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UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF CALIFORNIA

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UNITED STATES OF AMERICA,) Case No. 2:11-cr-00537-LKK
)
Plaintiff,) Sacramento, California
) Monday, January 23, 2012
vs.) 10:19 A.M.
)
TROY STRATOS,) Hearing re: further
) detention hearing.
)
Defendant.)
_____)

TRANSCRIPT OF PROCEEDINGS
BEFORE THE HONORABLE EDMUND F. BRENNAN
UNITED STATES MAGISTRATE JUDGE

APPEARANCES:

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DEFENDANT'S ARGUMENT

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LEGEND: P = Pickles
U = Urban
* = Direct by Statement rather than questioning.

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<u>FOR PLAINTIFF:</u>	<u>FOR I.D.</u>	<u>RECEIVED</u>
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1 SACRAMENTO, CALIFORNIA, MONDAY, JANUARY 23, 2012, 10:19 A.M.

2

3 THE CLERK: Calling Criminal 11-00537-LKK, United
4 States v. Troy Stratos. Your Honor, this is on calendar for a
5 detention hearing.

6 (Pause.)

7 MR. PICKLES: Good morning, Your Honor. Todd Pickles
8 for the United States.

9 MR. URBAN: Morning, Your Honor. Walter Urban for
10 Mr. Stratos who's present in court in custody.

11 THE COURT: All right. Good morning, counsel. All
12 right. This is on for further hearing on the government's
13 motion for detention. At the prior hearing the defendant
14 requested to make a statement. He was placed under oath and
15 testified for -- at length. The -- it appeared that he was
16 getting close to wrapping up, Mr. Urban, but it appeared that
17 he still had more he wanted to say. What --

18 MR. URBAN: If --

19 THE COURT: How do you wish to proceed this morning?

20 MR. URBAN: Since we broke last we've consulted, gone
21 over a number of materials, and it's my understanding he
22 wish -- he -- I think another --

23 (Pause - counsel and defendant confer.)

24 MR. URBAN: Yeah. He just has a few minutes to
25 complete his direct testimony, and then I've been handed a

1 number of materials this morning which I think we're ready to
2 proceed on, but I'm ready for cross examination now, but I'll
3 need about two minutes with my client. Something was just
4 handed to me, if I may? And also, before I go any further, I
5 want to thank the Court for scheduling today's appearance.
6 Judge Carter, my trial judge is very thankful that we were able
7 to accomplish this today. I'm here all day.

8 THE COURT: All right.

9 MR. URBAN: And --

10 THE COURT: We --

11 MR. URBAN: -- if I may?

12 MR. PICKLES: Your Honor --

13 THE COURT: Yes, you may. Mr. Pickles, how -- do you
14 have some time frame estimate as to cross or --

15 MR. PICKLES: I don't think it should last more than
16 an hour. I will say I provided Mr. Urban some exhibits that I
17 intend to use during the course of my examination. As Mr.
18 Stratos is still under oath and providing testimony, I don't
19 believe it's appropriate to discuss the contents of those
20 documents if that's what Mr. Urban was speaking about.

21 THE COURT: Yeah. I'm not going to interfere with
22 the attorney/client communications between Mr. Urban and his
23 client. You're certainly free to examine as to whether or not
24 there -- well, we'll just have to take it as we go along. I am
25 going to have, on cross examination, rather than simply a

1 narrative statement, we'll go by question and answer. I'm
2 inclined to have the defendant testify from the witness stand.
3 I think the dynamics will work better that way. Is there -- is
4 that cause any problems as far as the marshals are concerned?

5 MR. URBAN: If I just -- if I could consult before he
6 goes up there?

7 THE COURT: Yes, you can do that.

8 MR. URBAN: Okay.

9 THE COURT: But let me first ask the marshals.
10 Is -- you have any problem with the defendant testifying from
11 the witness stand?

12 THE MARSHAL: No, Your Honor.

13 THE COURT: All right. You may consult with your
14 client.

15 MR. URBAN: Thank you, Your Honor.

16 (Pause - counsel and defendant confer.)

17 THE COURT: All right, Mr. Urban, are you prepared to
18 proceed?

19 MR. URBAN: Pardon me, sir?

20 THE COURT: Are you prepared to proceed?
21 Are -- you're -- you were -- you needed a moment to speak with
22 your client.

23 MR. URBAN: I do. I do.

24 THE COURT: All right.

25 MR. URBAN: If I -- literally another moment, please?

1 THE COURT: All right.

2 MR. URBAN: You know, I have a question too, while
3 we're at it. I have a copy -- there's been references to a
4 lawsuit that was filed and dismissed. I have a copy of that.
5 I don't believe I introduced it as an exhibit previously, did
6 I?

7 THE COURT: Mr. Clerk, how many exhibits were
8 admitted at the hearing -- the prior --

9 (Pause - Court and Clerk conferring.)

10 THE COURT: All right. There was an Exhibit C which
11 is an agreement. You want to hand that to him and ask him if
12 that's what he's talking about?

13 MR. URBAN: No, that's the French dismissal, Your
14 Honor. I'm going to ask that -- and I've shown this to
15 counsel -- a copy of his complaint, it's a civil lawsuit filed
16 by the -- Ms. Murphy against a variety of individuals,
17 including my client. This is the case that was dismissed. I'd
18 ask it be marked next in order. I believe it -- letter D as in
19 David.

20 THE CLERK: D.

21 THE COURT: All right. Have you shown that to Mr.
22 Pickles?

23 MR. URBAN: I have.

24 THE COURT: All right.

25 MR. PICKLES: I -- no objections, Your Honor

1 MR. URBAN: May I --

2 THE COURT: All right, then, yes, you may pass it up
3 to the clerk and it -- with --

4 MR. URBAN: It's lengthy, but I --

5 THE COURT: All right. It's now been marked as
6 Exhibit D. It's received into evidence without objection.

7 MR. URBAN: Thank you.

8 (Pause - counsel and defendant confer.)

9 MR. PICKLES: Your Honor, I'll provide Mr. Stratos as
10 much time as he needs to review any of the documents I'm using
11 during my cross-examination, if that's what he needs.

12 MR. URBAN: Yeah, that -- that's what I was going to
13 ask. I told my client that if he's asked questions about these
14 documents, he'll be allowed to review them before he responds.

15 THE COURT: Yes.

16 MR. URBAN: Since they were just dropped in our lap.

17 (Pause - counsel and defendant confer.)

18 MR. URBAN: And I think, if I may, I was provided a
19 complete copy of these Granite revocable trusts. I'd like that
20 to be -- I know it's going to be talked about. Maybe
21 I -- defense should introduce it as a next in order, please.

22 THE COURT: You want to introduce it rather than have
23 the government introduce it; is that what you're saying?

24 MR. URBAN: I'd like to do it now --

25 THE COURT: Okay.

1 MR. URBAN: -- because I think it's going to be
2 talked about.

3 THE COURT: All right. Any objection, Mr. Pickles?

4 MR. PICKLES: No, Your Honor.

5 THE COURT: All right.

6 MR. URBAN: May I approach?

7 (Pause.)

8 THE COURT: All right. That's now been marked as
9 Defendant's Exhibit E.

10 MR. URBAN: E as an Edward, Your Honor?

11 THE COURT: Yes.

12 MR. URBAN: Thank you.

13 THE COURT: Exhibit E. All right. Are we ready to
14 proceed now?

15 MR. URBAN: Yes, sir.

16 THE COURT: All right. Mr. Stratos, if you'd take
17 the witness stand, please?

18 (Pause - counsel and defendant confer.)

19 MR. URBAN: And I believe the defendant wishes
20 to -- approximately two to three minutes complete his opening
21 remarks, Your Honor, from the stand, please.

22 THE COURT: All right. All right, Mr. Stratos, I'll
23 remind you that you continue to be under oath and I'll also
24 remind you that you've, although you had the right to remain
25 silent, you elected to make a statement --

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1 THE DEFENDANT: Yes, sir.

2 THE COURT: -- so any statements that you make can be
3 used against you.

4 TROY STRATOS, DEFENDANT, PREVIOUSLY SWORN

5 THE COURT: All right. You want to proceed with
6 your --

7 THE DEFENDANT: Yes, sir.

8 THE COURT: -- whatever it is you wanted to say?

9 DIRECT TESTIMONY (RESUMED)

10 THE DEFENDANT: Good morning, Your Honor. With
11 respect to what I was speaking about last time I was in your
12 courtroom, I am frightened, I am shocked, and I am amazed that
13 the United States would find cause to indict me and recommend
14 my detention. I feel that the issue that I am being charged
15 with is a civil one rather than a criminal one and I believe
16 that it is an issue, but it is not one that I am willing to run
17 from. I, in every instance of my life, have faced challenges,
18 whether delayed or whether present. I don't run from issues
19 and this one being the greatest issue and challenge being my
20 freedom.

21 I plan to stand -- this is my home town community,
22 and California is my home state. And I think evidence -- as
23 evidenced by people in this courtroom that I see today, family
24 and friends and colleagues and my -- I believe that my cause
25 for staying and dealing with this issue from a love perspective

1 is greater than anything. I have my grandmother here who, Your
2 Honor, was a product of a unsuccessful abortion and that woman
3 over there and my -- and when I was seven months took the time
4 to raise me in her own family. She's my mother's mother, and
5 she's recently lost her husband of 68 years and I am her
6 primary support. I think that staying for her is a greater
7 obligation personally.

8 Also, I have a stepmother here who by her presence
9 here today, her name is Nancy Wilson, and she has posted
10 property for my bail today. And for her to stand and fly with
11 formerly a collapsed lung, glaucoma, advanced osteoporosis and
12 emphysema, for her to be here in this courtroom to me speaks
13 volumes about my ability to stand back and defend myself. Just
14 in honor of her, she is 74 years old. She is having her 75th
15 birthday and she's the biggest cultural icon in our family and
16 she's worthy, and I'm honored to be associated with her. And I
17 would like very much, since her birthday is February 20th of
18 this year, you know, milestones of 75 years, 75 albums, which
19 I'm executive producing her 75th album and 60 years in music is
20 not an opportunity that I want to miss, and if in detention, I
21 will not be able to do the work that I need to do to celebrate
22 the fact that this woman accepted me into her family and
23 allowed, for the last approximately three decades, she's gone
24 through a lot with me from my education to I was sued for a
25 failed music project for \$2.1 million which I'm certain that

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1 the United States is aware of and I faced that issue, as she
2 did. We did it together and I have settled that issue, and I
3 don't know if that's been admitted as evidence that I have done
4 so, Walter, but you have proof of that settlement of the Dennis
5 Rush lawsuit, which I came back from Europe to settle, and
6 other things.

7 I don't believe that I'm a flight risk. I've never
8 flown from anything. I think that the two personal reasons
9 that I've given you are not even eclipsed by the professional
10 ones, which are I have spent a lot of time, many months, and a
11 lot of money preparing a McDonald's commercial -- a two minute
12 McDonald's commercial for Super Bowl, which is approximately
13 less than two weeks from today, and that commercial is not
14 finished. Mr. Lukinator (ph.) came and testified that I was
15 involved in that commercial. I am legitimately that project's
16 director and executive producer and I desire to finish and
17 complete that and earn the kind of income that I have spent
18 over a decade trying to develop, just -- also, I know it's been
19 brought to the Court's attention that I am the founder of
20 Facebook shares for buyer and seller and now that that's all
21 out in the open and the United States has communicated with one
22 of the buyers of those shares and, you know, I am anxious and a
23 month late in delaying that -- on getting completed, which is
24 by far the largest pay date I have ever had. And I know that
25 is part of -- if I am released, as part of my commitment to

1 detention, I will communicate and be very transparent with that
2 transaction as I know that if I'm not out there to close that
3 situation, it will fall apart. I will suffer catastrophic
4 economic loss.

5 I desire to pay my taxes. I desire to be a
6 participating American citizen with the same rights that the
7 woman who's filed a complaint against me has. I
8 also -- there's a gentleman in the audience or in the Court,
9 his name is Wayne Joffe. I asked Mr. Joffe to leave his post
10 at Tom Ford Fashion and also he was being being wooed by the
11 Burberry Company in London. He's a master menswear designer
12 and I had had every and have every intention of launching a
13 clothing line called City of Troy based upon the City of Troy
14 and the fact that I am its progenitor -- that it's -- brain
15 child behind the idea. Mr. Joffe has been waiting at a huge
16 economic loss to start working on that project and he is -- I
17 can't imagine his economic losses to this date and how very sad
18 that I feel that I am not out there to help advance that
19 project.

20 I see my Uncle Steven in court who gave Sacramento
21 20 -- approximately 20 years of service as a Sacramento police
22 officer who really taught us a lot about abiding by the law.
23 He's probably arrested many hundreds of people that have been
24 in the same jail that I'm currently residing. My uncle, Dennis
25 Stafford, is a correctional officer at Folsom prison for, I

1 think, almost three decades. These are Viet Nam war vets. My
2 grandfather's a World War II vet and we didn't -- I didn't
3 spend 45 years without breaking the law to come in and all of a
4 sudden be an offender and go down in this manner.

5 So my primary reason for not being a flight risk,
6 sir, Your Honor, is because I don't believe that I would lose
7 against the United States in these charges against me,
8 regardless of their 42 boxes and their 75 302s. I think that
9 the most important interview is mine. I think that I can prove
10 that the woman and her associates filing this complaint against
11 me are doing it for alternative reasons than justice. I
12 believe it's financially driven, as evidenced by the civil case
13 that she filed after meeting with me and the wild allegations
14 that were made, including Civil RICO, which were vastly untrue.

15 You know, the United States, earlier in testimony in
16 Los Angeles, said that Ms. Murphy's counsel dismissed
17 themselves out of the case, and that may be true or maybe not,
18 I don't know. But I do know that many of the defendants that
19 were named in that case, three of which are my attorneys who
20 hold records. One is a -- the Bank of America,
21 other -- another is a banking official. They were dismissed.
22 It is my understanding that they were dismissed before I got to
23 the case. I was never served for that civil case, yet I still
24 showed up.

25 In regards to France, the only thing that's relevant

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1 there is I was detained in France for a month and 19 days on
2 false accusation on refusal to pay a hotel bill. But at that
3 time, sir, I was maligned. I was put on French television. I
4 was called an international con man. I was -- my Rolodex, my
5 passport, my driver's license, and Social Security Number was
6 put on line. The woman filing the complaint hired a private
7 investigator named Bill Branscum from former Justice Department
8 to come over and who had spent many years trying to malign me
9 on line on a frauds and scams website. I am aware that he
10 tried to keep me detained there on behalf of his client while
11 publicity was running in her favor.

12 I'm aware that recently, through the -- Ms. Truu's
13 (ph.) testimony, I looked at the documents that the -- Ms.
14 Jones or someone from the FBI tried to move my code blue rating
15 to a code red to keep me detained in a foreign country and I'm
16 wondering why that's the case, why they would do that,
17 especially when it was not -- it turned out to be not what they
18 said it was, and I was willing to stand for that, sir. I
19 stayed in France with a valid passport and didn't flee. When
20 the -- Judge Kideo (ph.) ordered my release to the United
21 States, I came back to look after my family. I did that, and I
22 also contacted probably many of the people in Mr. Pickle's file
23 on his 302s to find out if there was any way I could make
24 amends, if there was any money that I owed, if there was
25 anything that I could do.

