

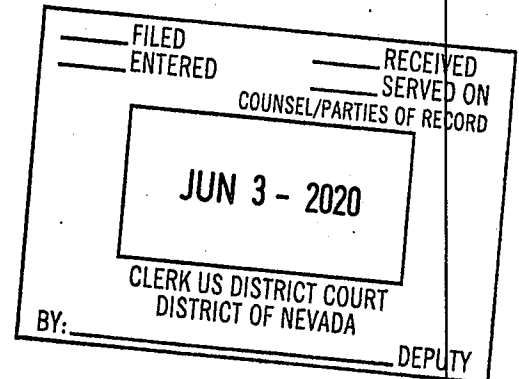


SEALED

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12
13 **UNITED STATES DISTRICT COURT
DISTRICT OF NEVADA**

14 UNITED STATES OF AMERICA,

15 Plaintiff,

16 v.

17 MYKALAI KONTILAI,
aka MICHAEL CONTILE,

18 Defendant.

Case No. 2:20-cr- 109

19 **SEALED
CRIMINAL INDICTMENT**

20 **VIOLATIONS**

Securities Fraud (15 U.S.C. §§ 78j(b), 78ff;
17 C.F.R. § 240-10b-5)

Wire Fraud (18 U.S.C. § 1343)

Money Laundering (18 U.S.C. § 1956)

Money Laundering (18 U.S.C. § 1957)

Willful Failure to File Return
(26 U.S.C. § 7203)

21 **FORFEITURE ALLEGATIONS**

22
23
24

1 **The Grand Jury charges that at all times relevant to the Indictment:**

2 **BACKGROUND**

3 **The Defendant and Related Entities**

4 1. Defendant Mykalai KONTILAI, also known as Michael Contile, was a
5 United States citizen, residing in Las Vegas, Nevada. KONTILAI also resided in New
6 York, New York at various times relevant to this indictment.

7 2. Collector's Coffee, Inc. (doing business as Collector's Café) ("Collector's
8 Coffee" or "the Company") was incorporated in the State of California in or around August
9 2007, and in the State of Nevada in or around November 2007.

10 3. Collector's Coffee was a privately funded company with its headquarters in
11 Las Vegas, Nevada, and with satellite offices in New York, New York, and southern
12 California.

13 4. KONTILAI started Collector's Coffee in 2007. KONTILAI's original
14 business plan for the Company described the business as an online auction house for third-
15 party sales of collectibles, such as Hollywood and sports memorabilia. Collector's Coffee
16 would earn revenue from commissions earned through these sales. The business plan for
17 Collector's Coffee stated that the company would have no costs for goods sold on the
18 website because third parties, not Collector's Coffee, would list for sale collectible items they
19 owned. To drive traffic to the website, Collector's Coffee also planned to produce a
20 television program that would feature celebrities discussing their collections. The original
21 business plan of Collector's Coffee included brick and mortar coffee shops where collectible
22 items on consignment would be displayed, further driving traffic to the revenue generating
23 website. Shortly after he founded Collector's Coffee, KONTILAI revised the business plan
24 to exclude the coffee shop and focus entirely on the website and television program.

1 5. KONTILAI served as Collector’s Coffee’s President, Director, and Chief
2 Executive Officer (“CEO”) from in or around November 2007, through in or around
3 November 2019. KONTILAI also served as Secretary and Treasurer of Collector’s Coffee
4 from in or around June 2009 through in or around November 2019. KONTILAI was the
5 executive decision-maker and had sole authority to hire and fire Collector’s Coffee’s
6 employees – whom he employed on a “consultant” basis. KONTILAI was the sole member
7 of the Board of Directors of Collector’s Coffee from in or around November 2011 through
8 November 2017. KONTILAI’s brother-in-law and sister-in-law were added to the Board of
9 Directors of Collector’s Coffee in or around November 2017.

10 **Relevant Individuals and Entities**

11 6. Employee A was a resident of Las Vegas, Nevada. Employee A met
12 KONTILAI in or around 2002 and held the title Chief Operating Officer (“COO”) of
13 Collector’s Coffee from in or around 2015 through in or around 2016. As COO, Employee
14 A reported to KONTILAI. Prior to 2015, Employee A was not an employee or director of
15 Collector’s Coffee.

