

# EXHIBIT B



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1 DAVID C. SHONKA  
2 Acting General Counsel

3 SARAH SCHROEDER, Cal. Bar No. 221528  
4 ROBERTA TONELLI, Cal. Bar No. 278738  
5 EVAN ROSE, Cal. Bar No. 253478  
6 Federal Trade Commission  
7 901 Market Street, Suite 570  
8 San Francisco, CA 94103  
9 sschroeder@ftc.gov, rtonelli@ftc.gov, erose@ftc.gov  
10 Tel: (415) 848-5100; Fax: (415) 848-5184

11  
12 **UNITED STATES DISTRICT COURT**  
13 **NORTHERN DISTRICT OF CALIFORNIA**  
14 **OAKLAND DIVISION**

15 FEDERAL TRADE COMMISSION,

16 Plaintiff,

17 vs.

18 AMERICAN FINANCIAL BENEFITS  
19 CENTER, a corporation, also d/b/a AFB and AF  
20 STUDENT SERVICES;

21 AMERITECH FINANCIAL, a corporation;

22 FINANCIAL EDUCATION BENEFITS  
23 CENTER, a corporation; and

24 BRANDON DEMOND FRERE, individually  
25 and as an officer of AMERICAN FINANCIAL  
26 BENEFITS CENTER, AMERITECH  
27 FINANCIAL, and FINANCIAL EDUCATION  
28 BENEFITS CENTER,

Defendants.

Case No. 4:18-cv-00806-SBA

**DECLARATION OF EMIL T.  
GEORGE IN SUPPORT OF  
FEDERAL TRADE COMMISSION'S  
MOTION FOR PRELIMINARY  
INJUNCTION**

**DECLARATION OF EMIL T. GEORGE**  
**Pursuant to 28 U.S.C. §1746**

I, **Emil T. George**, declare and state as follows:

1. I am employed by the Federal Trade Commission (“FTC”) in Washington, D.C. as a Forensic Accountant. My work address is 600 Pennsylvania Ave., N.W., Washington, D.C. 20580. I have worked at the FTC since September 2012. Prior to starting at the FTC, I was the Assistant Inspector General for Audits at the National Labor Relations Board for more than 12 years.
2. At the FTC, I provide forensic accounting assistance to trial attorneys and investigators. I am a Certified Public Accountant with the State of Maryland and hold a Bachelor of Science degree in Accounting from the University of Maryland.
3. The following facts are known to me personally and, if called as a witness, I would testify to the matters set forth in the following paragraphs.
4. In my capacity as a forensic accountant at the FTC, I was assigned to work on the American Financial Benefits Center and Ameritech Financial matter. In connection therewith, I reviewed records of corporate bank accounts produced in response to Civil Investigative Demands issued by the FTC (“bank accounts of interest”). A listing of the bank accounts of interest, related business names and time periods covered, and account balances as of the last statement reviewed is included as **Attachment A**. I prepared summaries of these records as detailed below.
5. To conduct this review, I used, where appropriate, the Comprehensive Financial Investigations Solution (“CFIS”), a financial investigation tool from Actionable Intelligence Technologies, Incorporated. CFIS is utilized, *inter alia*, by the Internal Revenue Service, the Federal Bureau of Investigation, the Organized Crime Drug

George Declaration

Enforcement Task Force, a number of U.S. Attorney's offices, and the United States Secret Service. Among other things, CFIS uses proprietary technology to convert paper and/or electronic account records from financial institutions into an investigative database that can be searched, analyzed, and used to issue a variety of reports, Microsoft Excel spreadsheets, and other exhibits.

6. The first step in using CFIS is to load the bank statements. After the statements are loaded, CFIS imports and processes the bank statements using Intelligent Document Analyzers that rely on proprietary algorithms and Optical Character Recognition technology to create a searchable database. Intelligent Document Analyzers are document format readers associated with a particular bank statement. After a bank statement has been indexed and processed, the CFIS database record for that statement must be reconciled with the original version of the statement obtained in the proceeding (*i.e.*, the statement produced by a bank) to ensure accuracy. After the statements have been loaded, processed and reconciled, more detailed documents like checks, deposits, and wire transfers can be loaded into the system.