1 I tried to get back into work, you know, you -- in
2 the work that I do, you know, it's easy for the United States
3 to say they're worried about me being -- defrauding someone,
4 sir, or saying they're worried that I'm going to be some sort
5 of flight risk or a risk to the community. I'm not a danger to
6 the community. I have not had a prior criminal record. I
7 don't own a weapon. To my knowledge, I don't have assets or
8 monies outside this country. I have had a bank account outside
9 of the country at HSBC in London. It was closed because of the
10 on line. You know, they -- the bank does a know your client
11 Google search and when you Google me, boy, I look really bad.
12 But a lot of those accusations were unfounded and many of those
13 really horrible and slanderous accusations have been dropped as
14 a result of me contacting the people that placed those articles
15 there. Many of them contacted the FBI because on their website
16 was an FBI hotline. I'm unaware of an FBI ever running a
17 hotline, yet they didn't shut it down and they took many, many
18 testimonies from people who called into that hotline in
19 Sacramento.

20 I would like to also say that when I was in France I
21 asked my counsel to call the FBI and I offered myself an
22 interview to try to circumvent some of the issues that are now
23 brought up today. I was told that the FBI did not want me and
24 that I was not a subject of investigation even though my boxes
25 had been subpoenaed and that they were investigating looking at

1 smoke, looking for fire and that it was the Sacramento office
2 that was doing it. I was aware that my former -- my ex
3 girlfriend and former best friend had family that was connected
4 with the FBI and they were upset about my union or reunion with
5 her because of her notoriety and her big splashy divorce. I
6 went through that divorce with her for eight months. I spoke
7 to the ex-husband and I even tried to reconcile the couple. I
8 didn't start a -- an intimate relationship with the woman
9 filing the complaint, but I did stay her friend. We did
10 comingle our time and our assets and our energies.

11 You know, I'm a creative guy. I'm a dreamer. I
12 helped her try to pick up her life and figure out what to do
13 instead of being a housewife that had five kids that was a
14 former wife of a famous celebrity and I trusted her. And I
15 think that this is an issue more of her wondering what she's
16 going to do financially than it is about me violating her. And
17 I'd -- I would be very hard pressed to believe that when this
18 is all over -- and the devastation to my life is already here.
19 I'm sleeping in a cell with two beds that is very, like a
20 bathroom, and it feels like I have no rights at all. But I'm
21 hoping that the mercy of this Court will allow me to step out
22 of this courtroom and out of this jail in Sacramento, go home,
23 and organize a proper defense with proper resources where I can
24 gather proper evidence and I can still earn a living and not
25 allow everything that I've spent years and years building to

1 fall apart. Because if that does that -- if that happens,
2 there's really no benefit I can bring to my stepmother, who
3 is -- believes in me and the associates and the people that
4 stand for me and my grandmother, who I know is in the sunset of
5 her life who's looking for me to spend some quality time with
6 her, who asked me to come back and be here.

7 So I humbly and respectfully ask you to reconsider
8 the no bail option.

9 THE COURT: All right. Mr. Pickles?

10 MR. PICKLES: Thank you, Your Honor.

11 CROSS-EXAMINATION

12 BY MR. PICKLES:

13 Q. Now, Mr. Stratos, before you began testifying --

14 A. Uh-huh.

15 Q. -- in the narrative on a week ago Friday --

16 A. Yes.

17 Q. -- you indicated that you had actually thought about and
18 prepared the testimony you wanted to present, correct?

19 A. I don't recall I saying -- I believe Mr. Urban said that
20 and --

21 Q. Was that incorrect?

22 A. I believe Mr. Urban said that I had prepared a tesitmony.

23 Q. And did you?

24 A. I did not.

25 Q. When you testified a week ago Friday, that was actually

1 against the advice of Mr. Urban, correct?

2 MR. URBAN: That's irrelevant, Your Honor.

3 Objection.

4 THE WITNESS: I'm uncertain. I don't --

5 THE COURT: What -- just a minute. What is the
6 relevance of that, Mr. Pickles?

7 MR. PICKLES: I'm establishing, Your Honor, that to
8 the extent that Mr. Stratos at any point is going to attempt to
9 recant or indicate that somehow had he been advised of the
10 rights provided by the Court or had his lawyer informed him
11 otherwise he would have adhered to his lawyer's advice.

12 THE COURT: All right. I think his attorney's advice
13 is irrelevant. Sustained.

14 MR. PICKLES: Understood, Your Honor.

15 BY MR. PICKLES:

16 Q. Mr. Stratos, you testified a week ago Friday with respect
17 to -- well, first of all, you recall that Viive Truu testified
18 a week ago Friday?

19 A. Yes.

20 Q. And during her testimony she indicated that you had told
21 her that you had money overseas that was tied up and for that
22 reason you needed to take a loan from her; do you remember that
23 testimony?

24 A. I recall her saying that, but I also recall her
25 misunderstanding that and --

1 Q. Right. And when she misunderstood -- your narrative
2 testimony was that she misunderstood --

3 A. Yes.

4 Q. -- that you actually had friends who had resources
5 overseas but you never had money overseas. That was your
6 testimony a week ago Friday, correct?

7 A. Well, I do not have money overseas.

8 Q. And your testimony a week ago Friday was that you never
9 had money overseas, correct?

10 A. Well the kind of money that I think in perspective that
11 we're talking about, where Viive would loan me money, I -- let
12 me just say that I did not have the resources overseas that
13 would justify, you know, anybody outside of the kindness of
14 their heart giving me an opportunity to grow a business as I
15 did with Ms. Truu in Canada and also in the United States. So
16 I can say that Ms. Truu's contribution or loan to me was made
17 out of her own personal choice, not by some twisted up story
18 that I might have given her or not given her. So --

19 Q. So when you testified a week ago Friday that you never had
20 money overseas, that wasn't completely accurate, correct?

21 A. I don't have money overseas, sir.

22 Q. Did you ever have money overseas?

23 A. I do not have money overseas.

24 Q. Did you ever have money overseas?

25 A. In 2008, eight, seven years after I met Ms. Truu I had a

1 bank account overseas.

2 Q. How much money was in that bank account?

3 A. I don't recall. Varying amounts of money.

4 Q. What was the most that was ever in that account?

5 A. I'm not sure.

6 Q. Can you give me an estimate?

7 A. I cannot, unless I look at my records. There's a lot of
8 activity in that bank and I'm certain in discovery when we get
9 to trial I'll be able to present that happily. I don't even
10 have those records myself, Mr. Pickles.

11 Q. And 2008 was the only year that you've had money --

12 A. Well, I mean --

13 Q. -- overseas?

14 A. -- not the only year. I mean I can say that it might have
15 carried over to 2009, you know. I established the account I
16 believe in 2008. I -- if I recall correctly, I established it
17 while I was in London. And it was a transferred account from
18 HSBC US and I had requested to open in London since I was a
19 tourist in London and I needed local banking since there was a
20 tremendous amount -- HSBC is an international bank and having a
21 local account provided privileges that allowed me to have more
22 instant access to money.

23 Q. And this HSBC account that was opened in London, that's
24 the only foreign account you've ever had?

25 A. To my recollection, sir, that's -- I tried to open an

1 account at UBS in Switzerland. I -- Ellie -- I can almost
2 remember the banker's name, but there's no deposit put into
3 that account and I'm not certain that that was opened, but I
4 did go there, I did present my passport, I did sign papers to
5 open an account. I'm not certain that it was actually opened.

6 Q. And that was also in 2008?

7 A. Oh. I, you know, if I recall correctly, I was in
8 Switzerland in 2008 and think I spoke to a gentleman named
9 Alesandro (phonetic) -- a banker -- wow. I can't remember his
10 last name, but I think his first name was Alesandro, and it was
11 in Zurich, Switzerland, at the UBS there and I did fill out
12 papers and present my passport, but I did not institute a
13 balance there.

14 Q. Other than the money that was held in the HSBC account,
15 have you ever had any other money overseas?

16 A. Hmm. I don't recall any other money overseas, sir.

17 Q. Now let's talk about your current assets. You've
18 informed -- well you recall during your interview with Pretrial
19 Services you were asked about what assets you currently have?

20 A. Are we talking about Pretrial Services in Los Angeles
21 or --

22 Q. No --

23 A. -- or Pretrial --

24 Q. -- we'll start here. In Pretrial Services here --

25 A. Okay.

1 Q. -- in Sacramento.

2 A. All right.

3 Q. And you were asked about what assets you currently have,
4 correct?

5 A. I was asked about what -- there were specific questions
6 about assets, living situations, bank accounts, transportation.
7 I did answer to the best of my knowledge the questions that
8 were asked of me.

9 Q. Okay. And with respect to real property, you listed three
10 cars; is that right?

11 A. Yes. I believe I have three cars that are titled under
12 a -- an LLC that I am the beneficiary and owner of.

13 Q. That's Soumaya Securities?

14 A. LLC.

15 Q. Okay. Soumaya Securities?

16 A. Yes, sir.

17 Q. And those cars, they're purchased in the name of Soumaya
18 Securities, are for your benefit, correct?

19 A. Yes, sir.

20 Q. And you've -- those are the three cars you've offered to
21 the Court as a condition of your release?

22 A. Yes, sir, and they do not have any financial background to
23 Ms. Murphy or anything related to that, so, I mean, there's
24 a -- there seems to be an impending fear that I'm spending
25 Nicole's money right now, and that's simply untrue.

1 Q. The cars that you -- when did you purchase these three
2 cars?

3 A. I purchased them in 2011.

4 Q. Can you give me a year -- a estimate within that year?

5 A. Oh. I don't -- you know, I don't want be inaccurate. I
6 purchased the Range Rover first. I purchased the Audi and the
7 Camaro afterward in 2011.

8 Q. And right now you value those three assets at
9 approximately \$200,000?

10 A. That -- you know, I don't have a Blue Book or I didn't
11 have any formal document in front of me. I know
12 what -- approximately what was paid for those cars and I also
13 had asked, when I was on a telephone call with a friend, what
14 the going rate for the car was -- cars were. The Audi RAV 10
15 convertible, it was purchased at a high dollar amount, but
16 apparently it's depreciated about \$100,000, which is appalling
17 to me, and I understand that, but I'm told that the same car
18 that I purchased for over \$200,000 is now only worth 125 to
19 130,000. I don't know if that's true. I don't know what the
20 value is. It's got low mileage. I -- it doesn't have any
21 salvage. It -- no dents, no -- I, you know, and as for the
22 Range Rover, I don't know the proximate value. I know that
23 it's also -- it's got a couple thousand -- I don't know how
24 many miles it has on it, but I do know that it -- the cars are
25 kept in impeccable condition and so that approximate value how

1 it was achieved, I'm not quite certain how it got there,
2 because I didn't have any formal document to compare it to and
3 I hadn't spoken to the car dealer or anybody that
4 professionally sells car to know. The only value that I
5 compared for sure was the Audi in finding out what its resale
6 value would be if it were sold at this time.

7 Q. And so I'm understanding you, you spent well over \$200,000
8 on these vehicles, but that's the current value you assign to
9 them?

10 A. Yes, sir.

11 Q. Now the -- that's real property. Is there any other real
12 property in your possession that can be posted as a bond? Or I
13 mean posted to secure your release?

14 A. Well, I -- I'm not really sure what's valuable to you or
15 what can be posted like --

16 Q. Monetarily (sic) valuable.

17 A. Well, I mean, like a television? Is that -- are we
18 talking about that?

19 Q. Did you tell a person by the name of Barry Fieldman last
20 year you had a piano worth over \$100,000?

21 A. That piano has not been appraised. It's a -- it's an
22 antique piano. I do have an old piano. It's in need of
23 renovation and it was built in 1906. It's currently in
24 disrepair and it -- it's been restored once. It was shipped
25 and purchased a long, gosh, in Canada and it was brought over

1 to the US and it is currently in storage. It is not -- at this
2 point, when I spoke to Mr. Fieldman last year, he said it
3 didn't have any value and I should just keep it. I have done
4 so and, you know, that's where it is right now, just sitting in
5 storage. If it -- if you want it, you can have it. I don't
6 know what it's worth.

7 Q. Well you told Mr. Fieldman you thought it was worth --

8 A. Mr. Fieldman --

9 Q. -- \$100,000.

10 A. Mr. Fieldman thought that, because of its provance
11 (phonetic), because who might have played it and who might have
12 owned it he thought maybe it would have some sort of other
13 implied value if it was marketed, but it has not been marketed,
14 sir.

15 Q. But you told Mr. Fieldman it was worth --

16 A. No.

17 Q. -- \$100,000.

18 A. I believe that I told Mr. Fieldman I wanted \$100,000 for
19 it. I don't know that it -- what -- I do not know, Mr Pickles,
20 what it is actually worth.

21 Q. The -- you've -- or informed Pretrial Services here in
22 Sacramento that they should contact your current bookkeeper,
23 Mark Chapman, to determine any money you have in bank accounts;
24 is that correct?

25 A. Mr. Chapman would know, and has full disclosure on

1 available monies that are in current accounts for Soumaya
2 Securities, LLC, which by the way are the only -- would be the
3 only account that I bear right now because I, subsequent to
4 your -- the person filing the complaint and filing a civil suit
5 against Bank of America, Bank of America closed me down and put
6 me on check systems. Now that I'm on check systems, it -- it's
7 virtually impossible for me to open a personal bank account;
8 checking or savings. So as a -- as an LLC, Mr. Chapman and my
9 law firm was able to open an account which allowed me to be the
10 beneficiary of, you know, a regular life. So I -- I'm not
11 really sure the semantics of how they prepared those accounts
12 or those paperwork -- that paperwork, but I did comply and I
13 did cooperate with them.

14 Q. So at some point, and just so I'm thorough, you did have a
15 Bank of America --

16 A. Yes.

17 Q. -- checking account in your name -- or a bank account in
18 your name?

19 A. At some point I have had a personal and corporate accounts
20 at Bank of America. I would be happy to submit, if you don't
21 already have all of those records, I'd be happy to submit them
22 to you when I -- I think they're in your boxes, actually.
23 You've got the originals.

24 Q. The corporate account, that was a Troy Stratos Enterprises
25 account?

1 A. Now, interesting you mention Troy Stratos Enterprises.
2 Troy Stratos Enterprises was set up by a bookkeeper named Sheri
3 Farley. It was not set up by me. It was set up in Granite Bay
4 by a bookkeeper named Sheri Farley. She had been working as an
5 independent contractor, not under contract as my employee, at
6 the time of your subpoena to her -- or the FBI's subpoena to
7 her. She signed a confidentiality agreement with no employment
8 agreement, and she opened Troy Stratos Enterprises because
9 whatever monies needed to go to maintain either payroll,
10 expenses, expenses related to Ms. Murphy's property in Granite
11 Bay, or the Granite TN Trust revocable trust which we had
12 together, those monies were directed -- it was my -- it's my
13 recollection that they were directed from Granite TN Trust to
14 Troy Stratos Enterprises and I can tell you that the books,
15 records and the details as well as the actual day to day
16 transactions on that account were with Ms. Farley and it was
17 Ms. Farley who was also a signer, an authorized signer on that
18 account who had gone into the bank to set up that account.

19 So, you know, I looked at your complaint at, you know,
20 these apparent or alleged fraudulent transactions and I'm quite
21 certain that if we -- whether it's this interview or any other
22 interview from now until the time we have trial I'm certain
23 that I can add -- illuminate a lot more truth to the situation
24 than perhaps you have in those boxes. But Troy Stratos
25 Enterprises and that account, sir, was supposed to be, in my

1 understanding, an operating account to pay bills and that was
2 the primary reason for that account.

3 Q. You were a signatory on that account?

4 A. Of course.

5 Q. And the account was created based on your instruction,
6 correct?

7 A. No. It was actually created at the advice of Sheri
8 Farley, who wanted a separate account from the Granite TN Trust
9 account and the Nicole Murphy account also at Bank of America.
10 She wanted to diversify and wanted an account that she could
11 keep a record of all transactions on.

12 Q. Okay. And just so I understand, then, you had nothing to
13 do with the creation of this account other than -- or having
14 your name be signatory.