16 7. Employee B was a resident of New York. Employee B invested in Collector’s
17 Coffee in or around 2007, and was employed as a consultant by Collector’s Coffee from in
18 or around 2014 through 2018. Employee B held the titles Dealer Relations Manager and
19 Director of Dealer Relations. Employee B reported to KONTILAI.

20 8. Employee C was a resident of California. Employee C was listed in investor
21 materials as Interim Chief Financial Officer. However, Employee C was not a certified
22 public accountant (“CPA”), did not have access to the Company’s financial records, did not
23 prepare tax filings for the Company, and did not draft regular balance sheets for the
24 Company.

1 9. Provident Trust Group ("PTG") was a self-directed asset administrator
2 located in Las Vegas, Nevada. PTG managed retirement accounts. Several customers of
3 PTG directed PTG to invest some or all of their PTG funds in Collector's Coffee. PTG
4 executed its customers' directions of investment by electronic requests from Las Vegas,
5 Nevada to its California bank, Citizen's Business Bank ("CBB").

Relevant Federal Agencies

7 10. The Internal Revenue Service ("IRS") was an agency of the United States
8 Department of the Treasury, and was responsible for enforcing and administering the tax
9 laws of the United States.

10 11. The United States Securities and Exchange Commission ("SEC" or "the
11 Commission") was an agency of the Federal Government, with its headquarters located in
12 the District of Columbia and regional offices located throughout the country, including
13 Denver, Colorado, and New York, New York. The SEC was empowered under the
14 Securities Exchange Act of 1934 ("Exchange Act") and the Securities Act of 1933
15 ("Securities Act") to investigate violations of federal securities laws.

Background on Retail Banking

17 12. Bank of the West ("BOW") and City National Bank ("CNB") were financial
18 institutions insured by the Federal Deposit Insurance Corporation ("FDIC"). Federal law
19 and regulations required banks to conduct due diligence on their customers to ensure that
20 their bank accounts were not being used for illegal purposes.

21 13. KONTILAI opened business accounts for Collector's Coffee at BOW and
22 CNB branches in Las Vegas. KONTILAI was the sole signator on the accounts.

1 **Purpose of the Scheme and Artifice**

2 14. The purpose of the scheme and artifice was for KONTILAI to:

3 a. solicit funds from investors for his own personal enrichment through
4 materially false statements and half-truths that he or those at his direction made, including
5 statements that KONTILAI had not paid himself a salary;

6 b. partially conceal from investors certain finances of the Company,
7 including the fact that as he solicited investments he siphoned money from corporate
8 accounts to his personal accounts and paid for personal expenses on credit cards paid for
9 with investor funds;

10 c. lie to bank officials about the purpose of making large cash
11 withdrawals from corporate accounts in order to obtain investor funds for himself by
12 concealing the nature of the funds as legitimate corporate transactions when they were in
13 fact illegitimate personal transactions; and,

14 d. lie to the SEC about his embezzlement of the Company's funds, and
15 create false evidence in order to continue the scheme and his ongoing personal spending of
16 investor money.

17 **THE SCHEME AND ARTIFICE TO DEFRAUD**

18 15. From in or around 2012 through in or around 2018, KONTILAI made and
19 caused to be made numerous materially false and half-truthful representations and promises
20 concerning the use of investor funds, his personal compensation, and the financial status of
21 the Company that were designed to fraudulently induce investors to transmit money to
22 Collector's Coffee. To further the scheme, KONTILAI misled banks to steal investor funds
23 from corporate accounts; lied to the SEC about his misappropriation of investor funds; and
24 concealed the proceeds of his scheme from the Internal Revenue Service.

1 16. As part of the scheme and artifice, KONTILAI and those working at his
2 direction solicited approximately \$23 million from investors. KONTILAI and those
3 working on his behalf sold to investors shares of stock in Collector's Coffee, either in the
4 form of convertible promissory notes (Series A and Series B) or preferred shares (Series A
5 and B). In connection with those offerings, KONTILAI, and his consultants at his
6 direction, sent private placement memoranda ("PPM") and marketing documents that
7 contained materially false and misleading statements and promises about how investor
8 money would be used, examples of which follow:

9 a. According to a 2008 PPM document that KONTILAI gave to
10 potential investors, Collector's Coffee intended to raise a total of \$12,500,000 as part of its
11 first offering. The document stated "monies raised will be primarily used for developing the
12 Company infrastructure, related legal costs, and to develop and growth [sic] the integrated
13 social network and auction portal. Funds may also be used for broad purposes of general
14 growth opportunities at the election of the CEO."

