'Ambrosia reported W-2 wage income of $220,000. He included a W-2 form from Personal Leasing Services Inc. but with no numbers on the W-2 form. D'Ambrosia also reported interest income of $58,663 from nine sources, none of them were Gold Medal or Seven Palms. D'Ambrosia reported dividend income of $35,263 from three sources, none of them were Gold Medal or Seven Palms. Finally, D'Ambrosia failed to check off on his return whether he did or did not have an interest in any foreign bank accounts or trusts in 1998.

38. Section 4401 of the Internal Revenue Code imposes a 2% excise tax on all wagers placed with a person engaged in the business of accepting wagers upon the outcomes of sporting events. Section 4404 of the Code identifies taxable wagers as any wagers accepted in the United States or placed by a person who is in the United States with a person who is a citizen or resident of the United States. On February 15, 2000, I accessed, via computer, the IRS filing history database and conducted a search to determine whether any excise gambling taxes had been paid, or whether any excise gambling tax returns (Form 730) had been filed for the years 1996 to present by Gold Medal, Seven Palms, Sports Spectrum, Duane Pede or Jeff D'Ambrosia. My search of the IRS filing history database revealed that no excise wagering taxes had been paid,

nor had any excise wagering tax returns (Form 730) been filed for the years 1996 to present by Gold Medal, Seven Palms, Sports Spectrum, Duane Pede or Jeff D'Ambrosia.

Internet Wiretap Results

39. On January 24, 2000, Chief Judge Marvin E. Aspen of the Northern District of Illinois approved an interception of electronic communications between Sports Spectrum Internet Services, Nelsonville, Wisconsin and five Internet Protocol (IP) addresses serviced by SAVVIS Communications.[9] An affidavit provided to Chief Judge Aspen on January 24, 2000, established probable cause to believe that: (a) the five IP addresses in question were used by Gold Medal and Seven Palms; and (b) electronic communications between Sports Spectrum, Gold Medal and Seven Palms facilitated the commission of the following crimes: (1) Title 18, United States Code, Section 1084, interstate wire transmission of wagering information; (2) Title 18, United States Code, Section 1956(a)(1)(A)(ii), money laundering to evade taxation; (3) Title 18, United States Code, Section 1956(a)(1)(B)(i), money laundering to disguise ownership and control of proceeds of a specified unlawful activity; (4) Title 18, United States Code, Section 1952, use of a facility, in interstate or foreign commerce, to manage a business enterprise involving gambling; and (5) Title 18, United States Code, Section 371, conspiracy to commit the above-described offenses.

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[9] The order was issued in the Northern District of Illinois because AT&T Worldnet in Chicago serviced the "T1" line handling all of the Internet communications coming to and from Sports Spectrum Internet Services. The wiretap device was physically placed in Chicago.

40. The interception approved by Chief Judge Aspen began on January 27, 2000, and ended February 25, 2000. Of the intercepted data, the relevant data consisted of 421 e-mails, some with attachments. The remaining data fell into two categories: (a) "minimized" data -- which was not provided to me or other investigating agents; and (b) encrypted data -- which was provided to FBI analysts. According to the analysts, the encrypted data is encrypted with VPN software and cannot be broken.

41. The intercepted e-mails, described in some detail below, demonstrate four propositions, namely, that: (a) Gold Medal and Seven Palms unlawfully take millions of dollars of sports wagers and casino-style bets from customers in the United States; (b) Pede and D'Ambrosia manage Gold Medal and Seven Palms through a management team; (c) Pede and D'Ambrosia use their own businesses and other businesses to promote and facilitate Gold Medal and Seven Palms; and (d) Gold Medal and Seven Palms use domestic and foreign banks to launder illegal gambling proceeds.

a. A series of January 27, 2000, e-mails exchanged between Hal Armstrong with return e-mail address hal@sports-spectrum.com, and Mark Dufty, with return e-mail address mark@sevenpalms.com, concern Hal Armstrong testing the multi-player poker software and the associated Seven Palms accounting reports tracking the gambling proceeds. With the e-mail software program used by the persons intercepted, the sender and receiver's names are generally printed in quotes or parentheses before or after the e-mail address. So, for example, the names in this series are: mark@sevenpalms.com (Mark Dufty) and "Hal Armstrong" <hal@sports-

spectrum.com>. I know from my investigation that Armstrong's e-mail address--hal@sports-spectrum.com[10] – indicates that he is communicating from an address assigned to Sports Spectrum Internet Services, 2971 Highway 161, Nelsonville, Wisconsin.[11] I also know from my investigation that Hal Armstrong is the systems manager for Sports Spectrum Internet Services. I know from my investigation that the e-mail address, "...@sevenpalms.com," indicates that Mark Dufty is communicating from Seven Palms Casino and Sports Book, Curacao, N.V. In the e-mail, Armstrong asks Dufty to add funds to a second gambling account so Armstrong can play two test players against the Seven Palms computer. Armstrong writes "Once I am sure I can make it work, I will modify the accounting reports with a 'm-poker' category to account for the poker rake." Dufty responds that he has added "$500 ... to HAL2 for testing of multi-player poker." Taken as a whole, the e-mails to and from Armstrong over the thirty day interception period demonstrate that he is primarily responsible for the Gold Medal and Seven Palms computers and the communications systems connecting the Curacao computers with Sports Spectrum in Wisconsin and the gambling customers in

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[10] E-mail addresses generally consist of three components. The first component identifies the individual user and is followed by the @ symbol. The second component, following the @ symbol, identifies either the business from which the e-mail is sent or the user's Internet Service Provider (ISP) . For instance, an e-mail from an employee of Amazon.com, an Internet book seller, would end in "@amazon.com;" similarly, an e-mail from a person using America Online as their ISP would end in "@aol.com."