15 A. She presented me the paperwork. She set up the account.

16 Q. The -- you've talked about the Granite TN Trust account.

17 A. Yes, sir.

18 Q. That was an account on which you were a signatory as well?

19 A. Yes. That was a joint signatory with Nicole Murphy.

20 Q. Okay. Now, those accounts have all been closed?

21 A. I'm -- I don't know. Sir, I don't know. I assume that
22 they have been closed because Ms. Murphy has sued Bank of
23 America and I can't get an account there, so I can only assume
24 that they have been closed. I have paid in restitution, Bank
25 of America had a -- an outstanding bill on accounts against me

1 and related companies and it was settled. I settled it when I
2 came back from Europe and I believe I gave them \$93,000. And,
3 you know, please don't quote me on that exact amount because I
4 don't recall exactly what that amount is, and I know
5 transparency is important here, but I know that there was a
6 settlement with Bank of America. I know that I paid it, and I
7 know that if there's anything continuing or outstanding that my
8 accountant will advise me.

9 In fact, he mentioned that there was an old Bank of
10 America credit card that was still outstanding and he had
11 arranged a settlement with that. That may be also one of the
12 reasons I'm still on the check systems. I'm working very hard
13 to clear my name there so I can have a -- an account back in my
14 name because if you're on check systems at one bank, every
15 bank -- it's reported to every bank and every -- there are many
16 banks that have turned me down.

17 Q. The -- you mentioned that you had a personal account and a
18 corporate account. What was the name of the corporate account
19 at Bank of America?

20 A. Okay. I believe I had a TroyCo and I had a personal
21 account, checking and savings, and a credit card account.

22 Q. Those are the only accounts that you had exclusive of the
23 Troy Stratos Enterprises account at B of A?

24 A. The Granite TN Trust account, to the best of my knowledge,
25 yes, sir.

1 Q. Now, you mentioned that after -- well when was the -- when
2 were the personal account and the TroyCo account closed?

3 A. I'm not sure. I was -- when I was traveling as a tourist
4 in the Middle East and Europe, I know that the TroyCo account
5 was still open while -- gosh, in 2008. I believe that those
6 accounts may have been closed in 2008 or 2009. I'm not
7 certain.

8 Q. After that have you opened up any accounts in your
9 name -- well actually, let's establish, what is your legal
10 name?

11 A. My legal name is Troy David Stafford, as evidenced on
12 my -- I believe on my birth certificate. However, I -- my
13 passport reflects Troy David Stafford and also known as Troy
14 David Stratos, which you can, I guess, actually you can admit
15 as evidence. But the reason that I -- at 21 years old at the
16 time I had a choice to either take my father's name, Burton,
17 Wiley Murray Burton and become Troy David Burton or I had the
18 incentive from my grandfather who's of Greek heritage who asked
19 me to go revert back to Stratos, which is, he said is the
20 original family name and they had changed it so that he could
21 work in Detroit as an, you know, a more Americanized Greek man
22 in his family. So at 21 years old I started utilizing Stratos
23 in honor of my grandfather and grandparents who raised me for
24 the maturation parts of my life.

25 So my -- I believe that my legal name reflects -- I don't

1 know if Stratos has been legalized, you know, I don't know that
2 process. I was told that if I utilized that name and the
3 passport office put it on the passport that after a certain
4 period of time of usage it would be legal, but I'm not really
5 sure, and I was prepared to go through whatever legal
6 transactions necessary to include and incorporate that into my
7 name.

8 Q. The -- with respect to the -- subsequent to the closing of
9 the Bank of America accounts in the name -- those are in the
10 name of Troy Stratos, correct?

11 A. Yes. I also, sir, I had a business manager or actually I
12 had two business managers, three -- a couple of
13 business -- well, I don't even know -- maybe -- I had a
14 business manager who opened an account at HSBC Beverly Hills in
15 the name Troy David Stafford with also known as Troy David
16 Stratos and I know that that account was opened in 2001, sir.
17 I know that Ms. Truu transferred money there, and I know that I
18 also had an account in Canada at an HSBC. They weren't, at
19 that time -- I don't know if they're connected now but they
20 weren't connected by computer. There were different
21 affiliations of HSBC so I had an account in Canada at HSBC, I
22 had an account at Toronto Dominion in Canada in Vancouver and I
23 had an account at HSBC Beverly Hills. And I believe that those
24 were under my passport and they used Stafford because Stafford
25 is the first name presented on the passport, and Stratos is the

1 second. I also had -- if I am not mistaken, I had a Next Level
2 Media bank account in Canada in 2001 to 2000 -- I don't know
3 exactly when. This is a long time. I don't recall exactly,
4 but I do know that I established accounts at these banks, and
5 I'd be happy to provide those records for you.

6 Q. After the Bank of America accounts that were in the name
7 of Troy Stratos were closed, did you open up any other bank
8 accounts in the name of Troy Stratos?

9 A. I opened an HSBC United Kingdom in the name of Troy David
10 Stafford afterwards, I believe, or during that closure.

11 Q. What about in the United States?

12 A. Hmm. In the name of Troy Stratos? I don't believe -- I
13 don't recall that I did.

14 Q. What about in -- under any other name that you opened?

15 A. Here in --

16 Q. Bank account in the United States?

17 A. A personal name? Like -- other than Soumaya Securities,
18 LLC?

19 Q. So we can start with you've opened an account in the name
20 of Soumaya Securities LLC?

21 A. Yes.

22 Q. Where was that opened?

23 A. Bank of America after I settled the \$93,000 payment with
24 them.

25 Q. And this was after you were on the check system?

1 A. I went into Bank of America in Century City, which is at
2 the base of a law firm that represented me, Venable was the
3 firm. I'm sorry if I'm speaking too quickly, and I presented
4 my documents. My lawyers came down and they explained the
5 situation. They presented the fact that I was a victim of
6 internet slander and I was being maligned and they sat down
7 with the banking representatives and the Bank of America had
8 decided at that time to open the account. I attempted to open
9 accounts elsewhere; Wells Fargo, various banks, and they turned
10 me down. Wells Fargo accepted my check -- accepted money,
11 but -- from the -- that came from my law firm to open the
12 account but then it -- they had refunded it back and didn't, in
13 fact, allow me to do business at Wells Fargo. We tried various
14 other banks to try to set up a personal checking and savings
15 account, but they were unsuccessful.

16 Q. The -- so is the Soumaya Securities account the only
17 account you've opened subsequent to the closing of -- in the
18 United States of your Bank of America personal and corporate
19 accounts?

20 A. Well, I also opened, if this is in -- I'm trying to
21 remember, you know, a -- two brokerage accounts; one at UBS in
22 Century City and one at, oh, I think it's LPL. That's also a
23 brokerage account, you know, investment account and those were
24 both closed as well. They -- when they did the know your
25 client and Googled my name and went through the whole process

1 that they go through to get acquainted, they closed me down. I
2 attempted to open at First --

3 Q. I'm sorry, what year was that?

4 A. 2011. I attempted to open at First Republic. They turned
5 me down. East West Bank, they turned me down. I mean, I tried
6 to open at City National Bank, I believe Union Bank. I'm not
7 sure. I had a credit repair specialist that was trying very
8 hard to put me back into a place where I could write my own
9 checks and have an ATM card and pay my own bills. But I did
10 have access to Bank of America for a while until they closed me
11 down. They didn't issue the reason. They told me I was on
12 check systems and they told me that there was some sort of, you
13 know, Venable is the -- the law firm that represented me also
14 represents Bank of America in transactions and when Bank of
15 America closed me down, Venable came downstairs and asked why
16 did you close him and they had an internal discussion and
17 Venable said that they couldn't be my lawyers in conflict with
18 Bank of America's issue that they were having and also Bank of
19 America illuminated the fact that they were being sued by Ms.
20 Murphy in open court -- in federal court and they
21 didn't -- they disassociated themselves with me. I'm not
22 exactly sure. I've -- I was never told the reason. All I knew
23 is I was flapping around without a bank account trying to
24 figure out what to do.

25 Q. Okay. So the Soumaya Securities account that was opened

1 at B of A by you was ultimately closed as well?

2 A. Well, there's one that's open now at -- I believe it's
3 Preferred Bank that was opened by Mr. Chapman, my accountant
4 and it's open currently and it's active currently.

5 Q. But stepping back, you informed -- it was your testimony
6 that you opened a --

7 A. Yes.

8 Q. -- Soumaya Securities account --

9 A. The Soumaya --

10 Q. -- at B of A --

11 A. The --

12 Q. -- and that's been closed?

13 A. Yes. The Soumaya Securities LLC account at B of A had
14 been closed and I had -- the monies that were in it were
15 refunded to me. Or to Soumaya. I then took those monies to my
16 law firm. I said what do I do now and they said we can open a
17 broker account for you and we can -- to where you can cash this
18 money and utilize it as you need it and we can also put it in
19 client trust account and we can help you in your transition
20 while we search for a bank.

21 Q. And which firm was this?

22 A. Venable.

23 Q. And what --

24 A. And also the other firm is Miller Berendes (phonetic).

25 Both Miller Berendes found a brokerage account for me and

1 Venable found a brokerage account for me. I had two at the
2 same time.

3 Q. And those are the accounts you've already discussed?

4 A. Yes, sir.

5 Q. And those accounts have subsequently been closed as well?

6 A. Yes, sir.

7 Q. Okay. And so the only account that you currently have
8 access to funds is an account maintained by Mark Chapman in the
9 name of Soumaya Securities?

10 A. To the best of my knowledge it is maintained by Mark
11 Chapman and Ms. Susan Sweeney is a signer -- an authorized
12 signer on that account.

13 Q. Okay. Now, at the time that you were arrested, you were
14 living at a complex called The Cove; is that right?

15 A. Yes. It's in Marino Del Rey. It's a high rise
16 condominium. I rent --

17 Q. And that was the condo that you prepaid for a year's rent
18 starting in May of 2011?

19 A. Yes, sir. I --

20 Q. And that was for, I'm sorry, \$14,000 a month?

21 A. You know, I don't recall exactly what it was. It's
22 probably around that. It's a really nice place that was
23 designed and built by -- decorated by the founders of Graces
24 Gucces, Sandra Gucche (phonetic) and her husband that I guess
25 they eventually sold out to Whole Foods, but they -- it's a

1 great place. It's on the 18th floor. It's a penthouse. It's
2 about 3,800 square feet and it was fully decorated with, you
3 know, so there wasn't much thought there, so I prepaid because
4 I didn't have the credit to make payments. And they also had
5 Googled my name and saw all the horrible things written about
6 me and they said the only -- they also went through legal.
7 They dealt with my law firm and their law firm and a lot of
8 time and money was spent in trying to make sure that they felt
9 that I was a qualified risk to take because of my credit
10 history and because of the malignment that had gone on with my
11 reputation on line.

12 Q. Now, you also have an apartment in Venice Beach that you
13 prepaid beginning in October of 2011 at \$9,000 -- I'm sorry,
14 \$9,000 per month --

15 A. Okay, that --

16 Q. -- and prepaid for a year.

17 A. -- that place is on Indiana. It's in Venice, and it's
18 a -- it's more of a -- I got it because it was a work space
19 that Mr. Joffe could start working at while we built out a more
20 corporate environment. It's a -- it's not an apartment. It's
21 a two storey house that's in a live/work area of Venice. If
22 you know -- if you've been down in Southern California, there's
23 a really popular street called Abbott Kinney and a lot of the
24 offshoots -- Robert Downey Jr. lives there, Dennis Hopper
25 passed there. There's a lot of live/work -- and Phillip Dixon

1 has a photography studio there. But it's -- it -- when you're
2 designing clothing, there are a lot of independent designers
3 that are on that street that put their work and their
4 wares -- even Mr. Hopper, who's across the street from this
5 particular house -- who was before he passed, he had all of his
6 production company and everything in where he worked and it's
7 that kind of bohemian, eclectic environment.

8 The reason I had forgotten to tell Becky at Pretrial
9 Services about it is because I've probably spent 10 minutes in
10 the place. It -- we had the kitchen ripped out to try to make
11 it more of -- it's a huge gallery space. It's a one bedroom,
12 6,000 square foot place, if you can imagine the size of the
13 bedroom, and it -- it's blank right now. We just did the
14 floors and we were contemplating doing a kitchen. I consider
15 the place unliveable right now, so I didn't consider it a live
16 space and I had not actually remembered it until she brought it
17 up and then I of course am happy to cooperate with the details
18 of it.

19 Q. Are you paying rent on any other places?

20 A. Excuse me?

21 Q. Are you paying rent for any other places?

22 A. Okay. Soumaya Securities, LLC I believe has office space
23 in the 2029 Century Park East Tower of Los Angeles where
24 records and files are stored and allow us, you know, access to
25 conference rooms and other service -- mail services. Also I

1 rented another office space in the 1999 Avenue of the Stars
2 briefly, but I believe that rent has been terminated. It was a
3 month to month executive office for Soumaya Securities, LLC,
4 but we --

5 Q. 1999?

6 A. 1999 Avenue of the Stars.

7 Q. Oh, okay.

8 A. The -- I'm sorry, the 11th floor, and it's an executive
9 office suite that I was paying, gosh, five, 6,000 a month for
10 but nobody used it so we -- I think we terminated it.

11 Q. Now, the -- and you mentioned that this live/work space
12 on -- in Venice Beach is associated -- or is it associated with
13 your TroyCo clothing line?

14 A. No, TroyCo is long gone. TroyCo, you know, I -- I'm not
15 doing business --

16 Q. So what -- how many companies do you currently own?

17 A. I don't know about owning companies. I'm trying to, you
18 know, Mr. Pickles when you get arrested in a foreign country
19 for a month and 19 days and you're masticated all over the web
20 and everybody knows your face and thinks you're a con man, you
21 have to start over. But I came back here to start Soumaya
22 Securities, LLC is a business account, two, City of Troy, which
23 is a clothing line, three, Trojan Horse Entertainment, which is
24 an entertainment company which allows me to do commercials,
25 music projects, film projects, you know, things that I was

1 educated to do and that I've lived and strained and borrowed
2 copious amounts of money to try to do. And so I would say that
3 I'm trying to get those things off the ground. If you were to
4 ask me what I'm working on and what I'm focused on, I'm focused
5 on developing Trojan Horse Entertainment as a solid company
6 that is earning a good amount of money and hopefully we'll be
7 able to pay taxes in -- for 2011/2012. And I know that Soumaya
8 Securities, LLC is more of a business account based -- business
9 holding company, LLC, and City of Troy is a menswear clothing
10 line that will evolve into a women's wear clothing line if I
11 get fortunate enough to develop it.

12 Q. How much income did you make from City of Troy in 2011?

13 A. Zero.

14 Q. How much income did you make from this Trojan Horse
15 company in 2011?

16 A. Zero.

17 Q. And how much income did you make from Soumaya Securities
18 in 2011?

19 A. \$11,250,000.

20 Q. Now, when you were asked by Pretrial Services about
21 Soumaya Securities --

22 A. Yes, sir?

23 Q. -- you didn't actually give them a amount for your income.
24 You just said it was a seven figure finder's fee?

25 A. To be clear, I think we're talking about Amy in Pretrial

1 Services Los Angeles, and I can tell you what I said. I said,
2 it's millions of dollars. At the time that she interviewed me,
3 it was December 21st or 22nd. I'm not sure what date. I know
4 that it was before Christmas, and I thought that I was getting
5 out on bail for \$250,000 and I was expecting to close this
6 finder's fee deal, which would yield me another \$11,150,000,
7 which would bring my total earnings to twenty something million
8 dollars for 2011.