15 b. According to other PPMs, stock offerings were made on or around
16 October 10, 2009, "for the purposes of necessary growth capital," and on or around October
17 15, 2015, "for the purposes of growth capital to execute on various initiatives including but
18 not limited to a pending partnership with the Warner Music Group." Only one PPM, a
19 2008 document provided to only a handful of investors, referred to compensation for
20 KONTILAI. That document authorized a one-time payment of \$300,000 for past (pre-
21 2008) services and stated that "compensation agreements involving executives are designed
22 to defer much of their compensation until the Company is properly capitalized or certain
23 production levels have been achieved."

1 c. KONTILAI distributed to potential investors a 2014 business plan that
2 stated "Collectors Café has raised close to 20 million dollars from outside accredited
3 investors, which has and will continue to be used for creation of intellectual property, TV
4 series development and production, the development of its social network and auction
5 portal, and business model." The business plan did not mention that investor money would
6 be spent on repayment of a \$5 million loan or millions of dollars in salary for KONTILAI,
7 the CEO.

8 d. The PPMs and marketing materials were materially false and
9 misleading because they stated several purposes for raising capital but did not disclose that
10 KONTILAI, regardless of the financial success of Collector's Coffee, took substantial
11 amounts of investor funds for his own personal benefit, such as the rental of luxury
12 residences for himself and his wife in New York, Las Vegas, and Miami; the purchase of a
13 Cadillac convertible; the purchase of personal luxury items; and tuition at a private school.

14 17. As further part of the scheme, KONTILAI made materially false and
15 misleading statements in communications with investors about his personal compensation,
16 examples of which follow:

17 a. On or around September 30, 2015, KONTILAI emailed one potential
18 investor, "I am very frugal and have not taken a dime of salary to date." KONTILAI
19 falsely told other investors that he had not been paid a salary and had not made any money
20 from Collector's Coffee.

21 b. A 2017 Corporate Update that was sent to investors as early as April
22 12, 2017, touted as an "Accomplishment" that "Collectors Café's founder & CEO, Mykalai
23 Kontilai, has invested several million dollars personally & has not taken a salary to-date."
24

1. 18. As further part of the scheme, contrary to what had been represented to
2 investors, KONTILAI misappropriated approximately \$6.1 million in investor funds
3 through, among other means, cash withdrawals, paying off personal credit card charges
4 with investor funds, and paying for rent and car payments with investor funds, and then
5 concealed the misappropriation of investor funds, as further detailed below:

6 a. From on or around September 7, 2012 through July 11, 2018,
7 KONTILAI wired substantial amounts of money to Employee A from Collector's Coffee
8 bank accounts. KONTILAI then directed Employee A to withdraw the funds in cash and
9 to provide the cash to KONTILAI. Employee A did in fact withdraw cash that was
10 transferred to Employee A and provided it to KONTILAI as directed.

11 b. In or around July 2018, KONTILAI told Employee A to open bank
12 accounts in New York, New York, and to accept funds from Collector's Coffee bank
13 accounts. KONTILAI explained that he needed money and that it would not look good for
14 him to withdraw Collector's Coffee funds. KONTILAI wired \$1 million to Employee A
15 from Collector's Coffee bank accounts. KONTILAI told Employee A to give him the cash
16 that he transferred to Employee A's accounts, which Employee A did. He also directed
17 Employee A to purchase gold and silver bars from an online retailer – bars that KONTILAI
18 then sold for cash.

19 c. KONTILAI also asked Employee B to open a Collector's Coffee
20 business account at American Express using Employee B's credit. Employee B agreed.
21 Employee B provided KONTILAI credit cards on Employee B's accounts at Citibank,
22 Discover, and American Express.

23 d. Between 2014 and 2018, KONTILAI used the Collector's Coffee
24 American Express card to make purchases that were personal and not related to Collector's

1 Coffee. KONTILAI paid the American Express card with funds from Collector's Coffee
2 bank accounts.

3 e. KONTILAI asked Employee B to allow KONTILAI and Collector's
4 Coffee to use Discover and Citibank credit cards in Employee B's name. Between 2015 and
5 2018, KONTILAI used Employee B's Discover credit card to make purchases that were
6 personal and not related to Collector's Coffee. Between 2014 and 2016, KONTILAI used
7 Employee B's Citicard to make purchases that were personal and not related to Collector's
8 Coffee. KONTILAI paid the Discover and Citicard credit cards with funds from Collector's
9 Coffee bank accounts.