[11] In a January 31, 2000, e-mail, David Clementina, david@sevenpalms.com, asks Armstrong for an address to send a "firewall." The same day, Armstrong, hal@sports-spectrum.com, replies, "The Scoreboard, 2971 Hwy 161, Nelsonville, WI 54458, USA".

the United States.

b. A series of e-mails beginning January 27, 2000, and ending February 23, 2000, exchanged among Hal Armstrong at Sports Spectrum in Wisconsin and persons at Gold Medal and Seven Palms in Curacao concern software and communications problems causing interruptions and lost wagers for gambling customers. Although the problem becomes a recurring issue, the event triggering the discussions is a complaint from a Baltimore, Maryland America Online customer[12] complaining of losing money while betting as a result of faulty Internet connections. Within this series of e-mails, Armstrong responds to software and electronic communications problems relating to casino-style gambling on both the Gold Medal and Seven Palms websites. For example, on January 27, 2000, David Clementina, david@sevenpalms.com, writes:

> "Hal[,] today I was confronted with the following problem 5 times. 4 for GMS [Gold Medal Sports] and 1 for sevenpalms. It seems that people are playing the java games and the games lock up on them and when they go back in, the games aren't open and waiting for them. But the money has been deducted from their accounts. Their plays are not listed as an in-action play. What do you think??"

By February 2, 2000, Armstrong had traced the source of the problem to the satellite hook-up linked to the Phoenix Teleport, Phoenix, Arizona. On February 6, 2000, Roy Rojer, roy@sevenpalms.com, forwarded a complaint from Seven Palms gambling

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[12] The gambler identifies herself using e-mail address yankster9@aol.com. America Online records associate this e-mail address with a Baltimore, Maryland user.

customer pahelface@erols.com,[13] to Hal Armstrong at Sports Spectrum and Mark Dufty at Seven Palms. "Pahelface" complains that his roulette game was interrupted and, as a result, that his account did not reflect his winnings of $378.00. "Pahelface" notes that in the last five months, he had "wagered over $5,000 on your site."

c. A series of e-mails beginning January 28, 2000, concern Randy Moreau's efforts to establish Pede and D'Ambrosia's own bank, to be named Global Access Bank on the Lesser Antilles Island of St. Vincent and the Grenadines. Randy Moreau's e-mails show that he is Pede and D'Ambrosia's Curacao supervisor for both Gold Medal and Seven Palms. Moreau corresponds, variously, from the following e-mail addresses, "randy@sports-spectrum.com," "randy@goldmedalsports.com," and "randy@sevenpalms.com." On February 1, 2000, Moreau writes to a number of business persons outside the "Sports Spectrum, Gold Medal, Seven Palms" umbrella concerning disputed expenses charged to the Global Access Bank. His e-mail indicates that the message was also sent to Duane [believed to be Duane Pede], duane@sports-spectrum.com, and jeffallen [a.k.a. Jeffrey A. D'Ambrosia], jeff@jeffallensports.com. I know from my investigation that "jeffallensports.com" is a web page hosted by Sports Spectrum Internet Services, 2971 Highway 161, Nelsonville, Wisconsin. Moreau writes, "I know for a fact that [neither] Jeff nor Duane would agree to the below expenditures without verifying with me the services received." Moreau challenges a $35,000 bill from "The Legal Advantage: David Tedder" and requests a detailed invoice explaining the

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[13] In his e-mail, "Pahelface" provides his telephone number beginning with area code 301. This area code services customers in Maryland.

charges. Moreau also notes that "we have put what business we have, 100% with 'TLA' [The Legal Advantage]." After airing his grievances, Moreau notes "I am having calls with Duane and Jeff later today." In a January 31, 2000, e-mail, a man named Tom Spencer, TSpencer1@aol.com,[14] wrote "As per you (sic) request as to the expenses for GAB [Global Access Bank], I was instructed that you and or Jeff new (sic) that The Legal Advantage, ... had a fee for processing of $72,000 broken down as follows: $35,000 to The Legal Advantage: David Tedder[15]... ."

d. A January 29, 2000, electronic "Seven Palms Newsletter for 1/29/00, Volume 1, number 6," was sent, via e-mail, from Shirley Williams, "shirley@sevenpalms.com," to various members of the Sports Spectrum management team to include Duane Pede, "duane@sports-spectrum.com." January 29, 2000, was one day before the Super Bowl and the electronic "newsletter" proposed that customers place Super Bowl bets with Seven Palms on anything "From the 'Opening Coin Toss' to the 'Last Player to Score' and EVERYTHING IN BETWEEN." In a February 7, 2000, e-mail, Moreau forwarded the proposed Gold Medal web page graphics to Hal Armstrong, "hal@sports-spectrum.com," Claudia Mercado, "claudia@goldmedalsports.com," and Fabian Nobrega, "fabian@goldmedalsports.com." Among the listed wagering options

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[14] America Online records indicate that the subscriber for this address is Tom Spencer, 201 East Pine Street, Suite 730, Orlando, Florida.