9 So when she asked me the question, of course I was excited
10 to tell her how much money I was earning. But at the same time
11 I didn't know exactly what it would be. And I'll tell you
12 another reason why, sir. That's a moving target, regardless
13 of -- when a buyer and a seller sit down to buy private stock
14 in any company, particularly this one, on the eve of them going
15 public they might extend their purchase higher. They might
16 extend -- they might say, oh, well we want to buy feeler shares
17 based upon the price and so that number could have fluctuated.
18 Had I gotten out of detention in the end of December, I truly
19 believe that I would have been able to have found the closure
20 to that deal. I would have known exactly what my income would
21 have been, and I would have been able to answer a more
22 appropriate answer.

23 But I knew that my income was substantial and bigger than
24 any year I'd ever, you know, ever earned any kind of money like
25 that. So I was -- you know, I do also want to say, earlier you

1 mentioned that I was, you know, you're -- the United States is
2 afraid of me defrauding someone in another deal or whatever.
3 That's a sign, Your Honor, that the United States is correct
4 in -- that's a sign that they are, which they're correct in
5 assuming that I'm defrauding Ms. Murphy in this case. But
6 the -- I assure you that the sellers, plural, and the buyers,
7 plural, have met. I have done my function. I have introduced
8 them both. I have arranged for them to exchange paperwork,
9 documents, phone calls, et cetera, and the nature of my finders
10 fee is simply that.

11 My job -- I am not a broker, I'm not an agent, I'm not a
12 dealer. I am not someone who is registered at the Stock
13 Exchange. My sole purpose was I had intimate contacts that
14 were Facebook shareholders and I had an opportunity with
15 legitimate Facebook buyers to put them together and their
16 finder's fee was 56 cents per share and 50 percent of that was
17 forwarded to me in two or three bank transfers into Soumaya
18 Securities, LLC and that is, you know, just so you know, and
19 just to clarify Ken Dennis (phonetic), he's the chief executive
20 officer of Soumaya Securities, LLC. He is a separate person
21 and yes I have spoken on his behalf and I have spoken on behalf
22 of Soumaya Securities, LLC.

23 Q. The -- how much is left of the \$11.25 million you've
24 received in --

25 A. Well, it's --

1 Q. -- 2011?

2 A. -- it's funny. I don't -- I have not seen an accounting
3 myself of that and I'm curious to know where and how all that,
4 but I can tell you this; I'm not sure. A lot of money was
5 spent on the following of that 11 million. A, to make
6 reparation with people I owed money to. Two, to set up
7 businesses. Three, a lot of money was spent in Las Vegas,
8 Nevada for the idea of opening a restaurant, bar and club
9 which, by the way, I have been pursuing since February 25th,
10 2002. Much of the loans that came from Ms. Truu and much of
11 the monies and the time and the years and the research and the
12 projects that I have spent have gone into establishing what
13 would happen in Vegas, even my involvement with Ms. Murphy.
14 Many, many, many months were spent with Ms. Murphy and I in Las
15 Vegas with the -- with that idea in mind and her participation.
16 So I'll be able to illuminate that during the trial, hopefully,
17 if we get that far.

18 Q. So as I understand it you don't know how much is left of
19 the \$11.25 million you've received?

20 A. No. And, you know, I would assume that almost all of it
21 has been spent because I was expecting \$11.12 -- I think it's
22 11.15 million before Christmas. So you can imagine that, you
23 know, I'm a little disadvantaged here. And if you're -- if the
24 United States's goal is to, you know, put me completely in the
25 poor house, go, you know, you're doing a good job.

1 Q. The -- what is your current net worth?

2 A. No idea. I've not done a net worth statement and Mr.
3 Chapman is working on that at the same time he's trying to file
4 my 2011 taxes and prepare me for quarterly reportings for 2012.

5 Q. Have you ever told anyone you're worth hundreds of
6 millions of dollars?

7 A. No. And I resent anyone that has said -- oh, you know
8 what's funny, before I say no I might have joked about it. I
9 might have said it in jest or I might have run around and
10 laughed about it, saying that my value is worth hundreds of
11 millions, but that, you know, I could never qualify that and I
12 could never use that as a tool for business.

13 Q. The -- you agree that you owe Ms. Truu approximately \$10
14 million?

15 A. I do.

16 Q. Okay. And you've paid her approximately \$225,000 this
17 year?

18 A. No. I -- and it's funny. I don't know that Ms. Truu's
19 number is correct. I think that I've paid her more money than
20 that, but she's quite disorganized and I think that we should
21 probably -- as she said, we should do an accounting, but I
22 believe that that number is higher than she had reported.

23 Q. Now, in talking about Ms. Truu, you recall her testimony
24 about you having money overseas, and you've now testified in --

25 A. Yeah.

1 Q. -- in that she was mistaken and --

2 A. I would just like --

3 Q. -- that you have friends who have money overseas?

4 A. I would just like to clarify. I have far more people that
5 care about me and that believe in me than those that are in
6 your 302s against me and I can tell you that what I said to Ms
7 Truu was this. It was October when I met her. I believe we
8 sat down in mid to late October, approximately, and I told her
9 that I was interested in doing business in Vancouver because
10 their film market was 60 cents on the dollar and that -- and
11 when I went to find out how to establish a business like Next
12 Level Media, I was told that you had to have a sponsor or a
13 Canadian counterpart. Ms. Truu was a businesswoman. She was a
14 stock market maven at the time, and she said I will be that
15 person. She had a company called Buckwheat Productions and I
16 thought that was kind of funny because, you know, in America,
17 Buckwheat, you know, that's what my grandmother used to call me
18 when my hair was out of control. But -- so I did accept Ms.
19 Truu's kindness and we have maintained a personal and
20 professional relationship and I established Next Level Media.
21 But I can tell you that I -- I forgot the question. I forgot
22 your question.

23 Q. My question was simply confirming your prior testimony
24 that --

25 A. Oh, yeah, yeah.

1 Q. -- you have friends --

2 A. Yeah. Yeah. Yeah.

3 Q. -- who have money overseas.

4 A. Well here's what it was. I was at the time wanting to do
5 a Coca-Cola commercial with Muhammed Ali and Nancy Wilson and
6 actually got Ms. Wilson's approval and Mr. Ali's approval to do
7 a Coca-Cola Classic commercial and I'd scheduled to shoot that
8 commercial in Vancouver in 2001 to 2002. Mr. Ali had just
9 endorsed a huge Coca-Cola -- he had a huge Coca-Cola
10 endorsement and wanted to spec this commercial with Ms. Wilson,
11 who he had a personal friendship with. And I told Ms. Truu
12 that I had incredible relationships overseas and in the United
13 States that once I had my business built that I would be happy
14 to pitch those projects too and that if I needed distribution
15 or if I needed additional monies, if I had the project, I knew
16 where to look to get a distributor or a factor or someone who
17 would be willing to, you know, to support or help distribute
18 the projects. And I think Ms. Truu thought that because I had
19 these relationships that I also had money with them and I can
20 see how she would think that and I can see how I was
21 misleading. Now that she has said that and I've seen her
22 correspondence back and forth I can see her confusion. But, in
23 fact, we have not had an elaborate conversation, her and I,
24 about that.

25 Q. The -- do you currently maintain these same connections

1 overseas?

2 A. Well, when I was in France, sir, at the time of my arrest,
3 a Mr. Gary Peters, who called for my arrest, who's an American
4 from Bend, Oregon, took my entire Rolodex, my computer, and my
5 phones and utilized them and actually tampered with the police
6 investigation and took them into his possession and contacted
7 just about every single one of them and I have lost about 95
8 percent of my relationships that were on Rolodex unless I call
9 them, find their number, find their location, explain the truth
10 of what happened and then perhaps win their favor by giving
11 them the truth of the circumstances instead of the fiction that
12 was mass -- just spread everywhere.

13 Q. Prince Alwaleed, does that name sound familiar?

14 A. Prince Alwaleed bin Talal? Prince Alwaleed bin Talal is
15 the Saudi Arabian prince who invested in Michael Jackson's
16 Kingdom Entertainment. Prince Alwaleed bin Talal I believe has
17 two children and I know who he is, but I am not a business
18 associate or a partner or a friend of his.

19 Q. The -- now --

20 MR. URBAN: Excuse me, Your Honor.

21 THE COURT: Yes?

22 MR. URBAN: May I use -- I -- may I have a brief
23 break?

24 THE COURT: All right. We'll take a 10 minute break.

25 MR. URBAN: Thank you.

1 (Recess from 11:32 a.m. to 11:43 a.m.)

2 THE CLERK: Court is again in session.

3 THE COURT: All right. The record will reflect we're
4 again convened. The defendant is present and in the witness
5 stand. Are you ready to continue with your cross, Mr. Pickles?

6 MR. PICKLES: Yes, Your Honor. Thank you.

7 THE COURT: All right.

8 BY MR. PICKLES:

9 Q. Mr. Stratos, during your interview with Pretrial Services
10 here in Sacramento you were asked about foreign travel,
11 correct?

12 A. Yes.

13 Q. Okay. And you were -- you indicated you had traveled to
14 British Columbia in 2002 and 2003 and then to Europe and the
15 Middle East in 2008?

16 A. Okay. I --

17 Q. Correct?

18 A. I -- I'm not sure that that's an -- accurate, so I'd like
19 to clarify.

20 Q. If you -- if there's something about the statement that's
21 in -- that --

22 A. Are we talking about --

23 Q. -- well, let me ask this. Have you --

24 A. Are we talking about pretrial --

25 Q. -- traveled beyond the United States --

1 A. -- under --

2 Q. -- other than --

3 A. Are we --

4 Q. -- in 2003 -- 2002, 2003 to British Columbia and 2008 to
5 Europe and the Middle East?

6 A. Well this is what I recall, and I don't have my travel
7 schedule for the last 10 years in front of me, but I can say
8 that I traveled to British Columbia in 2001 October and back
9 and forth from British Columbia till -- to the US and various
10 places in -- from 2001 to 2003. I don't believe that I have
11 been back to British Columbia, if I recall. I have not been
12 back to British Columbia after 2003. I went from there
13 to -- but while I was in British Columbia and in the US I did
14 travel to Switzerland. It seems that I traveled to Puerto
15 Rico. In fact, that's still a US territory, I believe, but
16 it's not the US. I believe I -- gosh, I don't know if I went
17 to Jamaica or Puerto Rico -- or the Bahamas. It seems like I
18 did. Gosh, I -- those -- the touristy stuff, you know, for
19 vacation or the -- a weekend or whatever, I don't -- Mexico, I
20 don't remember exactly all the fun places I went, but I do know
21 that in 2008 I did a -- I took the time to travel abroad to do
22 research on two major projects which I mentioned to Pretrial
23 Services. One was to work on a project called 18D, the
24 Phoronic Prophecies (phonetic), which was a film trilogy that I
25 wrote with Hollywood writer Richard Hack and that's -- was

1 seven years in the making and I traveled to Cairo where I had
2 hopes to give a press conference but the negative publicity on
3 line prevented me from doing that and the -- those that wanted
4 to hold that press conference for me at the Nile plaza in
5 Cairo, Four Seasons, said they would not as long as I had a bad
6 -- bad information on line. I went from Cairo -- it seems I
7 went from there to Dubai. From Dubai, as a tourist, I went
8 from there to -- I can't remember if I went from -- to London,
9 then to Switzerland or Switzerland to London and then I went
10 from there to France. From France I went to -- back to the
11 United States via Chicago and then Los -- or then San Jose and
12 then Los Angeles.

13 Q. Now, you were asked by Pretrial Services in Sacramento
14 about all of your foreign travel, correct?

15 A. Oh, you mean in the history of my life?

16 Q. Right.

17 A. Then I misunderstood the question.

18 Q. You misunderstood Pretrial Services's question about
19 your --

20 A. In my --

21 Q. -- foreign travel?

22 A. -- entire life? I thought she meant, you know, your
23 recent -- your -- I thought she was referring to my travel
24 abroad in relationship to me living -- I -- I've never lived
25 overseas, you know? That was -- I wanted to clarify that I was

1 not a resident, I was a tourist.

2 Q. Now, you've --

3 A. I have --

4 Q. -- in fact, your travel overseas is much more extensive
5 than 2001 to 2003 --

6 A. Yeah -- oh, yeah.

7 Q. -- in British Columbia and Europe in 2008?

8 A. Yes, sir. Yes.

9 Q. All right.

10 A. I -- my mother took me to Europe when I was, I -- gosh, 5
11 or 6 years old. We went to a lot of countries in Europe. I
12 have been to Tokyo in, gosh, in the -- I believe in the '90s.
13 I -- I've traveled a -- you know, as much as I could to as many
14 places as I could. I've not -- I've never been to -- I've been
15 to Costa Rica. I've been to, oh, gosh, I've never been to
16 South America. I've never been to Russia, I've never been to
17 Australia. I've never been to China. I, as a kid, you know,
18 when I -- I think 1st grade I was in Italy, Spain, France,
19 Holland, London, I don't know. I can't remember. It was my
20 mother's schedule, and wherever we went, that's where I went,
21 you know?

22 Q. In 2005 or '6 you traveled to Europe with Nicole Murphy,
23 correct?

24 A. I went to London with Nicole.

25 Q. Did you travel to Europe in 2007?

1 A. Wow, I don't recall that I did.

2 Q. Okay. Now --

3 A. If I did travel, it was with Nicole to London. We went to
4 London.

5 Q. Now, to --

6 A. It was 2006 or 2007. I'm not sure.

7 Q. Just so I'm clear now, the reason you told Pretrial
8 Services only about British Columbia and Europe was because,
9 I'm sorry, was because why?

10 A. Relevant to -- I thought it was relevant to business or
11 business travel, and my business was in Vancouver. And, you
12 know, I didn't say that -- I didn't say it consecutively like
13 that. It was, I traveled to British Columbia where I planned
14 to work and do commercials and projects -- film projects at 60
15 cents on the dollar and I traveled to Europe to do the
16 same -- to do research on the same thing. I started in Cairo
17 where I inspected King Tut's remains and saw, you know, was
18 able to see the antiquities of Ancient Egypt that I was writing
19 about and any other place, either the British museum in London,
20 Pinewood Studios, London, anything related in Dubai from film
21 locations, Cinema City. Any place that was relevant to my
22 project and France for fashion, London for -- Great Britain for
23 fashion. Any place like that that was relevant, I was there.

24 And so I spoke to Pretrial Services as I thought it
25 related to what my business was. I didn't thought -- think

1 that it was my entire itinerary of travel since the history of
2 my life. I've also traveled to Cairo when I was a teenager in
3 college to do the -- to film the National Council for Negro
4 Women project. I was able to film some members of the Arab
5 League, and members of Aramco, and Sheik Amoni's (phonetic)
6 daughter's wedding in the Intercontinental Semiramis Hotel. I
7 mean, I -- I mean, there -- whenever I got a chance to travel
8 or work or do whatever, I did.

9 But again, my interview with Pretrial Services, my
10 understanding -- please understand also, Mr. Pickles, that when
11 I was sitting in Pretrial Services, I'm sitting in detention
12 and I'm frightened and I'm not, you know, full head. I'm very
13 nervous about even being restrained and detained. I don't know
14 if you've ever been detained in your life, but it's a
15 frightening experience and you often, you know, you lose
16 yourself. Well I, you know, I panic and I freak out. So if
17 I've neglected to understand the question and answer Pretrial
18 Services correctly, then that is my error, but certainly not my
19 intention.

20 Q. Now, with respect to Nicole Murphy, you've talked about
21 comingling assets into the Granite TN Trust, correct?

22 A. The goal of the Granite TN revocable trust was the
23 following.

24 Q. No, no. My question is; you comingled assets with Nicole
25 Murphy into the Granite T --

1 A. Define --

2 Q. -- that's your testimony.

3 A. Define -- yeah, well --

4 THE COURT: Just a minute, Mr. Stratos, you need to
5 let Mr. Pickles finish his questions --

6 THE WITNESS: Okay.

7 THE COURT: -- so that -- first of all, I need to
8 understand what it is that's being asked, your attorney needs
9 to hear the question, and then you need to be sure exactly what
10 it is he's asking.