10 f. KONTILAI used the American Express, Discover, and Citicard credit
11 cards referenced in subparagraphs 18(c) through 18(e) to make personal purchases at luxury
12 retailers including, but not limited to, Louis Vuitton, Chanel, Cartier, and Dior.
13 KONTILAI also used the Citicard to pay for tuition at a private high school located in Las
14 Vegas, Nevada.

15 g. In addition to using Collector's Coffee credit cards for personal luxury
16 goods, on several occasions between 2016 and 2018, KONTILAI paid for personal luxury
17 apartments with payments from Collector's Coffee bank accounts. These apartments were
18 in Las Vegas, Nevada; Miami Beach, Florida; and New York, New York.

19 h. On or around July 22, 2016, KONTILAI transferred \$50,000 from a
20 BOW account to a car dealership. KONTILAI purchased a 2008 white convertible
21 Cadillac. Evidencing the personal nature of the vehicle, KONTILAI registered the vehicle
22 with the tags: "MYKALAI."

23 i. Between on or around March 27, 2015 and September 11, 2015,
24 KONTILAI withdrew approximately \$880,000 from a Collector's Coffee account at CNB

1 by writing checks to "Cash." KONTILAI noted on the checks the purpose for the cash was
2 to purchase collectibles. The notes included statements such as, "Collectibles Purchase
3 (Company Inv)," "Collectibles Purchases for Auction," "Collectibles Purchases for
4 Launch," "Company Purchase of Collectibles," and "Purchase of Collectibles." The
5 representations on these checks were false, as KONTILAI did not purchase collectibles for
6 the Company with the money he withdrew.

7 j. CNB employees questioned KONTILAI about why he needed to
8 make large cash withdrawals from the Collector's Coffee account. In response, KONTILAI
9 told the CNB employees on or around June 19, 2015 that he periodically had the
10 opportunity to purchase items for Collector's Coffee and if he purchased collectibles with
11 cash, he received a discount. KONTILAI knew the statements were false when he made
12 them. Bank employees relied on KONTILAI's explanation and believed that he was
13 withdrawing funds from the account to purchase collectible items for Collector's Coffee.
14 KONTILAI was thereafter permitted to make the cash withdrawals.

15 k. On or around August 15, 2016, KONTILAI told a BOW employee
16 that he needed to withdraw a large sum of cash for the purchase of a collectible ring.
17 KONTILAI said the seller of the ring was "[Employee A]." This statement was false.
18 Employee A did not sell any collectible items to KONTILAI or Collector's Coffee. BOW
19 employees ordered cash and arranged a date for KONTILAI and the seller of the ring to
20 collect the cash.

21 l. On or around August 29, 2016, KONTILAI brought Employee A to a
22 BOW branch in Las Vegas, Nevada, to persuade BOW employees that he was withdrawing
23 cash from the Collector's Coffee account to buy a ring from Employee A. KONTILAI
24 submitted to bank employees a check drawn on a Collector's Coffee bank account, written

1 to "Cash," for \$770,000. The note on the check stated, "Acquiring of Collectibles
2 [Employee A] (Pick up)." BOW employees relied on KONTILAI's explanation and
3 believed that he was withdrawing funds from the account to purchase a collectible item for
4 Collector's Coffee. The employees released the \$770,000 in cash to KONTILAI and
5 debited the funds from the Company account.

6 19. As further part of the scheme, KONTILAI repeatedly delayed the launch date
7 for the Collector's Coffee website to increase capital so that he could continue to personally
8 enrich himself.

9 20. As further part of the scheme, to conceal his misappropriation of investor
10 funds, KONTILAI rebuffed investors' requests and attempts to view financial records for
11 Collector's Coffee and made materially false and misleading statements about the Company
12 having a CFO.

13 Attempted Concealment of Scheme from SEC

14 21. The SEC began investigating KONTILAI for misappropriating investor funds
15 in or around 2017. As part of its investigation, KONTILAI was required to answer
16 questions under oath in a deposition.