7. In the instant matter, I used CFIS to generate a table containing the transactions for the bank accounts of interest. I then exported the table into Excel. I used the Excel statements from CFIS to sort the account transactions by category (*e.g.*, Wire Transfers In, Online Payments) and/or remarks (which provide some details on the transaction) to identify transfers, payments, or receipts of interest. I also entered details of checks paid that were, generally, \$1,000 or more into the Excel report.

### **Gross Receipts**

8. I calculated gross receipts. My calculation of gross receipts added all credits for the accounts of interest at Attachment A. From this amount, I subtracted refunds and chargebacks along with other transactions that would not be considered to be consumer

receipts such as transactions between American Financial Benefits Center's and Ameritech Financial's accounts, returned checks, and returned deposits. By my calculation, gross receipts totaled \$28,053,681.99. My calculation is at **Attachment B**.

#### **Payments between Companies**

9. This declaration includes the activity for two companies – American Financial Benefits Center and Ameritech Financial. By my calculation, American Financial Benefits Center made 34 transfers totaling \$2,485,000.00 to Ameritech Financial. A schedule detailing these transactions is at **Attachment C**.

#### **Payments to Possible Family Members and Related Companies**

10. I identified payments to Andre Frere, Gloria Frere, Justin Frere, and Sonoma Stainless.

11. By my calculation, American Financial Benefits Center made five payments totaling \$390,000.00 to Andre and Gloria Frere jointly. A schedule detailing these transactions is at **Attachment D**.

12. By my calculation, American Financial Benefits Center made nine payments totaling \$263,491.87 to Justin Frere. A schedule detailing these transactions is at **Attachment E**.

13. By my calculation, American Financial Benefits Center made seven payments totaling \$137,285.21 to Gloria Frere. A schedule detailing these transactions is at **Attachment F**.

14. By my calculation, American Financial Benefits Center made six payments totaling \$73,408.00 to Sonoma Stainless, Inc. I understand that Andre Frere is listed on documents filed with the California Secretary of State as CEO and Director of Sonoma Stainless. A schedule detailing these transactions is at **Attachment G**.

## **Other Payments**

15. I understand that American Financial Benefits Center and Ameritech Financial are located in Northern California. By my calculation, \$128,866.67 was paid from the accounts of interest at Attachment A to airlines, hotels, resorts, casinos, cruise lines, and similar companies. There were also returns totaling \$944.56. A schedule detailing these transactions is at **Attachment H**.

16. By my calculation, 34 payments totaling \$202,802.35 were paid from the accounts of interest at Attachment A to automotive and motorsports companies. A schedule detailing these transactions is at **Attachment I**.

17. By my calculation, \$253,735.78 was paid from the accounts of interest at Attachment A to companies that provide building, landscaping, and related supplies and services. There were also returns totaling \$6,394.09. A schedule detailing these transactions is at **Attachment J**.

18. By my calculation, 81 payments totaling \$384,480.69 were payments from the accounts of interest at Attachment A to law firms. This includes \$29,065.00 paid to Lodmell & Lodmell PC. Lodmell's website includes asset protection as one of the services that the firm provides. A schedule detailing these transactions is at **Attachment K**.

19. I identified payments to Cameron Henry, LLC. By my calculation, 106 payments totaling \$615,246.84 were paid from the accounts of interest at Attachment A to Cameron Henry, LLC. A schedule detailing these transactions is at **Attachment L**.

## **Advertising and Marketing**

20. It is my understanding that Citracado Market Advisors, Sapphire Direct, Inc. and Encore Direct Marketing provide advertising and marketing services. Payments to these

companies are summarized in the following paragraphs and schedules detailing these transactions appear as attachments.

21. By my calculation, 150 payments totaling \$2,753,411.61 were paid from the accounts of interest at Attachment A to Citracado Market Advisors. A schedule detailing these transactions is at **Attachment M**.

22. By my calculation, 109 payments totaling \$2,589,797.64 were paid from the accounts of interest at Attachment A to Sapphire Direct, Inc. A schedule detailing these transactions is at **Attachment N**.

