



U.S. Department of Justice
United States Attorney's Office
District of Nevada

501 Las Vegas Boulevard South Phone (702)388-6336
Suite 1100
Las Vegas, Nevada 89101

September 3, 2020

Re: United States v. John M. Edwards et al., Case Number 2004R01639 and Court Docket Number 09-CR-00132 (District of Nevada)

Please read this letter and its attachments in their entirety before calling to ask questions. The Victim Assistance staff will not have additional specific case information.

Please go to the following website for additional information:

http://www.justice.gov/usao/nv/programs_caseupdate_cmkm.html

Any new or updated information will be posted on the above website.

Please be aware that the criminal prosecution in the District of Nevada (United States v. John Edwards, et al., 2:09-CR-00132-RLH-RJJ) is separate from and unrelated to a civil suit in the Central District of California that has now been dismissed (David Anderson, et al., v. Christopher Cox, et al., 8:10-CV-00031-JVS-MLG). In Anderson, the plaintiffs alleged that the SEC and other agencies of the U.S. Government conducted a sting operation against "illegitimate brokers, dealers, market makers, hedge funds, and other persons and entities that had engaged in naked short selling of CMKM Diamonds Inc. Stock." Essentially, the Anderson case involved allegations against an entire industry.

In contrast, the superseding criminal indictment in the Edwards case charged a more clearly defined group of defendants: specific insiders who engaged in fraud through shell companies. Specifically, between approximately May 1997 and April 2008, the defendants used various shell companies – including Pinnacle Business Management, Inc. (May 1997 to December 2003); CMKM Diamonds, Inc. (November 2002 to October 2005); St. George Metals, Inc. (July 2004 to July 2005); and Global Diamond Exchange, Inc. (November 2005 to April 2008) – to defraud purchasers of stock in those companies. The defendants secretly authorized increases in the number of available shares and falsely represented or hid the true number of shares from investors. At the same time, the conspirators issued billions of shares to themselves through affiliates. By falsely claiming that these shares had not been issued to company affiliates, the conspirators were able to sell these shares without restrictions imposed by law. By issuing false and misleading press releases regarding the companies' business activities, the defendants were able to drive up demand for the companies' stock while selling their shares at a profit.

If you purchased shares of stock in any of the above-mentioned entities during the identified time frames, you may be entitled to restitution. Please complete and return to our office the

enclosed Victim Impact Statement and include details of the purchases, including the dates and number of shares purchased, the purchase price, and whether you sold any shares purchased and the sale amount. You must also include documentation with the Victim Impact Statement so that the Court may determine whether you are entitled to restitution. Please return these materials within 30 days of your receipt of this notice.

You can send the documents by mail: Attn: Victim Witness CMKM – 501 Las Vegas Blvd. South # 1100, Las Vegas, NV 89101 or by email at: USANV.CMKM@usdoj.gov

Information Regarding the Case

Five defendants have been convicted in this case, including Jeffrey Turino (conspiracy to commit securities fraud), and Melissa Spooner, Ginger Gutierrez, James Kinney and Jeffrey Mitchell (conspiracy to sell unregistered securities). These defendants received sentences of imprisonment and probation and terms of supervised release following service of sentence during which defendants are supervised by a U.S. Probation Officer.

The U.S. Attorney's Office expects to collect Victim Impact Statements with supporting documents from victims within the next 30 days and petitioning the U.S. District Court to award restitution if it is applicable to those victims.

Sincerely,

Nicholas A. Trutanich
United States Attorney

Veronica Criste
Victim Witness Coordinator

Victim Impact Statement

United States v. John M. Edwards et al

Case Number: 09-CR-00132 (District of Nevada)

1 - Please list your actual financial losses from this crime and details regarding those losses, including dates, the nature of the loss, and the amounts. List only those items for which you have not been or do not expect to be repaid:

2 - Please attach any documentation, receipts or other records whenever possible (use additional paper if needed):

3 - Please differentiate any monies already repaid by a defendant:

If restitution is ordered by the Court, whom should the check be made out to and what address should it be mailed to?

Name: _____

Address of restitution recipient: _____

Telephone Number: _____

E-Mail Address: _____

If applicable, what is the claim number, policy number, account number, or other reference number that should be added to the check as a reminder:

Signature: _____ Date: _____