[15] In a response to Moreau's e-mail, Spencer disputed Moreau's analysis of the fees and sent a copy of his e-mail to "Yotedder@aol.com." America Online records show that this user name is assigned to David Tedder, 407 Wekiva Springs Road, Suite 245, Longwood, Florida.

are: Sportsbook, Pro Football, Pro Basketball, NCAA Football, NCAA Basketball, Blackjack, Slots, Roulette and Baccarat. On the same day, Moreau forwarded graphics listing the same web page options for Seven Palms to Mark Dufty, mark@sevenpalms.com, and Rick McColley, rick@goldmedalsports.com.

e. A series of e-mails beginning January 31, 2000, and ending February 23, 2000, among Deb Wagner deb@sigpress.com and various Sports Spectrum, Gold Medal and Seven Palms employees concern Signature Press mailing out brochures to customers for Gold Medal and Seven Palms. The January 31, 2000, e-mail from Deb Wagner to Randy Moreau randy@goldmedalsports.com states that "I have approx. 175,000 7 Palms Internet, and 364,000 GM [Gold Medal] Best Bet on the Net." Moreau replies telling Wagner to use the "Best Bet on the Net" insert.

f. On January 31, 2000, the day after the Super Bowl, Hal Armstrong, hal@sports-spectrum.com, wrote to Mark Dufty, mark@sevenpalms.com, "I just looked at the take and then the charge cards. WOW..... 28k in charge cards for yesterday and this morning wow..... How did the sports book do this weekend?" Dufty replies, "Saturday, not so hot. Sunday, was very good (maybe the best in the building) considering the score landing on the number." I believe that Dufty is referring to the fact that the St. Louis Rams beat the Tennessee Titans by seven points which exactly matched the final point spread. I know, based on my experience and that of other agents, that when a sporting event score matches the point spread made at the time of the bet, it is considered a "push" and all such wagers are returned to the bettors.

g. On February 1, 2000, Randy Moreau,

randy@goldmedalsports.com, wrote to a number of recipients to include faceoff_51@hotmail.com, believed to be Jeffrey D'Ambrosia;[16] Duane Pede, duane@sports-spectrum.com; and other Gold Medal and Seven Palms managers. Moreau attached a document labeled "offshore update," and wrote "Attached is a list to try and bring a general update to everyone, but especially Jeff and Duane. ... My hopes would be that we get enough information to Jeff and Duane, so that they can give their advice and blessing of our plans and actions for the coming year." Shortly thereafter, Moreau sent Pede and D'Ambrosia a "Management Update and Editorial**Confidential**," wherein Moreau critiques the efforts and attitudes of the Curacao management team.

h. On February 10, 2000, Moreau, randy@sevenpalms, sent financial statements for Gold Medal and Seven Palms to, among others, Duane [Pede], duane@sports-spectrum.com, and faceoff_51@hotmail.com, believed to be Jeffrey A. D'Ambrosia. The financial statements are described below:

(1) Gold Medal Financial Statements. Gold Medal listed

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[16] Hotmail is a free Internet e-mail provider. I know that Hotmail does not verify subscriber information. Although subscriber records for "faceoff_51" indicate that he is a New York resident, I believe that "faceoff_51" is Nevada resident Jeffrey D'Ambrosia. This is so because Hotmail logs showing transmissions and receipt of e-mail from "faceoff_51," indicate that the user usually connected to Hotmail from Cox Communications, Las Vegas, Nevada. I know that Cox Communications services the Las Vegas area where D'Ambrosia works and lives. Moreover, the intercepted e-mails themselves strongly indicate that "faceoff_51" is Jeffrey D'Ambrosia. For example, on February 16, 2000, Randy Moreau wrote an e-mail addressed to "Duane and Jeff" seeking approval for a proposed promotion for Gold Medal. A number of others were copied on the message, but all their names are listed (Duane, Joe G., Kenny, Mark, Hal, Fabian and Rick), and no other person is identified as Jeff.

revenues for: blackjack, roulette, baccarat, video poker and slots. In a separate report, Moreau sent the "Gold Medal Sports Hold Analysis." This report is broken down by month for 1998, 1999, and January 2000. Per the report, Gold Medal took in gross sports wagers of: (1998) $119,995,261.06; (1999) $78,111,623.95; and (January 2000) $5,769,235.00. The profits from these wagers were: (1998) $6,019,876.13; (1999) $4,166,816.39; and (2000) $276,599.00.

(2) Seven Palms Financial Statements. Seven Palms listed revenues for: sports book, blackjack, roulette, baccarat, video poker and slots. In a separate report, Moreau sent the "Seven Palms Hold Analysis." This report is broken down by month for 1999 and January 2000. Per the report, Seven Palms took in gross wagers of: (1999) $8,856,255.00 and (January 2000) $3,017,081.00. The profits from these wagers for 1999 and January 2000 were, respectively, $689,526.00 and $128,614.00.

(3) Gold Medal and Seven Palms each list as assets on their balance sheet, monies in foreign bank accounts. For example, Gold Medal lists accounts in: ABC Bank, Aruba Bank, Orco Bank, Surety Bank and Trust and Mariner International Bank.