17 22. When the SEC questioned KONTILAI under oath on or around May 16,
18 2018, about his personal use of investor funds, he falsely testified, "I haven't been paid a
19 salary. I've been owed a salary." To support this testimony, KONTILAI caused to be
20 created and produced to the SEC a fake employment agreement that was back-dated to
21 2007. The fake employment agreement that was produced to the SEC called for a "salary"
22 of \$300,000 a year in 2007 and \$500,000 for each year thereafter. When his counsel at the
23 time, Attorney A, later confronted KONTILAI with the fake document, KONTILAI asked
24

1 Employee A to falsely tell Attorney A that Employee A had prepared the employment
2 agreement in 2018 from memory of an original agreement.

3 23. Despite KONTILAI's claims to the SEC and investors that he "has not taken
4 a salary to-date[,]” on or around March 21, 2017, KONTILAI transferred \$600,000 from
5 Collector's Coffee's BOW account to KONTILAI's personal account at TD Bank, with a
6 note that read: "Salary Payment 2015 & Partial Salary Payment 2016." On or around April
7 20, 2017, KONTILAI transferred an additional \$500,000 from Collector's Coffee's BOW
8 account to KONTILAI's personal account at TD Bank, with a memo note: "Additional
9 Previous Compensation Owed to CEO."

10 24. When the SEC confronted KONTILAI on or around May 16 and 17, 2018,
11 about his spending of Collector's Coffee funds, KONTILAI falsely testified the funds were
12 repayments of a \$5 million loan he made to Collector's Coffee in 2007. In truth, there was
13 no \$5 million loan. Moreover, KONTILAI had repeatedly told potential investors through
14 business plans and offering documents that the company had no such debts by representing
15 that, "The company is debt free" and "The company has no outstanding debt."

16 25. KONTILAI caused to be created, and produced to the SEC on or around
17 May 14, 2018, a fake convertible note and altered bank statement dated 2007 that stated he
18 loaned the Company \$5 million. KONTILAI further testified on or around May 17, 2018,
19 "[t]he company repaid me money that it owed me through paying some of my personal
20 credit card expenses." KONTILAI claimed the "Board" approved his personal spending of
21 the Company's funds as repayment of loans he made to the Company. KONTILAI
22 provided a fake board resolution to Attorney A to support his claim.

23 26. When Attorney A confronted KONTILAI about the altered bank statement
24 and note on or around October 3, 2018, KONTILAI denied knowing why the bank

1 statement appeared altered. KONTILAI then asked Employee A to falsely tell Attorney A
2 and Employee A's attorney that Employee A was responsible for the fabricated documents.

3 **COUNT ONE**
4 **Securities Fraud**

5 **(15. U.S.C. §§ 78j(b), 78ff; 17 C.F.R. § 240-10b-5)**

6 27. Paragraphs 1 to 13 of this Indictment, are realleged and incorporated by
7 reference as though fully set forth herein.

8 **Purpose of the Scheme and Artifice**

9 28. The allegations contained in paragraph 14 of this Indictment are realleged and
10 incorporated by reference as a description of the Purpose of the Scheme and Artifice.

11 **The Scheme and Artifice**

12 29. The allegations contained in paragraphs 15 to 26 of this Indictment are
13 realleged and incorporated by reference as a description of the Scheme and Artifice.

14 30. From at least in or around September 7, 2012 through in or around October 3,
15 2018, in the District of Nevada, and elsewhere, the defendant,

16 **MYKALAI KONTILAI**
17 **aka MICHAEL CONTILE,**

18 did unlawfully, willfully and knowingly, by use of means and instrumentalities of interstate
19 commerce and the mails, directly and indirectly did use and employ manipulative and
20 deceptive devices and contrivances in connection with the purchase and sale of a security, to
21 wit: stock of Collector's Coffee Inc., d/b/a/ Collector's Café and Ultimate Collector Inc., in
22 contravention of Rule 10b-5 and Rule 10b5-1 of the Rules and Regulations promulgated by
23 the United States Securities and Exchange Commission (codified in Title 17, Code of
24 Federal Regulations, Sections 240.10b-5 and 240.10b5-1), and did (a) employ a device,
scheme and artifice to defraud; (b) make untrue statements of material facts and omit to
state material facts necessary in order to make the statements made, in light of the

1 circumstance under which they were made, not misleading; and (c) engage in acts, practices
2 and a course of business, which would and did operate as a fraud and deceit upon
3 prospective investors in connection with the purchase of a security.

4 All in violation of Title 15, United States Code, Sections 78j(b) and 78ff; Title 17
5 Code of Federal Regulations, Section 240-10b-5.