11 THE WITNESS: I'll slow down. I apologize, Your
12 Honor.

13 THE COURT: Okay. Go ahead.

14 MR. PICKLES: Your Honor, I'll ask the question again
15 so the record is clear.

16 BY MR. PICKLES:

17 Q. Mr. Stratos, you've testified that you comingled your
18 assets with Nicole Murphy in the Granite TN Trust.

19 A. Would that be cash assets? Can you define that as cash
20 assets?

21 Q. You have testified during your narrative --

22 A. Yes, I did.

23 Q. -- that you comingled assets with Nicole Murphy in the
24 Granite TN Trust.

25 A. Yes.

1 Q. Okay. What were those assets?

2 A. Cash.

3 Q. How much cash?

4 A. I have no idea.

5 Q. What percentage of the Granite --

6 A. I --

7 Q. -- TN Trust were your assets?

8 A. I would be happy to support that information with an
9 accounting but at this point I have no idea. I do know that I
10 made deposits that were not Nicole's money into the Granite TN
11 revocable trust. I do not know at what level.

12 Q. Where did that money come from that you deposited into the
13 Granite TN Trust and comingled with Nicole Murphy's assets?

14 A. All of the places I can recall, I would say that some of
15 it would be Ms. Truu and others, you know, I cannot recall but
16 I -- I'd be happy to provide that information if you don't
17 already have it.

18 MR. PICKLES: Your Honor, a document that was
19 submitted by Defendant that's been marked as Exhibit E, I have
20 a copy of it that I can present to the witness, but I don't
21 have the marked copy that's submitted to the Court.

22 THE COURT: Okay. Exhibit E, this is the
23 certification of trust?

24 MR. PICKLES: Correct, Your Honor. I just -- I have
25 a copy. I'd like to have --

1 THE COURT: All right.

2 MR. PICKLES: -- ask the witness a question.

3 THE COURT: I'll hand my copy to the clerk and he can
4 hand it to you.

5 MR. PICKLES: Thank you, Your Honor. Permission to
6 approach?

7 THE COURT: Yes.

8 BY MR. PICKLES:

9 Q. Mr. Stratos, I've presented to you a document that's been
10 marked as Exhibit E to this detention hearing. It's -- just
11 for the record, I think there's eight pages of a certificate
12 followed by approximately 18 pages of a Granite
13 Trust -- Granite TN Trust -- or, sorry. Granite TN Revocable
14 Trust document.

15 A. Uh-huh.

16 Q. Do you recognize this document?

17 A. I'm aware of this document. I'm not -- I don't -- I have
18 not memorized all of its points.

19 Q. If you can turn to page 6 of the Exhibit E?

20 A. Yes.

21 MR. PICKLES: Your Honor, I have a copy for the Court
22 if it would be --

23 THE COURT: If you have a extra copy, yes, I'd like
24 it.

25 BY MR. PICKLES:

1 Q. Do you see on page 6, I just want to -- that's your
2 signature on the bottom left?

3 A. Yes.

4 Q. And in this particular document, you went under the name
5 of Troy David Stafford; is that correct?

6 A. Yeah. Yeah. I guess I did, but that was only because it
7 was on our passport, you know, the front name on the passport.

8 Q. Okay. And then if you turn to the second to last page of
9 Exhibit E, that's again your signature under the Troy David
10 Stafford --

11 A. Yeah.

12 Q. -- or over the Troy David Stafford signature box?

13 A. Yeah.

14 THE COURT: Which page are you on?

15 MR. PICKLES: Sorry, Your Honor. The second to last
16 page of Exhibit E. It's the one that's marked page 17 of 21.

17 THE WITNESS: Yeah. But what's interesting, sir, is
18 that the -- this was at the recommendation of Mr. Beatty, our
19 attorney, at the time. And I am -- when I look at my
20 signature, I -- I'm, you know, that is my signature. Yeah.

21 BY MR. PICKLES:

22 Q. Do you deny signing the document?

23 A. No.

24 Q. Okay. And is there any reason to believe that somehow
25 page -- the last page of Exhibit E is not a true and correct

1 copy of the original signed document?

2 A. Are you talking about page 17 of 21?

3 Q. Correct.

4 A. Yeah. Except, you know, I think that there's been a
5 clerical -- I think there might have -- I don't know, it
6 just -- I see what your point -- I did sign this document and I
7 do accept responsibility for the document.

8 Q. And this would have been the trust in which you comingled
9 assets with Nicole Murphy?

10 A. Well, when you say comingle, if we had -- let me just say
11 what I understand as comingling assets. If we have property or
12 we put property in there, it would belong to both of us. If we
13 put cash into an account, it would be long to both of us. That
14 was my understanding. That's what I meant by comingling
15 assets. Ms. Murphy and myself knew that anything that was
16 deposited in or on behalf of the Granite TN Trust would be at
17 our mutual discretion and that if we -- if either one of us
18 wanted to pull out of the trust, the reason the word revocable
19 was in there is that we could revoke it independently,
20 unilaterally at any time and if we didn't want to be a part of
21 the union we could break it without restriction from the other.
22 We also didn't have restriction any other way, and it was our
23 understanding when she asked to sit down and form this trust as
24 a defense against her three brothers at the time from their
25 what she called their greed over her money, she want -- and she

1 said whatever happens in this trust we will share.

2 Q. What do --

3 A. Whatever comes from this trust we will spend, whether I'm
4 spending it or you're spending it, it'll be the same thing.

5 Q. So as I understand it, you have -- you had access to the
6 money in the trust?

7 A. Yes.

8 Q. And you had free range to spend whatever money was in that
9 trust?

10 A. Yes.

11 Q. Okay. And did you in any way try to manage the assets in
12 the trust?

13 A. No. I'm a terrible manager.

14 Q. So you weren't trying to invest money for Nicole Murphy?

15 A. I did not invest money for Murphy. I did invest this. We
16 agreed to use part of the trust money to make a record called
17 Flawless and also to launch an reconstituted jewelry line
18 called Collection X. We worked hard, we spent money on that.
19 We spent over seven figures on the record, which is two songs
20 from being completed. Ms. Murphy pulled the plug on the
21 project when she got involved with her current love
22 relationship.

23 Q. Did you ever give her any advice as to how to invest the
24 money that was in the Granite TN Trust?

25 A. I don't recall what advice, you know, we've talked a lot

1 about a lot of things, and I've given her tons advice, as she's
2 given me, specific to where to invest money. I would say this.
3 She wanted to buy a house. She wanted to buy several houses
4 with her money when she first got it. And she -- we went and
5 saw a house in Calabasas where she took \$2.4 million of her
6 money out of the trust and she invested it into that house.
7 She also wanted to do -- spend a million dollars on designer
8 Ron Wilson, who had decorated her previous house, and spent \$8
9 million in her previous home design, just on the furniture.
10 And I guess they spent \$43 million on -- or I don't know how
11 much money on building it. But she, you know, I advised her
12 actually against that designer, but she went forward with him
13 anyway. She wanted to drive -- she drove off the lot at
14 Lamborghini with an orange Lamborghini and decided two weeks
15 later she didn't like orange and she wanted a white one
16 instead. The cars that were mentioned in the complaint from
17 the Rolls Royce, those were cars that Nicole Murphy decided to
18 buy and then later didn't want to take responsibility for. The
19 monies for them were spent from the trust to support the
20 payments until at which time she ultimately sold or kept those
21 vehicles. I'm not really certain how Nicole negotiated those
22 vehicles. They were always in her name.

23 Q. The -- and just so I'm clear, you never invested any of
24 Nicole Murphy's money overseas?

25 A. No, definitely not, sir.

1 Q. And you never told anyone you were going to do that?

2 A. We had hoped to do it. We had talked about it. Nicole
3 and I had talked about it, but we never actually went through
4 with it. We had -- you know, another reason for traveling,
5 when I got to Dubai was, just so I can clarify the situation,
6 Collection X -- Nicole was designing jewelry during her
7 marriage -- her 12 year marriage with her now ex-husband and
8 what she wanted to do, when we got together, she wanted to take
9 the jewelry that she had and she wanted to change, like, the
10 rings to earrings or necklaces, et cetera, and she wanted to
11 launch a line under her name to do that. Our idea was there
12 were many people in Hollyville -- many Hollywood wives and many
13 reality shows and things where women were doing that and still
14 wanted to wear their own jewelry, so we thought Collection X
15 would be a collection of ex-wives' jewelry and we would
16 accentuate that opportunity. We would duplicate -- we would
17 create duplicates of that fashionable jewelry and we would
18 launch it with a publicity campaign.

19 Flawless, the, you know, was a record to include videos
20 that would -- and commercials that would promote the line and
21 make, you know, some sort of celebrity and rhythm and blues fun
22 at the whole concept that celebrities would maybe join the
23 invitation that Nicole would make to them to do the same with
24 their jewelry. And a lot of time and money was spent on it.

25 Again, when I say comingled assets, the assets weren't

1 just cash or property. It was, you know, I -- my services and
2 things like that that I would otherwise be paid a tremendous
3 amount of money for if I was doing the same thing anywhere
4 else. They came to her, you know, whatever she needed, day and
5 night, we worked on that project and she -- I'm sure she'll,
6 you know, I'm certain that if she was here on this stand, she
7 would testify to that.

8 Q. Getting back to the question I asked, have you ever told
9 anyone, other than Nicole Murphy, you had invested her money
10 overseas?

11 A. Well, I have not invested her money. I -- we wanted to
12 invest some of her money overseas.

13 Q. Okay. I'll ask my question again in case there's a
14 misunderstanding. Have you ever --

15 A. I don't --

16 Q. -- told anyone --

17 A. I don't recall that, sir. I just don't recall it.

18 Q. I'm going to ask my question so it can establish it for
19 the record. Have you ever told anyone other than Nicole Murphy
20 that you had invested her money overseas?

21 A. And I, at this time, am telling you I don't recall saying
22 that.

23 Q. And that would have been false, because you had never
24 actually invested her money overseas?

25 A. I have not invested Nicole Murphy's money overseas.

1 Q. Now, you've talked about how you live in LA but sat --

2 A. Nicole Murphy knows that as well and we interviewed
3 earlier in 2011 in April -- or around April. She and I sat
4 down for four hours inside Venable at 2049 Century Park East on
5 the 21st floor in a conference room and we hashed this out
6 before the lawsuit was filed, and Ms. Murphy told her current
7 lawyers that are representing her that she never met with me
8 and she lied to them about it. So I am telling you right now,
9 Ms. Murphy knows exactly what happened with her money.

10 Q. Now you've mentioned repeatedly that you live in LA but
11 kind of your home base, home front, your heart is in
12 Sacramento, something like that?

13 A. No. My grandmother is in Sacramento, and she is the
14 epicenter of my heart. My high school is in Sacramento. I
15 went to Sacramento Country Day School, unlike what Bloomberg
16 said I went to Bella Vista, and I, you know, my primary family
17 is up here. I -- my grandfather was the really, you know,
18 before his death he was my closest relative and my lifestyle,
19 Hollywood, the business, the agents, the managers, the lawyers,
20 all of that for the entertainment industry, the epicenter is in
21 Los Angeles. I don't prefer living in Los Angeles. It's not
22 the most beautiful place to be, but it is certainly the most
23 vigorous for someone who's trying to make a career. I --

24 Q. When's the last time you spent any prolonged time in
25 Sacramento, say more than a month straight?

1 A. Oh, as a teenager.

2 Q. Okay. Now --

3 A. Now, it's interesting. On television and in many reports,
4 they show my grandmother's house as my birth -- my place of
5 growing up. I've never lived there.

6 Q. The -- I'm sorry. What television reports?

7 A. Okay. Does -- is the United States aware that Mr. Murphy
8 is launching a publicity campaign around this very indictment
9 and has done television as early as January 5th
10 giving -- speaking about it and running around laughing and
11 saying she doesn't care and then shopping -- with shopping bags
12 and that she's working with a gentleman named Robert Cipriani
13 (phonetic) to sell a book and do Dateline and do other
14 interviews and stuff like that to exploit an opportunity to
15 make money from this very situation, from this criminal
16 indictment? Are -- is the United States aware of that?

17 Q. I'll ask my question again. What television reports are
18 you talking about? That showed your house -- or the house up
19 here as being the --

20 A. Let's see, I think --

21 Q. -- birth house?

22 A. I think it was channel -- I believe it was channel 10.
23 The -- French television showed it. Local news, I -- the
24 entertainment shows. I can't -- I was detained at the time
25 that they aired, but my -- when I spoke to my family, I'm sure

1 my uncle has a list of television shows that my family and
2 friends that are sitting behind you have watched.

3 Q. Okay. And so these are ones that you yourself haven't
4 seen?

5 A. I have not seen them.

6 Q. Okay. Now, did at some point you live in Granite Bay in a
7 home that belonged to Nicole Murphy?

8 A. Okay. Again, I was care taking that home, anticipating
9 either her keeping or selling it. While she was indecisive
10 about the property, this is what you should know in full answer
11 to this question. At the time of Ms. Murphy's divorce, she was
12 given the house as well as her mother's house for -- which was
13 the first house Mr. Murphy bought for her in the Green Haven
14 pocket area and also they bought a house in Granite Bay and
15 then bought a -- the house next door and built a guest house.
16 Mr. Murphy wanted to keep that in the divorce settlement, Ms.
17 Murphy wanted it, but she could not support it. So she had
18 decided that she would try to keep it in the divorce and then
19 market it for sale to a, you know, since it was at the time one
20 of the highest selling houses in the area, if not the highest,
21 sold in that particular area at the time.

22 I -- at the time of the divorce, Darius Jackson, who is
23 Nicole's half brother, was living in the house and had been the
24 caretaker for several years in that house. It was Nicole's
25 wish to have him removed because she thought that he was

1 partying and disrespecting her and running illegal activity in
2 that house. The decision was Nicole's to remove him. The
3 place was in complete disrepair. I had asked my uncle, who is
4 sitting behind you, to go and care take the house, which he did
5 for several months.

6 I have not -- I did, you know, the only thing that was
7 established at that house was a phone line because the phones
8 were disconnected. I believe I set up a phone and utilities
9 with, you know, and then the trust paid those utilities and
10 paid the pool men and the gardener and the housekeepers. Mr.
11 Murphy spent about \$30,000 a month maintaining that property
12 while they were married and there were similar expenses that
13 were following that.

14 I can tell you that I was not a, you know, I heard that I
15 lived in Granite Bay for two years. That's simply not true. I
16 was not -- I was not the resident of Granite Bay. I was the
17 caretaker and the house was in permanent staging to possibly be
18 sold to someone who came in and buy it and if we decided it
19 couldn't be sold, our dream was when I got back from Europe and
20 we had a chance to launch the collection we would either, you
21 know, we would pick it up and we'd, you know, use it as an
22 investment or it would stay in the Granite TN Trust. There
23 were many conversations as to what would ultimately happen with
24 the house.

25 While I was in Dubai, Ms. Murphy had asked me to -- she

1 wanted to sell the house. She had asked me to sign some papers
2 so she could do that. I don't know if I ultimately signed them
3 in London or Dubai, but I did in fact sign them and she did
4 sell the house for approximately \$5.1 million.

5 Q. And this would have been in 2008?

6 A. I'm not sure when -- I didn't see the deed of sale.

7 Q. No, when you were -- I'm sorry -- when you were in Dubai
8 and London was 2008?

9 A. Yes. She told -- she said she wanted me to sign some
10 papers allowing her to sell the property in -- around
11 that -- approximately around that time. I'm not sure what day
12 she did sell it.