Mail Cover Results

42. At my request, the U.S. Postal Service initiated a thirty day mail cover on the mail being delivered to Duane Pede's residence at 9197 County Highway Q, Amherst Junction, Wisconsin. Analysis of the mail delivered to Pede's home reveals:

a. On January 26, 2000, Pede received mail from: F&M Bank in

Stevens Point; Janus Fund in Denver, Colorado; and the law firm of Hansen, Meagher, Shambeau & Maroney, S.C., in Iola, Wisconsin.[17]

b. On January 28, 2000, Pede received a letter addressed to Personal Leasing Services, Inc. listing Pede's home address. The letter was from the State of Wisconsin Department of Workforce Development.

c. On February 2, 2000, Pede received a letter from David Tedder's law firm in Florida, The Legal Advantage, 407 Wekiva Springs Road, Suite 245, Longwood, Florida.

d. On February 3, 2000, Pede received a letter from the International Bank of Amherst.

e. On February 4, 2000, Pede received a W-2 statement from Personal Leasing Services, Inc. using the return address of 407 Wekiva Springs Road, Suite 245, Longwood, Florida.

f. On February 18, 2000, Pede received a letter from Associated Bank in Green Bay.

43. The U.S. Postal Service also initiated a thirty day mail cover on the mail being delivered to Jeff D'Ambrosia's residence at 2015 Doral Court, Henderson, Nevada. Analysis of the mail delivered to D'Ambrosia's home reveals:

a. On February 29, 2000, D'Ambrosia received a letter from Bank of

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[17] Bruce Meagher is an attorney. Meagher is also a corporate officer of The Scoreboard. In addition, he personally received a $38,000 payment from Gold-Medal Sports in August, 1998. In 1999, the law firm received over $267,000 from Gold Medal.

America.

b. On March 1, 2000, D'Ambrosia received a letter from Jeff Allen Sports with a return address of 5025 S. Eastern Ave, Ste. 27, Las Vegas, Nevada, with postage marked Permit #193 Stevens Point, WI.

44. The Postal Service also initiated a thirty day mail cover on the mail being delivered to Jeff Allen Sports at 5025 S. Eastern Ave., Ste. 19, 25-27, Las Vegas, Nevada. Analysis of the mail delivered to D'Ambrosia's office reveals:

a. On February 19, 2000, the office received returned mail from a letter sent by Jeff Allen Sports, but with postage from Meter #50443 Stevens Point, Wisconsin. On that same day and the next day, the office received letters from the law firm of Hansen, Meagher, Shambeau, Maroney and Anderson from Iola, Wisconsin.

b. On February 28, 2000, the office received a letter addressed to D'Ambrosia from Merrill Lynch.

c. On March 1, 2000, the office received priority mail from The Scoreboard, P.O. Box 254, Amherst Junction, Wisconsin.

45. The Postal Service also initiated a thirty day mail cover on the mail being delivered to David Tedder's law office, The Legal Advantage, at 407 Wekiva Springs Road, Ste. 245, Longwood, Florida. Analysis of the mail delivered to Tedder's office reveals:

a. On February 24, 2000, the office received a letter addressed to Tedder from the law firm of Hansen, Meagher, Shambeau, Maroney and Anderson from Iola, Wisconsin. On that same day, the office also received a letter from Bank of America.

In addition, the office received a letter addressed to Corpus Harem, Patrick Thomson c/o The Legal Advantage from Charles Schwab. Finally, the office received a letter from Paychex.[18]

b. On February 28, 2000, the office received a letter addressed to Tedder from the Caribbean Trust Company (Nevis) Limited from Nevis.[19]

Trash Search Results

46. On February 9, 2000, IRS-CID Special Agent Mike Raschella conducted a search of D'Ambrosia's trash which had been left outside of D'Ambrosia's home at 2015 Doral Court, Henderson, Nevada. Analysis of this evidence reveals:

a. D'Ambrosia apparently has a fax machine at home. He threw away a printout summarizing his outbound faxes for August 13, 1999, through August 19, 1999. This printout shows that D'Ambrosia faxed materials to The Scoreboard in Wisconsin, and Jeff Allen Sports in Las Vegas. In addition, the trash contained a fax cover sheet to "Dennis" telling him to do the early games and that D'Ambrosia will do the late games and be in the office by 10. Another fax is to Dennis telling him to get team stats on

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[18] Paychex is the service used by Tedder to handle the payroll checks to his deferred compensation clients. As part of the deferred compensation program, a portion of the employee leasing fee is sent back to the client as a W-2 wage. Tedder uses Paychex as the payroll service in charge of making the W-2 wage payment back to the client.

[19] I reviewed a printout of the web page for this company. The web page had the banner: "Asset Protection, Estate Planning & Wealth Preservation." Under the banner listed the services provided by the company: offshore trust and company formation, management and administrative services, bank and brokerage accounts established, estate and income tax reduction plans by U.S. and Canadian attorneys. The company's address is Charlestown, Nevis.

college games and fax them to D'Ambrosia at the house. A third fax asks that the White Lines be faxed to Kenny in Wisconsin, and is signed "Dr. Vegas."[20]

b. D'Ambrosia apparently has a computer at home. He threw away printouts obtained on the Internet from web sites dealing with injury reports on college and professional basketball players. The printouts were dated February 5, 2000.

47. On February 9 and 10, 2000, IRS Special Agent Mike Raschella conducted searches of the trash of Jeff Allen Sports which had been left in a dumpster outside of the office at 5025 S. Eastern Ave., Suite 27, Las Vegas, Nevada. Analysis of this evidence reveals:

a. On January 28, 2000, USA Today sent a fax to Jeff Allen at Jeff Allen Sports asking whether Jeff intended on advertising in the Sports Section of the newspaper as he had in the 1999-2000 football season.

b. On January 26, 2000, a fax came in from Pede at The Scoreboard. The fax contains a quote on a statistics service for the 2000 football season costing $25,000. The fax sheet stated: "Jeff -- Here is Joe's proposal for the annual. Seems high to me. Duane."