6 **COUNTS TWO TO SEVEN**

7 **Wire Fraud**
8 **(18 U.S.C. § 1343)**

9 31. Paragraphs 1 to 13 of this Indictment, are realleged and incorporated by
10 reference as though fully set forth herein.

11 32. From at least in or around September 7, 2012 through in or around October 3,
12 2018, in the District of Nevada, and elsewhere, the defendant,

13 **MYKALAI KONTILAI**
14 **aka MICHAEL CONTILE,**

15 did knowingly and willfully, and with the intent to defraud, devise and intend to devise, a
16 scheme and artifice to defraud, and to obtain money and property by means of materially
17 false and fraudulent pretenses, representations, and promises, knowing such pretenses,
18 representations, and promises were false and fraudulent when made, and for the purpose of
19 executing such scheme and artifice to defraud, did knowingly transmit and cause to be
20 transmitted, by means of wire communication in interstate and foreign commerce, certain
21 writings, signs, signals, pictures, and sounds.

22 **Purpose of the Scheme and Artifice**

23 33. The allegations contained in paragraph 14 of this Indictment are realleged and
24 incorporated by reference as a description of the Purpose of the Scheme and Artifice.

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The Scheme and Artifice

34. The allegations contained in paragraphs 15 to 26 of this Indictment are realleged and incorporated by reference as a description of the Scheme and Artifice.

Specific Use of the Wires

35. MYKALAI KONTILAI, for the purpose of executing the aforesaid scheme and artifice to defraud, did knowingly transmit and cause to be transmitted, by means of wire communications in interstate and foreign commerce, certain writings, signs, signals, pictures and sounds, as more particularly described below:

Count	Approximate Date	Description of Interstate Wire Communication
2	6/17/2015	Wire for \$125,000 from Provident Trust Group, in Nevada, to Citizens Business Bank, in California
3	10/21/2015	Wire for \$50,000 from Provident Trust Group, in Nevada, to Citizens Business Bank, in California
4	11/4/2015	Wire for \$50,000 from Provident Trust Group, in Nevada, to Citizens Business Bank, in California
5	4/6/2016	Wire for \$50,000 transmitted from Provident Trust Group, in Nevada, to Citizens Business Bank, in California
6	6/2/2016	Wire for \$30,000 from Provident Trust Group, in Nevada, to Citizens Business Bank, in California
7	6/7/2016	Wire for \$50,000 from Provident Trust Group, in Nevada, to Citizens Business Bank, in California

All in violation of Title 18, United States Code, Section 1343.

COUNTS EIGHT TO THIRTEEN
Laundering of Money Instruments
(18 U.S.C. § 1956(a)(1)(B)(i))

36. Paragraphs 1 to 26 of this Indictment are realleged and incorporated by reference as though fully set forth herein.

37. On or around the dates set forth below, in the District of Nevada, and elsewhere, the defendant,

MYKALAI KONTILAI
aka MICHAEL CONTILE,

1 did knowingly conduct, and attempt to conduct, a financial transaction affecting interstate
 2 commerce, to wit, the withdrawal of U.S. Currency from the bank accounts listed below,
 3 which involved the proceeds of specified unlawful activity, namely Wire Fraud in violation
 4 of Title 18, United States Code, Section 1343; and Securities Fraud, in violation of Title 15,
 5 United States Code, Section 78j(b), as more fully described in Counts One through Seven of
 6 this Indictment, knowing that the transactions were designed in whole and in part
 7 to conceal and disguise the nature, the source, the ownership, and the control of the
 8 proceeds of the specified unlawful activity, to wit Wire Fraud and Securities Fraud, and that
 9 while conducting and attempting to conduct such financial transaction knew that the
 10 property involved in the financial transaction represented the proceeds of some form of
 11 unlawful activity.

Count	Date	Financial Account	Financial Transaction
8	6/5/2015	Collector's Coffee CNB Account ###0389	\$20,000 Check to Cash
9	6/12/2015	Collector's Coffee CNB Account ###0389	\$200,000 Check to Cash
10	7/3/2015	Collector's Coffee CNB Account ###0389	\$100,000 Check to Cash
11	7/17/2015	Collector's Coffee CNB Account ###0389	\$20,000 Check to Cash
12	9/11/2015	Collector's Coffee CNB Account ###0389	\$350,000 Check to Cash
13	8/29/2016	Collector's Coffee BOW Account ###8662	\$770,000 Check to Cash

19 All in violation of Title 18, United States Code, Sections 1956(a)(1)(B)(i).

20 **COUNT FOURTEEN**

21 **Money Transaction in Property Derived from Specified Unlawful Activity**
 22 **(18 U.S.C. § 1957)**

23 38. Paragraphs 1 to 26 of this Indictment are realleged and incorporated by
 24 reference as though fully set forth herein.