13 Q. And did you ever offer to broker the sale yourself?

14 A. I'm not a broker, sir, I can't do that. And no, I -- I'm
15 not a broker. We had a broker that we knew between us. I
16 think his name was Warren. I can't remember his name, but he
17 was the gentleman that sold them the house, I believe -- sold
18 the Murphys the house or had something to do with that, and he
19 stayed with the project.

20 Q. Did you ever offer to arrange the sale of the house to any
21 of your contacts in the Middle East?

22 A. Okay. Here -- here's exactly what happened, so I'm happy
23 to clarify this for you. I knew a gentleman named Wael Moursy.
24 Wael Moursy is an Egyptian citizen who claimed to know the
25 Saudi royal family, Prince Alwaleed bin Talal and his children

1 and many other foreign dignitaries. Mr. Moursy I met in Nevada
2 when I was working on developing a project there and he
3 represented to me and represented to Ms. Murphy that he had the
4 relationships in the Middle East to purchase Granite Bay. I,
5 believing that, flew Mr. Moursy up to the property to show it
6 to him, flew him in a private plane, landed him via helicopter
7 onto the property where he resided for one night, I believe it
8 was one night, and then said that he would set up a showing for
9 a royal family member.

10 I communicated that to Ms. Murphy. She was aware of it.
11 She had cars purchased in Southern California. We moved the
12 cars up to Sacramento not -- you know it says that I -- it says
13 in the complaint that I told Nicole to buy cars to put in the
14 house so it would be more valuable. That's not true. I -- we
15 needed garage space and Granite Bay had a huge garage and
16 Nicole was purchasing too many cars in Southern California and
17 we moved whatever cars she wasn't driving up to the Granite Bay
18 house and we stored them. They didn't hardly drive. They were
19 constantly polished and maintained by a gentleman named Chris
20 Buden Bender (phonetic) or Steven Stafford and when the
21 gentleman from the Middle East arrived, they were there. That
22 happened to be a matter of coincidence rather than a matter of
23 planning. It was nice that they were there and they looked
24 nice in the garage, but they certainly didn't add value to the
25 house.

1 However, Mr. Moursy said that if his contact bought the
2 house, they would also want to buy the Rolls Royce. So the
3 Rolls Royce was kept in Northern California, but that wasn't
4 the original reason that the Rolls Royce was purchased, and we
5 can talk about that at a later time. Because the reasons that
6 were filed in the complaint are not the reasons that the car
7 was purchased.

8 Q. This Mr. Moursy, I'm sorry, you met him in Nevada of --

9 A. I met him in 2000/2001. I'm not quite sure what year.

10 Q. Okay. And had -- did you have a relationship with him
11 before this sale was going to happen?

12 A. Yeah, five years before. And I believed Mr. Moursy. I
13 didn't learn that Mr. Moursy was lying to me until I flew him
14 to Egypt in 2008 and sat him down with the very dignitaries
15 that he said he knew and they did not know him. It was then
16 that the relationship, my friendship, and my understanding of
17 Mr. Moursy's false representations came to light to both Nicole
18 and I and the world started to unravel as the economy did that
19 year. And I can tell you, no one was more disappointed than me
20 and Nicole at the time when Mr. Moursy's relationships didn't
21 pan out and we felt that a lot of money was spent in his
22 direction that -- to no avail and certainly for no reward.

23 Q. And so, just so I understand, you met him in 2000 or 2001
24 and then again you --

25 A. Well I had --

1 Q. -- kind of got connected --

2 A. -- kept in contact with Mr. Moursy, you know, through the
3 years. He was very, I mean, through 2001, '2, '3, '4, '5, '6,
4 '7, '8, you know, I stopped communicating with Mr. Moursy when
5 he left Cairo and then went back to -- it's funny. He went
6 back to Nicole and started complaining that, you know, and
7 started to spin more of a web that I'd been working very hard
8 to get out of. I -- I'm sure that that has convoluted your
9 investigation as well, which I'm -- we'll discover together in
10 trial.

11 Q. And did you have any financial relationship with him?

12 A. Only that we offered him tremendous amounts of -- when he
13 needed something, support, money, anything like that, he -- we
14 gave it to him and it -- and what's really disheartening about
15 that is we thought we were helping a friend who was really just
16 conning us and playing on our naivete on his Middle Eastern
17 relationships. Again, I didn't realize that Mr. Moursy's
18 relationships were not valid until I sat down with actor Omar
19 Sharif, Dr. Zahi Hawass and another gentleman at the Four
20 Seasons and they said who is this guy. And Wael for years had
21 said he was close friends with them. So that was a nightmare.
22 And when he was asked to leave the table, I knew that I had to
23 relieve Mr. Moursy of any responsibilities that had anything to
24 do with me.

25 Interesting enough, I met Mr. Moursy recently in Las Vegas

1 by accident at the Mayweather/Ortiz fight in the Grand -- at
2 the -- I think it was at the MGM and he came up in a sweat suit
3 and I hadn't seen him all those years and he just -- it was
4 just -- and he said you better be careful. And that's all he
5 said. And he said, here's my number if you need me. And
6 that's -- that was the only communication that I've had with
7 Mr. Moursy since.

8 Q. Okay. Now I -- Mr. -- so you don't know how much money
9 you would have given Mr. Moursy?

10 A. Well Mr. Moursy said he had a domestic violence case in
11 Orange County for hitting some woman and he needed legal fees.
12 We helped him. He said he needed \$10,000 to pay his mortgage
13 and this and that and he was having money problems in Las
14 Vegas. When I was staying at the Mandalay Bay, and I don't
15 remember what year, I assume that it's 2003/2004, Mr. Moursy
16 said that he needed \$30,000 to do -- this is before
17 Nicole -- and I gave him -- actually I don't really know if it
18 was -- what year that was, but it had to be between 2003 and
19 2005 and he said he needed \$30,000. He took the money and
20 gambled it and I had called the authorities in Las Vegas and
21 they ran a camera on him and found him at the baccarat table
22 and he was removed and 86'd from the hotel and they -- the
23 MGM -- I believe the MGM properties at the time 86'd him from
24 being able to gamble or frequent their establishments. I'm not
25 sure, sir.

1 But I do know that I forgave Mr. Moursy. I -- Nicole and
2 I met with Mr. Moursy and we decided to give him another
3 chance, thinking that he just had a gambling problem. Mr.
4 Moursy proved to be one of the first serious sociopaths that I
5 came across in 2000. There were a couple more, but Mr. Moursy
6 was a huge responsibility for some of the misrepresentations
7 for -- that came regarding Middle Eastern relationships. And
8 that's really all I want to say on that matter.

9 Q. The -- you've talked about -- you're aware that a grand
10 jury subpoena was issued to Sheri Farley, correct?

11 A. Yeah, which is interesting to me. How is an independent
12 contractor bookkeeper that is not an employee of mine that has
13 only worked for two and a half months as an independent
14 contractor, how is she subpoenaed as custodian of all of my
15 records and how is she able to deliver them without, like,
16 what -- how it -- was I not just -- I mean, I would
17 have -- when I was told about the subpoena, she had already
18 been released from -- she was told she wasn't going to -- I
19 wasn't going to sign her contract. Her son's contract, Sam
20 Farley, I wasn't going to sign. I didn't believe that her
21 services were going to be commensurate with what I wanted to
22 do. I needed a certified public accountant and she was not
23 one. She -- and when she thought she was losing her
24 opportunity with me, the subpoena came. And I thought that
25 odd. So I always wondered why the grand jury subpoenaed her

1 and she did adhere, I assume, to that subpoena and that's all I
2 know. I don't fully understand why and how that happened, but
3 I am aware of it, sir.

4 MR. PICKLES: Permission to approach the witness --

5 THE COURT: Yeah.

6 MR. PICKLES: -- Your Honor, with an exhibit?

7 (Pause - counsel confers.)

8 MR. URBAN: May I inquire what the document is,
9 please?

10 THE WITNESS: Yeah. It says custodian of records
11 here.

12 MR. URBAN: Okay.

13 THE WITNESS: She was not the custodian --

14 MR. URBAN: Thank you.

15 THE WITNESS: -- of my records.

16 MR. URBAN: Thank you. I got it.

17 THE COURT: All right. Hold on one second. You've
18 handed the witness Government Exhibit 8; is that correct?

19 MR. PICKLES: Yes, Your Honor.

20 THE COURT: All right. Has defense counsel seen
21 this or do you have a copy?

22 MR. URBAN: I believe it's the letter/subpoena to Ms.
23 Farley.

24 MR. PICKLES: Your Honor, I provided defense counsel
25 with all of the exhibits that at least currently I intend to.

1 THE COURT: Yes. This is a February 6, 2007 letter.
2 It's -- at the top it says -- on the -- up at the caption where
3 the address is it says, custodian of records. Do you have
4 that, Mr. Urban?

5 MR. URBAN: I saw that earlier this morning, Your
6 Honor.

7 THE COURT: All right.

8 MR. URBAN: I'm ready to proceed.

9 THE COURT: Any objection to the exhibit? Or, Mr.
10 Pickles, are you asking that it be accepted into evidence?

11 MR. PICKLES: Yes, Your Honor, I am.

12 THE COURT: All right. Any objection, Mr. Urban?

13 MR. URBAN: Well, it's hearsay, lack of foundation.

14 THE WITNESS: And --

15 THE COURT: All right. Then proceed with your
16 questions, see if you can lay a foundation.

17 MR. PICKLES: Yes, Your Honor. Thank you.

18 BY MR. PICKLES:

19 Q. Well, I -- let me just ask, Mr. Stratos, you've seen this
20 Exhibit 8 before, correct?

21 A. Never.

22 Q. You've never seen this?

23 A. Never, sir.

24 Q. Did you ever have discussions with Ms. Farley --

25 A. Yes.

1 Q. -- about the --

2 A. Subpoena?

3 Q. -- about the subpoena she received from the grand jury?

4 A. Yes. And I --

5 Q. Okay and --

6 A. And --

7 Q. -- and you had discussions with her about what documents
8 should be provided in response to this grand jury subpoena?

9 A. Mr. Pickles, I know what you're getting at about the
10 obstruction charge, so I'm going to just lay it out for you.
11 First of all, Ms. Farley was never asked to be the custodian of
12 my records. She was never the custodian of my records and this
13 address of record, I am unaware of it. The other thing, and
14 nor would that -- that would not be where my records have ever
15 been authorized to be kept. I sent my records from Florida to
16 be put on Quickbooks by Ms. Farley so that I could figure out
17 my level of debt expense, I could organize Ms. Murphy's
18 expenses, my expenses, and the trust's expenses independently.

19 This came as a shock to me because Ms. Farley said that
20 she was going to respond to the subpoena against my wishes, but
21 she had to -- you know, she had, against my wishes to, you
22 know, as custodian I basically said to her, you are not the
23 custodian of my records. If they want to subpoena the
24 custodian of my records, that would be a different person, not
25 you. But she took that responsibility, she opened a website

1 called I met Troy with her husband that was a defamatory and
2 slanderous website that she said was impartial, but it was
3 partial. And she apparently, without authorization, made four
4 copies of all of the boxes of whatever she had that was in
5 Granite Bay and she sent those -- she sent one -- I believe one
6 copy to me in Florida to Fort Lauderdale where I viewed it.

7 I had hired a firm called GreenbergTraurig, Evan
8 Georgopoulos as primary counsel, Boston. He contacted the FBI
9 to find out what this was regarding and they said that it
10 was -- they were doing a grand jury and that -- the words that
11 he used were Sacramento, somebody connected to Nicole, probably
12 her brother, went to an FBI agent and said that Troy's trying
13 to steal Nicole's money and there's smoke there and they're
14 looking for fire and they've subpoenaed these records. My
15 attorney called me and he said, are you fully cooperating?
16 When I got the boxes, I said oh, I'm going to take out
17 these -- you know, I said oh, I'm going to -- I don't think the
18 Canada stuff is relevant, it should be only US and this and
19 that, and I told Ms. Farley that at first. But they gave
20 us -- the FBI and the subpoena stipulated a certain amount of
21 days in which those boxes had to be complied with and sent to
22 Sacramento for that. I had extensive conversation with Mr.
23 Evan Georgopoulos who said you have to send all of the
24 documents. You can't leave any documents out. There are four
25 executed copies of these documents and between Sheri and this

1 firm and what you have there we'll send a complete set. I
2 authorized him and the law firm of GreenbergTraurig and I
3 authorized Sheri and the people that had originally gone
4 through the boxes to put them all back in the boxes and comply
5 and cooperate with the investigation fully and I offered that
6 if there were any further documents for discovery that were
7 needed I would -- that I -- that were not included I would
8 supply them, but I wanted it stipulated that Ms. Farley was not
9 the custodian of my records.

10 What happened after that, sir, is that she contacted the
11 FBI agency when she was mad because she wanted to be paid for
12 the whole year instead of the two months she actually worked
13 and she said that I obstructed justice by trying to withhold
14 evidence in those boxes to the FBI and you believed her. And
15 so you have filed an indictment on obstruction of justice,
16 hopefully with other witnesses that'll corroborate her story
17 when I believe that if Ms. Farley was in this courtroom today
18 and Mr. Georgopoulos were in this courtroom today, I think that
19 obstruction charge would be dismissed because I did not, at any
20 point, intentionally or even unintentionally obstruct justice
21 by withholding.

22 Initially I misunderstood that the US had jurisdiction
23 over Canada and Ms. Truu had asked for her privacy to be
24 respected. I originally was going to exclude Ms. Truu's stuff
25 from the boxes, which would have been the obstruction, but

1 authorized its inclusion and I believe that the boxes were sent
2 from GreenbergTraurig, who had a fully executed copy, as I did,
3 as Sheri did, and there was another copy that was sent to Mr.
4 Larry Rothenburg (phonetic), which I believe I have a copy. I
5 think I have some of them now.

6 Some boxes were sent back to us from the FBI and I think
7 that you have the biggest set of boxes, which my -- I know my
8 accountant would like to get copies of for, you know, my tax
9 filings. But I do know this, sir. On -- I know I'm under
10 oath. I know that between the time that Ms. Farley was
11 instructed and assumed as the custodian of my records to
12 cooperate with a grand jury and subpoenaed to submit my
13 documents and the -- and from that time to the time that Mr.
14 Georgopoulos spoke to the FBI to the time that the boxes were
15 delivered to the Sacramento office I had authorized a complete
16 cooperation and inclusion of all documents and I was not the
17 one to personally send them. I did authorize that with
18 everybody involved.

19 Ms. Farley took an extra set of -- she made a copy with
20 extra set of documents that I did not see using the money out
21 of one of the accounts, either my account -- enterprises
22 account or the Granite TN Trust account. Ms. Farley even had
23 access to Nicole's account and had authorized transfers from
24 Nicole's account to various places to pay bills and she has yet
25 to answer for those transactions which she has not been held

1 accountable for because we haven't had a chance to do an
2 accounting yet, Nicole and I. So a lot of the things that
3 perhaps Ms. Farley had done we -- I got blamed for. But on the
4 obstruction charge, sir, Your Honor, respectfully, I do believe
5 in my heart that I am not guilty of obstruction of justice at
6 all.

7 Q. And just so I'm -- what -- did you ever have any
8 discussions with Ms. Farley after her receipt of the subpoena
9 but before she made the copies with respect to what documents
10 should be produced in --

11 A. Well it's --

12 Q. -- response to the subpoena?

13 A. -- my understanding that, first of all, the answer to your
14 question is yes, I did discuss with Ms. Farley many things.
15 First, the protest that she was not the custodian of my records
16 and she was not authorized to be such all of a sudden by her
17 own accord and that she misrepresented herself to the FBI when
18 she was subpoenaed by the grand jury or whoever came. She said
19 two people came in suits to her -- to Granite Bay.