48. On February 28, 2000, IRS Special Agent Raschella informed me that IRS agents in Nevada had made contact with the landlord of the office building where D'Ambrosia's office is located. The landlord stated the following:

a. Suites 19 and 25-27 are rented by D'Ambrosia. Suite 19 is listed as

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[20] Dr. Vegas is one of the tout services advertised in the scoring brochure sent out by The Scoreboard.

the office space for Sports Spectrum. Suite 27 is listed as the office space for Jeff Allen Sports and is so listed on the door to this suite. Suites 25 and 26 are part of Suite 27 and do not have any separate banners above their doors.

Western Union and Bank Records

49. In March 1998, I received a copy of a Gold Medal brochure mailed to a D. Reed at 6260 S. Lake Drive, Cudahy, Wisconsin. The brochure had a return address of P.O. Box 254, Amherst Junction, WI.[21] This brochure directed the prospective bettor to pay all bets with Gold Medal up front with money on account at Gold Medal. The brochure further informed the prospective bettor that he could transfer money to Gold Medal in one of three ways: (1) Western Union; (2) cashier's check, personal check or money order mailed to Gold Medal in Curacao; or (3) wired to First Union National Bank of Florida, account #209-000-140-8457, for further credit to Gold Medal Sports. The brochure is signed by Rick McColley, Director of Gold Medal. (An earlier version of this brochure, obtained by the U.S. Olympic Committee and found in the search of Bruce Furst's office, showed the same three avenues for transferring money to Gold Medal. However, the early version has the bank wire going to Republic Bank of New York, ORCO Bank account #608-203-769, in favor of Gold Medal Sports, rather than First Union National Bank).

50. Grand Jury subpoenas were issued to Western Union, Republic Bank and

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[21] According to Postal Inspector Steve Werlein, P.O. Box 254 belongs to Sports Spectrum. Additionally, a mail cover placed on this P.O. Box in January-February, 2000 revealed that mail is coming into that box addressed to: Pede, Sports Spectrum and The Scoreboard.

First Union Bank. Analysis of these records reveals the following:

a. For the years 1996 and 1997, Western Union sent over $14,600,000 to Gold Medal. For the years 1998 and 1999, the amount of money wired to Gold Medal is impossible to identify because bettors were instructed to use nominee receiver names in foreign countries.

b. For the years 1997 and 1998, Republic Bank of New York received over $3,200,000 in bank wires on behalf of Gold Medal.

c. For the period October 1997 to November 1998, First Union National Bank of Florida received over $1,500,000 in bank wires on behalf of Gold Medal. Analysis of the First Union account revealed it is a correspondent bank account in the name of ORCO Bank, which is a bank located on Curacao. Checks written to Gold Medal and mailed to Curacao by Gold Medal bettors were cashed at ORCO Bank in Curacao and then cleared through the Florida correspondent account. These checks totaled another $1,300,000 for the period October 1997 through November 1998.

d. Large wire transfers and checks were identified coming out of the ORCO correspondent account at Republic Bank and going to various parties and entities identified in this case. Each one of these wires or checks represents a money laundering transaction because the proceeds from the § 1084 offenses are involved in financial transactions affecting a financial institution. The following is a summary of some of the larger transactions:

(1) On October 7, 1997, $350,000 to a bank account in the name of Gold Medal at ING Bank in Curacao.

(2) For 1997, a total of $134,379 to a bank account in the name of Westel Corp at ING Bank in Curacao. For 1998, a total of $73,049 to this same bank account.

(3) On April 18, 1997, $1,400,000 to a bank account in the name of Gold Medal at Surety Bank & Trust in Nassau, Bahamas.

(4) On January 5, 1998, $1,000,000 to a bank account in the name of Gold Medal at Surety Bank & Trust in Nassau, Bahamas.

(5) For 1997, a total of $173,699 to a bank account in the name of Sports Spectrum at F&M Bank in Stevens Point, Wisconsin.

e. Large wire transfers and checks were identified coming out of the ORCO correspondent account at First Union National Bank of Florida and going to various parties and entities identified in this case. Each one of these wires or checks represents a money laundering transaction because the proceeds from the § 1084 offenses are involved in financial transactions affecting a financial institution. The following is a summary of some of the larger transactions:

(1) For 1999, a total of $267,624 to a bank account in the name of Hansen, Meagher, Shambeau & Maroney at First National Bank in Waupaca, Wisconsin.

(2) On March 9, 1998, $1,000,000 to a bank account in the name of Gold Medal at Barclays Bank in Nassau, Bahamas.

(3) On May 25, 1998, $400,000 to a bank account in the name of Gold Medal at Barclay's Bank in Nassau, Bahamas.

(4) For 1988 and 1999, a total of $65,750 in checks payable to

Rick McColley or his company RAND Corp., to a bank account in the name of RAND Corp. at Barclays Bank in Nassau, Bahamas.

(5) For 1998 and 1999, a total of $218,000 to a bank account in the name of Westel Corp at Barclays Bank in Nassau, Bahamas.

(6) For 1998 and 1999, a total of $145,946 to a bank account in the name of Signature Press at F&M Bank in Stevens Point, Wisconsin.