1 39. On or around July 22, 2016, in the District of Nevada, and elsewhere, the
2 defendant

3 **MYKALAI KONTILAI**
4 **aka MICHAEL CONTILE,**

5 did knowingly engage and attempt to engage in a monetary transaction by, through, and to
6 a financial institution, affecting interstate and foreign commerce, in criminal derived
7 property of a value greater than \$10,000, that is, the wiring of \$50,000 from Collector's
8 Coffee's BOW account to the bank account of a car dealership, such property having been
9 derived from specified unlawful activity, namely, Wire Fraud, in violation of Title 18,
10 United States Code, Section 1343 and Securities Fraud, in violation of Title 15, United
11 States Code, Section 78j(b).

12 All in violation of Title 18, United States Code, Section 1957.

13 **COUNTS FIFTEEN TO EIGHTEEN**
14 **Willful Failure to File Return**
15 **(26 U.S.C. § 7203)**

16 40. Paragraphs 1 to 26 of this Indictment are realleged and incorporated by
17 reference as though fully set forth herein.

18 41. During the calendar tax years listed below, defendant,

19 **MYKALAI KONTILAI**
20 **aka MICHAEL CONTILE,**

21 who was a resident of Las Vegas, Nevada had and received gross income in excess of the
22 minimum filing requirement. By reason of such gross income, he was required by law,
23 following the close of the calendar tax years listed below and on or before the dates listed
24 below to make an income tax return to the Internal Revenue Service Center, stating
specifically the items of his gross income and any deductions and credits to which he was
entitled. Well knowing and believing all of the foregoing, he did willfully fail, on or around

1 the dates listed below, in the District of Nevada and elsewhere, to make an income tax
2 return.

Count	Calendar Year	Date On Or Around by Which Defendant Failed to Make an Income Tax Return
15	2015	April 18, 2016
16	2016	April 18, 2017
17	2017	April 17, 2018
18	2018	April 15, 2019

7 All in violation of Title 26, United States Code, Section 7203.

8 **FORFEITURE ALLEGATION ONE**

9 42. The allegations contained in Count 1 of this Indictment are hereby realleged
10 and incorporated by reference for the purpose of alleging forfeitures pursuant to Title 18,
11 United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c).

12 43. Upon conviction of the offense in violation of Count 1 of this Indictment, the
13 defendant,

14 **MYKALAI KONTILAI**
aka MICHAEL CONTILE,

15 shall forfeit to the United States of America, pursuant to Title 18, United States Code,
16 Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c), any property, real or
17 personal, which constitutes or is derived from proceeds traceable to violations of Title 15,
18 United States Code, Sections 78j(b) and 78ff, a specified unlawful activity as defined in Title
19 18, United states Code, Sections 1956(c)(7)(A) and 1961(1)(B). The property to be forfeited
20 includes, but is not limited to, at least \$6,100,000 in United States Currency ("property").

21 44. If any of the property described above, as a result of any act or omission of the
22 defendant:

23 a. cannot be located upon the exercise of due diligence;

- 1 b. has been transferred or sold to, or deposited with, a third party;
2 c. has been placed beyond the jurisdiction of the court;
3 d. has been substantially diminished in value; or
4 e. has been commingled with other property which cannot be divided
5 without difficulty,

6 the United States of America shall be entitled to forfeiture of substitute property pursuant to
7 Title 21, United States Code, Section 853(p), as incorporated in Title 28, United States
8 Code, Section 2461(c).

9 All pursuant to 18 U.S.C. § 981(a)(1)(C) and 28 U.S.C. § 2461(c).

10 **FORFEITURE ALLEGATION TWO**

11 45. The allegations contained in Counts 2 to 7 of this Indictment are hereby
12 realleged and incorporated by reference for the purpose of alleging forfeitures pursuant to
13 Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section
14 2461(c).