20 The second thing that I said, she had already made the
21 copies and was already making the copies. She sent me boxes,
22 the copies, to Fort Lauderdale and I went through them and
23 thought, oh, they don't need this, they don't need that, and
24 that's when I called -- may I be clear. I wasn't sure what the
25 FBI needed because there were more copies of things that were

1 unfinancial (sic) and not related to anything that was a
2 financial document that was -- I was unclear as to whether or
3 not that needed to be included or was inconsequential.

4 Ms. Farley made a general copy of everything, record or
5 not, she put it in there. She made those copies, she submitted
6 those copies once -- one to the attorney in Boston, one to me,
7 and she kept one and she said she had one that she submitted to
8 the FBI. There was a time frame that the FBI gave Mr.
9 Georgopoulos to submit those documents because he was then
10 officially in charge, explaining that Ms. Farley was not an
11 employee, she was not signed to an employment contract. She
12 was an independent contractor paid weekly and she took on that
13 responsibility.

14 Mr. Georgopoulos then took on the responsibility of
15 custodian of record and he sent, in my understanding and to my
16 recollection, a complete set with full instruction to me and me
17 to him that a complete set, no matter what was in those boxes,
18 would be delivered. Ms. Farley was responsible for delivering
19 what she had, Mr. Georgopoulos was responsible for delivering
20 what he had, and I sent everything that I had to Mr.
21 Georgopoulos and made it available for any cross-investigation
22 or grand jury. I did feel, at that time, that I spoke with Ms.
23 Farley that I was fully cooperating with her, cooperating with
24 the government and with the FBI.

25 THE COURT: All right --

1 THE WITNESS: So when I saw the obstruction charge, I
2 was shocked.

3 THE COURT: Mr. Pickles, it's 12:30 now. Why don't
4 we -- are -- I assume you have several more questions.

5 MR. PICKLES: Yes, Your Honor. The -- it --

6 THE COURT: Why don't we take -- let's take a -- an
7 hour and 15 minutes for a lunch break. We'll come back at --

8 THE WITNESS: Oh, great.

9 THE COURT: -- at 1:45.

10 MR. PICKLES: Thank you, Your Honor.

11 THE COURT: All right.

12 (Recess from 12:31 p.m. to 1:47 p.m.)

13 THE COURT: All right. The record will reflect that
14 we're again in session. I don't see defense counsel.

15 THE WITNESS: He had left to --

16 MR. PICKLES: He just stepped out to the restroom,
17 Your Honor.

18 THE COURT: All right.

19 THE WITNESS: He left his notes in the bathroom.

20 THE COURT: We'll wait for him to return. The record
21 will also reflect the defendant is present in the courtroom and
22 is back on the witness stand. As soon as defense counsel
23 enters the courtroom, Mr. Pickles, you may resume your cross
24 examination.

25 MR. PICKLES: Thank you, Your Honor.

1 (Pause.)

2 MR. URBAN: Thank you.

3 (Pause.)

4 THE COURT: All right. The record will reflect
5 that.....

6 MR. URBAN: Excuse me, Your Honor. I'm sorry.

7 THE COURT: -- defense counsel's present. All right.
8 Mr. Urban, Mr. Pickles will resume --

9 MR. URBAN: Yes, sir.

10 THE COURT: -- the cross examination. All right.

11 BY MR. PICKLES:

12 Q. Mr. Stratos, before we broke for lunch we were discussing
13 the grand jury subpoena that had been received by Ms. Farley
14 that you indicated you were aware of; do you remember that?

15 A. Yes, sir.

16 Q. And you discussed about Ms. Farley creating four sets of
17 your documents; one of which was sent to you, another which she
18 kept and then the other two sets of which were either sent to a
19 law firm or something happened with those. Do you remember the
20 four sets being created?

21 A. Okay. The reason I said four sets is because I learned
22 later that Ms. Farley made four sets. She told me that she had
23 only made three.

24 Q. Okay. And whether --

25 A. Yet she charged one of our accounts for the four sets.

1 Q. Okay.

2 A. So I do know that when I had heard about the subpoena, I
3 contacted Evan Georgopoulos at GreenbergTraurig who said that
4 he would be the attorney of record, he would contact the FBI,
5 and he would arrange my full cooperation. He contacted Ms.
6 Farley -- Mrs. Farley. He contacted me. He explained -- when
7 I got the documents in Fort Lauderdale and they arrived, I went
8 through them and started to sort through them and he explained
9 to me the validity of keeping them intact and explained that he
10 had to cooperate with the FBI in a full -- in full form as to
11 avoid obstruction of justice. Ms. Farley did not -- I don't
12 know that Ms. Farley spoke to Mr. Georgopoulos about that, but
13 I do know that Ms. Farley was disgruntled that she was not
14 going to be signed on as an employee. I know that the subpoena
15 came after she had learned that and I -- and as did her
16 damaging website and as did her testimony to the United States
17 via the FBI Special Agent Jones.

18 Q. The -- with respect to the copies -- well let me step
19 back. You knew -- you learned of the grand jury subpoena from
20 Ms. Farley, correct?

21 A. Yeah. She called and said that two people had approached
22 her with a subpoena as --

23 Q. Okay. And during that conversation, did you discuss her
24 preparing copies of the documents that were called for by the
25 grand jury subpoena?

1 A. No, she discussed -- well, yes, Mr. Pickles, we discussed
2 it, but she explained to me what she was going to do, and I
3 asked her to send me a complete set of the documents so that I
4 might review them.

5 Q. Did you have any discussion with her at that time, before
6 she made any copies, about her not copying certain documents?

7 A. I told her in no uncertain terms that she was not the
8 authorized custodian of record and that that was not her
9 responsibility to even accept the subpoena because she was not
10 the custodian of record. If she was accepting the subpoena
11 under some other title, I wondered what that was. What I was
12 prepared to do at the time was fly to Sacramento myself and
13 deliver the documents and find out what it was about. When I
14 contacted Mr. Georgopoulos in Boston he said, no, I will handle
15 it. He charged me a large retainer and he followed through
16 with the communication directly with the FBI and I was not
17 party to that communication. I was only cooperative in any way
18 that I could. Ms. Farley was left out of the communication
19 loop at that time. I had assumed that she would, you know, as
20 she was damaging me the -- in the subsequent years, I assumed
21 that she probably went to you guys and said I obstructed
22 justice when, in fact, she didn't have all the facts.

23 Q. Okay. I'm going to ask my question again. Before Ms.
24 Farley made the copies --

25 A. Yeah.

1 Q. -- did you have a discussion with her about not including
2 or withholding any documents from being copied?

3 A. I had many discussions with Ms. Farley, and I don't recall
4 exactly the nature, but I'm certain that I didn't -- first of
5 all, I'd never read the subpoena before today and I was unsure
6 as to the nature of the subpoena. She mentioned that it was
7 regarding financial documents, excuse me, which I agreed to
8 hand over. Now that I read this, I understand why Mr.
9 Georgopoulos eclipsed my original understanding of what
10 cooperation with documents meant and what this was calling for.

11 So I can say that originally there were so many -- I mean,
12 we're talking about, Mr. Pickles, greeting cards, you know,
13 dream journals, things like that that have absolutely nothing
14 to do with financial matters, particularly between Nicole and
15 myself, so I didn't understand the nature of what the subpoena
16 was or what it was called for. Again, when I received the
17 boxes, and I said oh, I'm going to edit this, I'm going to edit
18 that, I learned from my communication with Mr. Georgopoulos
19 that that wasn't proper and that I needed to include those in
20 the boxes, which I did, and which Mr. Georgopoulos, in my
21 understanding, submitted a full and complete copy as did
22 whatever Ms. Farley submitted as well, Mr. Pickles, I assume
23 that it was complete. And I also conveyed to Mr. Georgopoulos
24 if anything was missing inside the discovery process from the
25 FBI that I would cooperate fully, I would agree to an interview

1 and I would agree to more -- whatever information was relevant
2 to try to close the door on the case or whatever the
3 investigation was. I didn't get much information, if any,
4 after that on the nature of the investigation, only that it was
5 continuing in Sacramento and nowhere else.

6 Q. At the time that you discussed with Ms. Farley this grand
7 jury subpoena and knew that it concerned your financial
8 documents, did you ever tell her not to include any documents
9 relating -- any financial documents that were in her
10 possession?

11 A. I don't recall saying that. I do recall thinking that Ms.
12 Truu's Canadian information was not US related, and the reason
13 I thought that was because I had -- was told that the FBI had
14 jurisdiction over the US and, you know, I had a very limited
15 and very shallow understanding at that time of what the
16 investigation or the call for documents was about. When I
17 learned what it was, again, which was really -- I -- maybe a
18 day or two later when Mr. Georgopoulos had a copy of the
19 subpoena and conveyed it to me, he told me what needed to
20 happen. He told me how I needed to cooperate. He took a
21 retainer and he cooperated and I cooperated with him. He
22 cooperated with the FBI, I cooperated with him to the letter.
23 So, sir, whatever my conversations with Mr. -- Ms. -- Mrs.
24 Farley, excuse me, were, they were topical in comparison to the
25 choices and the decisions I made before making sure that those

1 documents were submitted.

2 Q. And just so I'm clear, your attorney, I guess, over the
3 phone explained to you --

4 A. Over the phone he --

5 Q. -- what documents were called for --

6 A. He --

7 Q. -- by the subpoena?

8 A. He just said put it all in there and if there's any more I
9 will communicate with the FBI that you'll be happy to
10 cooperate, and I said that's fine.

11 Q. Well you just testified that he conveyed the contents of
12 the subpoena, correct?

13 A. Well, Mr. Pickles, if you're trying to push me into a
14 corner and frame me into, you know, I can tell you this. He
15 generally summarized what I needed to do. He knew -- he
16 definitely did not read the subpoena to me. This is the first
17 time I have read the actual details of the subpoena, but the
18 bottom line is, in my phone conversation with Mr. Georgopoulos,
19 who's very familiar with the FBI and its dealings, he said what
20 you have is what you send. Send it all. And I said okay. Do
21 you have a copy? He said, I do. Does Ms. -- Mrs. Farley have
22 a copy? She does. I said, well, between the copies that
23 everybody has we can overload them with all the stuff that we
24 have and if they need more, we will give it to them.

25 At -- not -- after that conversation with Mr. Georgopoulos who

1 mentioned that he had a certain amount of days to -- in which
2 to respond to the FBI and this grand jury subpoena, he said to
3 me, I'm going to meet this deadline within the time frame. If
4 there is anything further, I will call you and I will let you
5 know. In the meantime, we will follow this case and find out
6 what it's about. That's what he said.

7 Q. Now, you're aware that in 2010 a search warrant was
8 executed for a storage locker that you maintained?

9 A. Yes, sir, I do. And I'm still -- it's unclear as to what
10 was taken from -- there were -- there are actually two storage
11 lockers, and what I had learned while I was in France was that
12 those two -- I thought that those two lockers were maintained.
13 One had furniture and personal items and one had, you know,
14 whatever I was -- whatever miscellaneous stuff I hadn't had a
15 chance to organize. When the storage was seized, I had learned
16 shortly before that that it was also -- that friends of mine
17 had gone through there thinking that I was going to be locked
18 up in prison for some ungodly crime and they unloaded it
19 themselves with -- and rearranged it and taken stuff and I
20 don't know if they put stuff in. I don't know but I do know
21 that both storages were compromised and a tremendous amount of
22 things were taken that I can no longer claim as possessions and
23 I also was told that the storage locker -- I believe it's in
24 Fort Lauderdale -- the two storage units if -- or I don't know
25 if it was both of them or one of them, that they were -- men

1 with guns came with some sort of grand jury subpoena and they
2 went through the -- went through and extracted boxes from
3 there. I don't know what's in the boxes, I don't know that
4 I've seen the boxes, I don't know the contents of what was
5 taken.

6 Q. You do know that the -- some of the boxes that were in the
7 storage locker at some point were the originals of the files
8 that had been --

9 A. I do not --

10 Q. -- in Ms. Farley's possession?

11 A. I do not know that, sir, because I will tell you that not
12 only did Ms. Farley's son, Sam Farley, have access to the
13 storage, seven other people had also had access to my house and
14 my storage and my automobiles also had that same access. So I
15 can tell you that I do not know what was in those storage units
16 at the time. I can only confirm, if I see them again, what I
17 can surmise from there. I have no knowledge at this point of
18 what's in those boxes and what you guys have in your
19 possession.

20 Q. So what is your understanding of what happened to the
21 originals of the documents that had been in Ms. Farley's
22 possession at the time she received the grand jury subpoena?

23 A. Well my understanding is that Ms. Farley submitted a full
24 set or Mr. Georgopoulos submitted a full set or collectively
25 between them in originals and copies they sufficed the request.

1 I also had asked Ms. Farley to give her digital file, which was
2 a Quickbooks file that she was preparing for my accounting
3 purposes, she's a bookkeeper, and I had asked her to send me a
4 copy of that. I don't have a copy of that, and it's -- those
5 are my financial records. I also am missing several copies and
6 things that I now know as a result of going through the boxes
7 that I have that are not available and are missing which are
8 relevant not only to, you know, my financial past, but also
9 relevant to my understanding of, you know, the accounting that
10 I would like to do with Ms. Murphy on the Granite TN revocable
11 trust so that we can get to the bottom line of what really
12 happened there.

13 Q. So just so I'm clear, the documents that Ms. Farley had in
14 her possession that she copied and sent to you and --

15 A. Yeah.

16 Q. -- a copy of which was ultimately returned in response to
17 the grand jury subpoena, those --

18 A. What --

19 Q. -- the originals, you don't know what happened to those?

20 A. Wait a minute. Could you repeat that question?

21 Q. Sure. And I apologize if it wasn't very clear. Ms.
22 Farley had, in her possession, your documents at the time that
23 she received a grand jury subpoena, correct?

24 A. I believe she did. However what I know is that we sent a
25 bunch of stuff to organize to Granite Bay from Fort Lauderdale.

1 Lots of stuff. Stuffed animals, personal effects, stuff like
2 that, to organize and get through. Inside that grouping
3 perhaps might have been an incomplete set of documents that Ms.
4 Farley had in her possession. I cannot confirm to you in this
5 court and to you, Mr. Pickles, and the United States that Ms.
6 Farley had a complete set. There may have been other documents
7 in that storage that I just hadn't gone through that might have
8 just been overlooked and then when you guys came in and did
9 your search warrant, you might have picked up stuff that I
10 haven't even seen as well that might be relevant to your
11 ongoing investigation of my, you know, my activity. So I can
12 honestly say that I am not certain because I was in the process
13 of organizing my life and organizing my documents. I cannot
14 honestly say how extensive or how intact those documents were
15 at the time of the subpoena. But certainly if I'm in Florida
16 and Ms. Farley's in Sacramento and I don't live in Sacramento,
17 chances are that there's going to be documents with lawyers
18 that are accounting purposes that they should submit that I
19 could forward and that I offered to. There may be
20 miscellaneous documents still remaining in storage which I've
21 had for several -- which I had for several years, and I closed,
22 after the FBI -- or I -- was it the FBI that had the subpoena
23 that came in and got the documents? Do you have those
24 documents in your possession?

25 Q. Let me ask this. The -- well, Ms. Farley had possession

1 of some of your documents, correct?