(7) For 1997-1999, a total of $409,527 to a bank account in the name of Sports Spectrum at F&M Bank in Stevens Point, Wisconsin.

Computer Searches

51. I am aware that computers are used at 2971 Highway 161, Nelsonville, Wisconsin based on the following facts: I saw computers at 2971 Highway 161 when I interviewed Duane Pede; I know that Sports Spectrum Internet Services is located at 2971 Highway 161; and between January 27, 2000 and February 25, 2000, electronic communications were intercepted among computers at 2971 Highway 161 and computers in Curacao. Based on those intercepted electronic communications, my experience and other evidence learned during this investigation, I believe that probable cause exists to believe that computers at 2971 Highway 161 are used to facilitate gambling-related crimes and contain evidence pertaining to those crimes.

52. I have consulted in this matter with lay persons and law enforcement officers with specialized knowledge and training in computers and Internet communications. In particular, I have consulted with: (1) Special Agent Jeanne Pethan, IRS-CID, who graduated from the Seized Computer Evidence Recovery School at the

Federal Law Enforcement Training Center at Glynco, GA and who has evaluated numerous computers obtained via search warrants; and Special Agent Matt Petersen, FBI, who has received specialized training as a member of the Computer Analysis Response Team (CART) and the National Infrastructure Protection and Computer Intrusion Program (NIPCIP). Agents Pethan and Petersen have informed me that to properly retrieve and analyze electronically stored (computer) data, and to insure accuracy and completeness of such data and to prevent the loss of the data either from accidental or programmed destruction, it may be necessary to analyze the computers both on site and in the laboratory by a qualified computer specialist. To effect such accuracy and completeness it might be necessary to seize the computer equipment and peripheral devices which may be interdependent, the software to operate them, and related instruction manuals containing directions concerning operation of the computer system and software programs.

53. Based upon my knowledge, training, and experience, and after having consulted with Agents Pethan and Petersen, I know that computer hardware, peripheral devices, software, documentation and passwords may be important to a criminal investigation in three distinct and important respects:

a. The objects themselves may be instrumentalities used to commit the crime;

b. The objects may have been used to collect and store information about crimes (in the form of electronic data); and

c. The objects may be contraband or fruits of the crime.

54. Based upon my consultation with Agents Pethan and Petersen, I know that searching and seizing information from computers may require agents to seize most or all electronic storage devices to be imaged and searched later by a qualified computer specialist in a laboratory or other controlled environment. This requirement is due to the following:

a. Technical requirements -- images or backups of computer data need to be restored to a separate computer and verified to ensure that the files restore or copy properly. Additionally, evidence may be encrypted, password protected, or may be in a format that could result in evidence being overwritten and/or destroyed electronically should an attempt be made to examine the electronic evidence on site; and,

b. The volume and nature of electronic evidence -- a seemingly small media storage device can store the equivalent of thousands of pages of information or more. It may be impractical to attempt data analysis on site.

55. In executing the search, we intend to take an incremental approach in order to limit the intrusion on Sports Spectrum and to minimize the need to seize equipment and data. A conservative approach to the search will be taken for two reasons: (1) because Sports Spectrum Internet Services is an Internet Service Provider and (2) some part of Sports Spectrum's betting line and tout business may be legitimate[22] and the government will make every effort to avoid unnecessary interruption to the tout business.

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[22] While the search warrant is not predicated on this aspect of the investigation, the government notes that this business, purporting to sell information concerning "locks" or "guaranteed" winners of sporting contests, may well lead to wire or mail fraud charges.

Agents will work towards not reviewing or seizing any Internet communications, web pages or any other electronic data of Sports Spectrum Internet Services' customers. To avoid unnecessary interruption of the tout business and avoid access to information or data of Internet service customers, agents will take the following steps:

a. First, we intend, if possible, to isolate the computer or computers (hereafter computers) relating to Sports Spectrum Internet Services. If we succeed in isolating the computers supporting the Internet Service Provider, they will not be searched for evidence relating to the crimes. The government recognizes that some evidence of the crimes may be stored on these computers, but intends to forgo searching the computers to avoid the possibility of compromising the privacy interests of Internet Service customers. If it is impossible to isolate the Internet Service computers, computer specialists will attempt to use search programs to search databases for key words and phrases, such as "Gold Medal," "Seven Palms," "Sportsbook", etc. The search team also intends to temporarily interrupt Sports Spectrum Internet Services' connection with the Internet for the purpose of preventing persons outside 2971 Highway 161, Nelsonville, Wisconsin from deleting, destroying or encrypting data on computers at 2971 Highway 161. I know, for example, based on an intercepted e-mail, that Hal Armstrong can access the computers at 2971 Highway 161 from his home in Neenah, Wisconsin. We intend, if possible to restore the Internet connection and Internet Service to customers, once the Internet Service Computer or computers are disconnected from other computers at 2971 Highway 161.

b. Second, we intend to seek assistance from Sports Spectrum

employees to review and copy only those files and materials relevant to the violations he is alleged to have committed. In particular, the agents will make a good faith effort to determine if there is material intended for publication on each computer before any search of the computer is conducted. Specifically, we intend to seek assistance from Hal Armstrong, the computer systems manager at Sports Spectrum and The Scoreboard.