15 46. Upon conviction of the offense in violation of Counts 2 to 7 of this
16 Indictment, the defendant,

17 **MYKALAI KONTILAI**
 aka MICHAEL CONTILE,

18 shall forfeit to the United States of America, pursuant to Title 18, United States Code,
19 Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c), any property, real or
20 personal, which constitutes or is derived from proceeds traceable to violations of Title 18,
21 United States Code, Section § 1343, a specified unlawful activity as defined in Title 18,
22 United States Code, Sections 1956(c)(7)(A) and 1961(1)(B). The property to be forfeited
23 includes, but is not limited to, at least \$6,100,000 in United States Currency ("property").
24

1 47. If any of the property described above, as a result of any act or omission of the
2 defendant:

- 3 a. cannot be located upon the exercise of due diligence;
- 4 b. has been transferred or sold to, or deposited with, a third party;
- 5 c. has been placed beyond the jurisdiction of the court;
- 6 d. has been substantially diminished in value; or
- 7 e. has been commingled with other property which cannot be divided
8 without difficulty,

9 the United States of America shall be entitled to forfeiture of substitute property pursuant to
10 Title 21, United States Code, Section 853(p), as incorporated by Title 28, United States Code,
11 Section 2461(c).

12 All pursuant to 18 U.S.C. § 981(a)(1)(C) and 28 U.S.C. § 2461(c).

13 **FORFEITURE ALLEGATION THREE**

14 48. The allegations contained in Counts 8 to 13 of this Indictment are hereby
15 realleged and incorporated by reference for the purpose of alleging forfeitures pursuant to
16 Title 18, United States Code, Sections 982(a)(1).

17 49. Pursuant to Title 18, United States Code, Section 982(a)(1), upon conviction
18 of an offense in violation of Title 18, United States Code, Section 1956, the defendant,

19 **MYKALAI KONTILAI**
aka MICHAEL CONTILE,

20 shall forfeit to the United States of America any property, real or personal, involved in such
21 offense, and any property traceable to such property. The property to be forfeited includes,
22 but is not limited to, \$1,560,000 in United States Currency (“property”).

23 50. If any of the property described above, as a result of any act or omission of the
24 defendant:

- a. cannot be located upon the exercise of due diligence;
- b. has been transferred or sold to, or deposited with, a third party;
- c. has been placed beyond the jurisdiction of the court;
- d. has been substantially diminished in value; or
- e. has been commingled with other property which cannot be divided without difficulty,

the United States of America shall be entitled to forfeiture of substitute property pursuant to Title 21, United States Code, Section 853(p), as incorporated by Title 18, United States Code, Section 982(b)(1) and Title 28, United States Code, Section 2461(c).

FORFEITURE ALLEGATION FOUR

51. The allegations contained in Count 14 of this Indictment are hereby realleged and incorporated by reference for the purpose of alleging forfeitures pursuant to Title 18, United States Code, Sections 982(a)(1).

52. Pursuant to Title 18, United States Code, Section 982(a)(1), upon conviction of an offense in violation of Title 18, United States Code, Section 1957, the defendant,

**MYKALAI KONTILAI
aka MICHAEL CONTILE,**

shall forfeit to the United States of America any property, real or personal, involved in such offense, and any property traceable to such property. The property to be forfeited includes, but is not limited to, \$50,000 in United States Currency ("property").

53. If any of the property described above, as a result of any act or omission of the defendant:

- a. cannot be located upon the exercise of due diligence;
- b. has been transferred or sold to, or deposited with, a third party;
- c. has been placed beyond the jurisdiction of the court;

- 1 d. has been substantially diminished in value; or
2 e. has been commingled with other property which cannot be divided
3 without difficulty,


4 the United States of America shall be entitled to forfeiture of substitute property pursuant to
5 Title 21, United States Code, Section 853(p), as incorporated by Title 18, United States
6 Code, Section 982(b)(1) and Title 28, United States Code, Section 2461(c).

7 DATED this 3rd day of June, 2020.

8 A TRUE BILL:

9
10 /S/
FOREPERSON OF THE GRAND JURY

11
12 ROBERT ZINK
13 Chief, Fraud Section, Criminal Division
United States Department of Justice

14 
15 _____
EMILY SCRUGGS
16 Trial Attorney, Fraud Section, Criminal Division
United States Department of Justice

17
18 NICHOLAS A. TRUTANICH
19 United States Attorney

20 
21 _____
RICHARD ANTHONY LOPEZ
22 Assistant United States Attorney
23
24