23. By my calculation, 18 payments totaling \$123,790.00 were paid from the accounts of interest at Attachment A to Encore Direct Marketing. A schedule detailing these transactions is at **Attachment O**.

#### **Payments to Key Personnel**

24. I was provided reports from Paychex, a third-party payroll service for both American Financial Benefits Center and Ameritech Financial for the period January 1, 2013 through July 18, 2017. I used this information to identify payments to certain employees. The following table shows payments to each of these people, by period, made by Paychex on behalf of both American Financial Benefits Center and Ameritech Financial.

### Payments to Key Personnel

Year	Quarter	Matthew A Woods		Thomas Knickerbocker		Brandon Frere
		American Financial Benefits Center	Ameritech Financial	American Financial Benefits Center	Ameritech Financial	American Financial Benefits Center
2014	1st			6817.39		3,800.00
	2nd			10,711.47		24,700.00
	3rd			17,181.71		41,700.00
	4th			17,499.36		24,700.00
2015	1st			17,009.67		38,700.00
	2nd	9,539.62		18,105.70		24,700.00
	3rd	12,680.20		30,271.70		24,700.00
	4th	15,385.00	970.00	28,967.10	3963.97	26,600.00
2016	1st		15,620.00		29,567.64	22,800.00
	2nd		21,410.00		40,950.00	24,700.00
	3rd		22,707.00		48,700.00	26,600.00
	4th		19,200.00		47,016.00	22,800.00
2017	1st		22,400.00		58,854.00	26,600.00
	2nd		18,816.00		54,402.00	22,800.00
	3rd				9,067.00	3,800.00
<b>Total</b>		<b>37,604.82</b>	<b>121,123.00</b>	<b>146,564.10</b>	<b>292,520.61</b>	<b>359,700.00</b>
<b>Employee Totals</b>						
	Thomas Knickerbocker	439,084.71				
	Brandon Frere	359,700.00				
	Matthew A Woods	158,727.82				

### Other Accounts

25. Four accounts either received transfers from or transferred funds to the accounts of interest in Attachment A. These in total exceeded \$250,000.00 for each account. I did not have information identifying the owners of these four accounts when I performed my analysis. Transactions with these accounts are summarized in the following paragraphs and schedules detailing these transactions appear as attachments.

26. By my calculation, an account ending in 7970 received transfers totaling \$3,516,411.00 from the accounts of interest at Attachment A. Also, the accounts of



interest at Attachment A received transfers totaling \$352,000.00 from the account ending in 7970. A schedule detailing these transactions is at **Attachment P**.

27. By my calculation, an account ending in 2303 received transfers totaling \$1,012,084.76 from the accounts of interest at Attachment A. Also, the accounts of interest at Attachment A received transfers totaling \$17,400.00 from the account ending in 2303. A schedule detailing these transactions is at **Attachment Q**.

28. By my calculation, an account ending in 8915 received transfers totaling \$271,814.37 from the accounts of interest at Attachment A. A schedule detailing these transactions is at **Attachment R**.

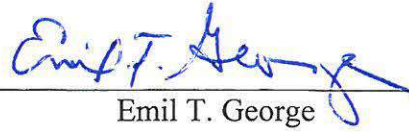
29. By my calculation, the accounts of interest at Attachment A received transfers totaling \$854,000.00 from an account ending in 5475. Also, an account ending in 5475 received a transfer in the amount of \$25,000.00 from the accounts of interest at Attachment A. A schedule detailing these transactions is at **Attachment S**.

### **Payments Summary**

30. I also identified who received payments from the accounts of interest at Attachment A. These accounts had approximately \$31 million of payments. I summarized these payments and determined the percentage of the total went to each payee. A schedule containing 99 percent of these payments appears as **Attachment T**. The column labeled “Percent” in Attachment T shows the percentage of the total amount that went to the specific Payee listed in the row. The column labeled “Accumulated Percentage” reflects the combined percentage of the total amount paid from the accounts of interest at Attachment A to the Payee listed in that row, and all Payees listed previously in the chart (for example, the Accumulated Percentage listed in row 3 reflects the total amount paid to Payees in rows 1-3).

I declare under penalty of perjury that the foregoing is true and correct.

Executed on September 26, 2017.



Emil T. George

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