c. Third, if no assistance is forthcoming in limiting the review of files on the computers, analysis of the computers will be performed by Computer Specialists and not the case agents. This analysis will focus on particular programs, directories, and files that are most likely to contain the evidence and information of the violations under investigation. The Computer Specialist will make every effort to review and copy only those programs, directories, files, and materials that are instrumentalities and/or evidence of the offenses described herein, and provide only those items to the case agents. Along this line, Computer Specialists may attempt to use search programs to search databases for key words and phrases, such as "Gold Medal," "Seven Palms," or "Sports Book," to identify files relevant to the investigation and to protect the rights of third parties.

d. Fourth, if on-site review of computers is not practical or feasible, analysts will attempt to "image" the computers. Generally speaking, imaging is the taking of a physical picture of computers and hard drives, including all hidden sectors and deleted files. In this way, actual computers is not seized, but images of the information is taken off-site for review. However, a computer will only be imaged: (1) after agents have made a good faith effort to determine whether the computer contains

any material intended for publication; and (2) the agents have a good faith basis to believe that the computer does not contain material intended for publication.

e. Finally, if imaging is not practical or feasible, then the computers and any related equipment will be seized.

56. Based upon the above evidence, and my education, training and experience, there is probable cause to believe that the premises at 2971 Highway 161, Nelsonville, WI is being used to facilitate the offshore sports betting and casino gambling operation conducted by Gold Medal Sports and Seven Palms, in Curacao, N.V., in violation of 18 U.S.C. §1084 (wire wagering act), 18 U.S.C. § 1962(c) (RICO), 18 U.S.C. §1952 (racketeering) and 18 U.S.C. § 371 (conspiracy to commit the above). I also believe these premises contain evidence of the above offenses, as well as evidence of violations of 18 U.S.C. § 1956 (money laundering), 26 U.S.C. § 7201 (tax evasion) and 18 U.S.C. § 371 (Klein conspiracy), as described in Attachment B.

Dated this 7th day of April 2000.

Michael R. Zeihen

MICHAEL ZEIHEN
Special Agent
IRS-CID

Sworn to me this 7th day of April 2000.

UNITED STATES MAGISTRATE JUDGE

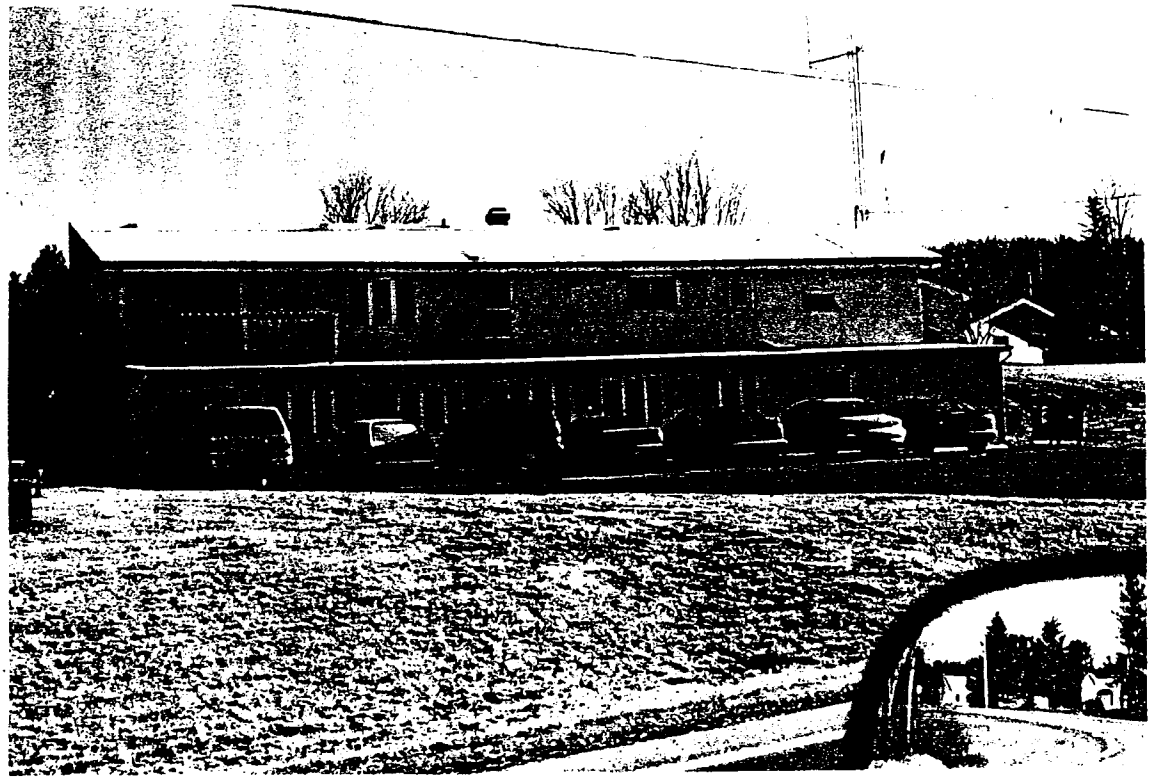
ATTACHMENT A

The premises to be searched is: 2971 Highway 161
Nelsonville, Wisconsin

1. The premises at 2971 Highway 161, Nelsonville, Wisconsin consists of a two-story building with white siding and blue-gray shutters around the windows on the first floor of the west side of the building. There are at least six ground level satellite dishes on the premises located to the north of the two-story building. Attachment A-1 contains photographs of the exterior of the premises to be searched.

2. The two-story building contains the business offices for three companies: The Scoreboard, Sports Spectrum, and Sports Spectrum Internet Services. The bottom floor of the building consists of offices for Duane Pede and support staff, a file and records room, a telephone equipment room, and a large open room filled with TV monitors, computers, desks, and phones. The second floor is a converted living space made into various sized offices with desks, tables and chairs. There is an internal staircase giving access to both floors.

3. The entire premises are to be searched, including any containers, file cabinets, safes, or strongboxes capable of holding or storing the evidence described in Attachment B. The outside of the premises are to be searched as well, including the attached and detached garages, the trash dumpster and the recycling bin.



Attachment A-1

ATTACHMENT B

The evidence to be seized at: 2971 Highway 161
Nelsonville, Wisconsin

For the years: Jan. 1, 1996 to present

For the entities:

Gold Medal Sports	Grand Junction LLC
Seven Palms Casino	The Sports Trust
The Scoreboard	The Western Trust
Sports Spectrum	Global Access Ltd
Signature Press	Research Technologies Ltd
Jeff Allen Sports	Global Access Bank
NSN	Wiscur NV
Amherst Trust	
Nelsonville Trust	

1. All corporate accounting records for the above-listed entities and time period, including but not limited to:

   a. balance sheets and income statements;
   b. general ledger;
   c. cash receipts and disbursements journals
   d. sales journals;
   e. accounts receivable journals;
   f. audited financial statements;
   g. check registers;
   h. payroll journals;
   i. asset ledgers and loan files;
   j. paid invoices files; and
   k. sales invoices and billing statements.

2. All corporate minute books, stock certificates, articles of incorporation, bylaws, corporate resolutions, partnership agreements, articles of trust or management directives for the above-listed entities.

3. All financial and banking records for domestic and foreign bank accounts, and investment accounts for the above-listed entities and time period, including but not

limited to:

a. monthly statements;
b. deposit items; and
c. canceled checks.

4. All corporate tax returns (foreign and domestic) for the above-listed entities and time period, including any work papers used in the preparation of the returns, and any correspondence with accountants or return preparers for the above-listed entities and time period.

5. All staff and employee personnel files for the above-listed entities and time period, including but not limited to employee payroll records, W-2 forms, and 1099 forms.

6. All sales and marketing records for the above-listed entities and time period, including but not limited to brochures, ads, customer mailing lists, referral sources, sales scripts, postage meter mailing records, and marketing strategies. These records include not only the above-stated entities but also the following tout services:

a. Dan Pastorini Sports;
b. Sam Sharp;
c. Tony Marino;
d. Joe Wiz;
e. Mike Wynn Sports;
f. Jimmy Newman; and
g. Bob Gregorka

7. All records relating to evidence of sports betting and casino styling gambling for the above-listed entities and time period, including but not limited to:

a. customer bettor profiles;
b. customer betting histories;
c. daily and monthly betting "handle" and "action win or losses;"

d. daily and monthly hold percentages; and
e. correspondence

8. All records relating to evidence of money laundering using the services of David Hampton Tedder c/o The Legal Advantage for the above-listed entities and time period, including but not limited to:

a. wire transfer instructions and documents;
b. correspondence;
c. employee leasing agreements;
d. invoices for services rendered; and
e. monthly bank reconciliations of foreign bank accounts

9. All records which document contacts between Jeff D'Ambrosia, Duane Pede, and David Tedder, or their entities, or employees associated with these individuals or entities, including but not limited to:

a. facsimile logs and cover sheets;
b. address books
c. phone books;
d. personal calendars;
e. Rolodex indices;
f. telephone toll records

10. All records pertaining to Atlantic International Bank, Global Access Bank, Mariner International Bank and First National Bank.

11. All records of assets or wealth attributable to Duane Pede, or in a nominee name for the benefit for Duane Pede, including but not limited to:

a. real estate;
b. bank accounts;
c. investment accounts;
d. stocks and bonds;
e. vehicles, boats ,aircraft or similar type of transportation vehicle;
f. jewelry or precious stones;
g. coins or currency; and

h. interests in any partnership, joint ventures or corporations

12. All records relating to Duane Pede's participation in a foreign deferred compensation program involving David Hampton Tedder, The Legal Advantage, Personal Leasing Services, Inc, and Paychex for the years 1997 to present, including but not limited to:

a. employee leasing agreements;
b. W-2 forms and payroll records;
c. correspondence;
d. marketing materials;
e. financial questionnaires; and
f. consulting agreements

13. All of the above-listed evidence which has been stored in the form of magnetic or electronic media, including but not limited to:

a. network drives, hard drives, tape drives, zip drives, optical drives, Dat. drives, jaz drives, disk drives, card drives, CD-Rom drives, DVD drives; and

b. floppy disks, data tapes, data cartridges, magnetic tape, compact tape, optical disks, CD-Rom disks, DVD disks, jaz disks, zip disks.

14. All electronic devices capable of storing, analyzing, creating, displaying, converting or transmitting the electronic or magnetic media described in paragraph 13, including but not limited to: computers, computer hardware, computer components, computer components, computer peripherals, word processing equipment, modems, monitors, printers, plotters, encryption circuit boards, optical scanners, external drives, and all written, published or printed materials which provide instructions concerning the operation of the above-listed computer equipment and software.

15. All instructions or programs stored in the form of electronic or magnetic

media which are capable of being interpreted by a computer, including but not limited to: operating systems, application software, computer passwords and data security devises, and software used to communicate with the equipment described in paragraphs 13 and 14 of this attachment.