2 A. Yes.

3 Q. And those documents at some point were returned to you, or
4 all of the effects were returned to you, correct?

5 A. No. No. That isn't my understanding. My understanding
6 was that Ms. Farley had -- whatever documents Ms. Farley had,
7 she made copies of and she submitted either a complete set to
8 you and submitted a copy to me and/or Mr. Georgopoulos had that
9 same copy and he submitted them to the FBI as well. I thought
10 that you guys got two sets of those copies because I only saw
11 one. And --

12 Q. I'm not talking about the copies. I'm talking about the
13 originals.

14 A. Well I saw copies, so I saw Xeroxed copies of things in
15 boxes about -- I don't even recall how many boxes. Some
16 originals, which I -- we made available to Mr. Georgopoulos.
17 Mr. Georgopoulos said if there was anything further that you
18 guys required that we would be happy to cooperate and we were.

19 I'm 100 percent certain of the conversation that I had
20 with him. It was an intense conversation and he in no
21 uncertain terms explained to me my rights and explained to me
22 that when there is a investigation as such you have to
23 cooperate and at no point did I ever walk away from that
24 conversation thinking, oh, gee, I'm not going to cooperate with
25 the FBI. In fact, I offered the interview. I offered to speak

1 on this matter to find out what the bottom line was, but I was
2 told that because -- I even asked if I was a target of an FBI
3 investigation several times and I had attorneys contact the FBI
4 to ask them even in France and they said no. They said there
5 was something in Sacramento brewing on a financial issue, smoke
6 looking for fire, and they're working on the case. That was
7 it.

8 Q. Do you have any knowledge as -- of what happened to the
9 originals of the documents --

10 A. No, I --

11 Q. -- in Ms. Farley's possession?

12 A. -- I can honestly tell you that I do not. I don't know
13 where they are. I wish I did, for my accountant's sake.

14 Q. Now, you discussed a while ago that you're the owner of
15 Soumaya Securities, correct?

16 A. I am.

17 Q. Okay. And when was Soumaya Securities formed?

18 A. When I got, well, gosh. I -- that's a good question.
19 It -- when I got back from Europe it was formed when I got
20 back. I don't know what month or what day.

21 Q. And when --

22 A. It's in the corporate documents. I don't even know if
23 Walter has a copy of it.

24 Q. When you say you got back from Europe, you're talking
25 in --

1 A. From France.

2 Q. -- 2008?

3 A. Excuse me?

4 Q. In 2008?

5 A. No. I didn't get back from Europe in 2008. I left for
6 Cairo April 11th, 2008, I believe I -- or no, April 11th or
7 12th, if I recall correctly, because it was my
8 birthday -- April 13th is my birthday and I spent that in
9 Cairo. So that would be 2008. I believe that I came back from
10 France in January 2010 or -- please don't quote me on the exact
11 day or month. I -- it's either January or February, if I am
12 recalling correctly, of 2010, sir. And it was after
13 that -- subsequent to that that I formed Soumaya Securities,
14 LLC.

15 Q. Do you recall testifying a week ago Friday that you've
16 never lived outside of the United States?

17 A. Okay, Mr. Pickles. I lived in Vancouver. I -- you
18 mean -- in 2001, which I've explained to you, I went up there
19 as a, you know, as a film maker to try to make a project there.
20 I had an apartment in Vancouver. I had a vacation rental in
21 Whistler and then I had an -- I got another apartment in
22 Vancouver. But after -- if we're talking about traveling from
23 2000 -- and this was in context of my conversation with
24 Pretrial Services -- if we're talking about when I left, what
25 my intentions and actions were from 2008 April, to the time of

1 my return and the countries that I visited I was a tourist and
2 never a resident. So if I had a week to week or a month to
3 month rental while I stayed in the countries -- the longest
4 place that I stayed, sir, was Great Britain. I stayed in
5 greater London and I stayed as a tourist and I was still on a
6 tourist visa. So, sir, I was referring, to be specific, to my
7 time outside of Europe from 2008 to my return in 2010.

8 Q. What month did you return in 2010?

9 A. As I said, it was -- I believe, if I'm recalling
10 correctly, and I'm not sure, January or February of 2010.

11 Q. Okay. So you were out of the country for approximately
12 two years?

13 A. I was. But I was not in any certain particular place as I
14 had a lot of research to do.

15 Q. Okay. And then it was upon your return in 2010 you formed
16 Soumaya Securities?

17 A. I'm not sure if it was 2010 or 2011.

18 Q. Now what is Soumaya Securities?

19 A. It's just, you know, don't misunderstand the word
20 securities. Sometimes securities mean, you know, securities,
21 but it's not that. It's just a name, Soumaya Securities, it's
22 just a name of an LLC entity that would hold my interests and
23 hopefully allow me to expand into other businesses.

24 Q. What interest was it holding?

25 A. Financial interest.

1 Q. What financial interests?

2 A. Cash. Cash interest to -- cash earnings that would be
3 distributed as needed.

4 Q. So you formed an LLC simply to work as a repository for --

5 A. No --

6 Q. -- cash interests?

7 A. -- sir. It, you know, let me just say, Soumaya
8 Securities, LLC came at the advice of my attorney of record,
9 David Meyer, who's at Venable and, you know, we -- he wanted a
10 corporate or an LLC name that could be used and we used that
11 one. It was a choice made in a legal office in Century City
12 and then it was meant to be a holding company of some sort. We
13 hadn't filled out and done -- fleshed out the operating
14 agreement. We were still in the fledgling stages of
15 understanding how I was going to proceed.

16 It was my understanding that when I got back to the states
17 that I would rebuild my reputation, that I would clear up the
18 scandal, that I would eliminate the on line, you know, slander
19 and the malignment that was going on, and that I would adjust
20 myself corporately and personally so that I would be able to
21 make gainful employment and continue on as my -- as, you know,
22 as an American citizen, including resolving my issues with
23 Nicole Murphy was of primary focus since I knew that she had
24 gone out of her way to send an investigator to Europe to keep
25 me detained improperly in France for longer than I was supposed

1 to be there.

2 Q. The -- who came up with the name Soumaya Securities?

3 A. It was a group effort, a group of associates and I came up
4 with it.

5 Q. Legal associates?

6 A. Oh, gosh, I don't recall how many people were in the room.
7 It was a room full of people, sir.

8 Q. Well when you say associates, are they your associates or
9 associates of the law firm?

10 A. Both. People that I know and people that are associated
11 with the law firm.

12 Q. Who else was involved in the founding of Soumaya
13 Securities?

14 A. I don't recall all the people that are involved, sir, at
15 this time. I can come up with it and give you a list later.
16 There's a lot of people that contributed to that -- to the
17 energy of that formation.

18 Q. Okay. And so it's my understanding, you return to the
19 United States and you form this company as part of your effort
20 to rebuild your reputation?

21 A. Yes, sir. And just in -- just to clarify, my reputation
22 is not to con people out of their money like the United States
23 had acclaimed when they said I was a flight risk. And this is
24 not -- Soumaya Securities, LLC is not an intentional scam of
25 some sorts as you had and as the other US attorney had

1 indicated. It was a starting point. A starting block in which
2 to grow, you know, a business and another, you know, another
3 chance at a responsible life. So I can tell you that there
4 were a lot of advisors that put me in that position to go
5 forward as beneficiary of Soumaya, owner of Soumaya, and
6 someone who would then expand the resources of Soumaya into
7 various areas to build those businesses.

8 Q. And at the time that Soumaya Securities was formed, there
9 actually was no business operations under it, correct?

10 A. Well, there was -- you form the -- first of all, you
11 register and you do your articles of -- or actually I don't
12 know if it's articles of incorporation, but whatever it is that
13 you do to file and properly register the LLC and then you sit
14 down and you plan out an operating agreement. We were in the
15 stages of planning out the operating agreement but still able
16 to open a bank account and start conducting affairs and using
17 Soumaya as a parent to whatever offspring we could grow from
18 that relationship.

19 Q. What offspring have grown from the relationship --

20 A. Well --

21 Q. -- of Soumaya Securities?

22 A. -- Soumaya is giving life to a project called City of
23 Troy, which is a men's clothing company. Soumaya, by accepting
24 a finder's fee for connecting buyer and seller for Facebook
25 shares has utilized that income to make sure that certain

1 outstanding bills and debts are paid and things are made
2 socially acceptable, if you will, so that Soumaya and myself
3 and any associates involved with Soumaya can conduct business
4 responsibly. Trojan Horse Entertainment grows out of Soumaya,
5 which is the, I'll say the foil effort that I have made to try
6 and reestablish myself in entertainment as a film maker, as a
7 writer, a director, and executive producer, which has been a
8 lifetime goal of mine and a lifetime pursuit. It has not been
9 smoke in mirrors; it has been a real situation and those that
10 know me know that that has been my primary focus.

11 Also any other ideas or trademarks or things that I could
12 either invent, co-develop, or establish or introduce into a
13 marketplace, those would grow out of Soumaya, and then
14 our -- my intention is to once they become an entity to
15 incorporate them, to establish their own separate business,
16 separate account separate function and separate way of earning
17 income and distributing product. If it's City of Troy, it's
18 menswear, clothing, merchandise. The designer -- primary
19 designer for that clothing line is sitting in this court and
20 there is -- there are other, you know, if I come up with
21 a -- any kind of alternative energy invention or anything that
22 comes to mind that I can put life into, I would then fund it
23 with Soumaya and then I would grow it up into its own entity.
24 I hope that's somewhat clear.

25 I'm certainly not the best at deciding and defining how,

1 you know, corporate strategies work. I just know that I look
2 for a legitimate umbrella in which to operate and I look to
3 operate that business legitimately, contrary to your earlier
4 suspicions that my whole life is a game of con activities,
5 which is offensive to me, but I understand from the material
6 that you collected and the people that you have spoken to and
7 the research that you've done over this period of time that
8 that's what you think of me in this courtroom at this time, so
9 I'm here to answer.

10 Q. You mentioned that you wanted to create this and talked
11 about so that associates working with you could work in a
12 socially acceptable manner.

13 A. Well, on a --

14 Q. Who are the associates?

15 A. On a -- first of all, I'm going to -- just to define
16 socially acceptable manner to clarify or give some more light
17 to that, when you Google my name, it's not socially acceptable,
18 and that isn't my doing. It is the doing of a handful of
19 disgruntled people that are very angry that I somehow either
20 left their lives or didn't give what they expected or didn't
21 satisfy their dreams or their expectations. Associates. I
22 would -- I can only tell you out of the 39 to what, I think 75
23 C -- 302s that you have, I am certain that I have more people
24 that are wanting to be associated with me or work with me or
25 care about me than the ones that are complaining. So for me to

1 sit here and define and decide on associates in this courtroom
2 under this kind of stress, fighting for my freedom, it would be
3 impossible for me to give you a full list accurately.

4 Q. Can you give me a partial list?

5 A. Okay. Wayne Joffe there is an associate. He's a creative
6 director --

7 Q. I'm sorry. And maybe my question was unclear. An
8 associate working within the Soumaya Securities holding
9 company.

10 A. Okay. Mostly -- I would say mostly at this stage of
11 Soumaya it's legal. It's legal. It's lawyers. It's trademark
12 attorneys. It's entertainment lawyers, patent attorneys.
13 Gosh, people that are responsible for helping to set up
14 structure. I would -- I've worked with two firms consecutively
15 on Soumaya and I've had many people consult Soumaya for the
16 purpose of helping to define its strategy. So most of the
17 associates would be lawyers and people connected at the
18 recommendation of those lawyers; accountants, people that are
19 trying to set up a responsible foundation and business base.

20 Q. Is Mr. Mark Chapman the -- is he an accountant for
21 Soumaya?

22 A. Mark Chapman was retained -- he's -- he is an accountant
23 for Soumaya. He was retained by the firm Venable for -- under
24 lawyer/client privilege to host not just Soumaya but all of my
25 accounting activities under any umbrella or project or business

1 that I seek to pay taxes on.

2 Q. And so before when we were talking about your bank account
3 and that Mr. Chapman and -- well, maybe it didn't. Are you
4 aware that Mr. Chapman has provided information to Pretrial
5 Services about your finances?

6 A. I'm not sure to what extent Mr. Chapman has provided that.
7 I did hear in the other prior court hearing that he gave a
8 balance of what was in Soumaya, but I don't know, sir, if that
9 balance includes money that is either being reimbursed, money
10 that's going out, money that he's set aside. I don't know the
11 nature of his conversation with Becky at Pretrial Services as
12 to how he arrived to that balance.

13 Q. But he would be -- it sounds like from your testimony Mr.
14 Chapman would know the balance of Soumaya -- I mean, I'm sorry,
15 let me ask this again. Mr. Chapman would know the income or
16 assets related to Soumaya, City of Troy, and Trojan Horse?

17 A. Okay. City of Troy and Trojan Horse Entertainment
18 currently are not earning money, so he wouldn't be an expert on
19 the income of those entities at this time. He would
20 only -- and he is just getting his head around all of the
21 information at Soumaya. There's a lot of information, so I
22 don't know that Mr. Chapman at this point has a full, you know,
23 accounting, or he would have most likely submitted it to Becky
24 immediately on a digital file. I have asked Mr. Chapman to
25 prepare that forensically and I've asked him to prepare my

1 taxes for 2011 for Soumaya and for me personally and for
2 anything related.

3 So I can tell you that, at the time of my arrest, I was
4 well into planning sitting down with Mr. Chapman and dividing
5 and organizing what was what so that I could translate
6 information, answer any questions that he had, provide any
7 additional receipts or documents as to what and how money was
8 spent and for what purpose, what was tax deductible and what
9 I'm paying taxes on, and that was really the stage that we were
10 at. We were looking at a very aggressive campaign to finish by
11 April or by March and if not he was going to file extensions so
12 we could get to October and get it done by then.

13 But please know that if Mark had been with me a little bit
14 longer I would have a much better answer for you to say yes,
15 sir, I have this on digital file and Mark can send it up. But
16 since he is fairly new and is just -- he's even not privy to
17 the boxes that you have, sir, so he's trying to compile not
18 just 2011, he's trying to look back all the way, you know, and
19 make sure that the seven years of my life are exactly, you
20 know, accurate and apropos to what they should be, including
21 any forensic accounting I've asked him to do on the Granite TN
22 Trust, any Bank of America statements just because I need to
23 know.

24 I wasn't the only one that had access to the money in Bank
25 of America. Sheri Farley had access, Nicole had access,

1 Richard Hack had access to monies in those accounts. And when
2 I went to Europe and came back, there was a very large mess
3 that I have still yet to sort through, and I think that that
4 mess has sprung into what we're dealing with right now. It's
5 one -- this is one of the consequences of being disorganized.

6 Q. Did Ms. Farley have access to the Granite Bay TN Trust
7 bank account?

8 A. It's my understanding that she did.

9 Q. And Mr. Hack did as well?

10 A. No. Mr. Hack had access to his own account and to
11 a -- the TroyCo account, which he and I were trying to build in
12 Fort Lauderdale.

13 Q. And getting back to Mr. --

14 A. And I'm not sure what else he had access to as an
15 authorized person, but I do know that he was authorized on
16 TroyCo and he was authorized on an account that he had there
17 with B of A.

18 Q. Getting back to Mr. Chapman, you've provided him access to
19 all of your accounts or current assets?

20 A. Whatever I can. We -- we've just been kind of sorting
21 through boxes and trying to get through the discovery period
22 much as you guys might have done a few years ago. So I have a
23 lot of work to do with Mr. Chapman to catch him up. There, you
24 know, there was a huge -- there's a huge gap between the
25 information that I no longer have that I thought Ms. Farley was

1 going to have that I don't have in my possession that perhaps
2 you do. I think you have a more complete set than I do.

3 Q. Now, with respect to Soumaya Securities, you
4 mentioned -- we got to this road because we talked about Mr.
5 Chapman with someone who is not a lawyer who is associated with
6 Soumaya Securities. Are there any other non-lawyers associated
7 with Soumaya Securities that you can think of?

8 A. Well, could you define associate?

9 Q. Using the term that you originally stated that --

10 A. Well I --

11 Q. -- associated with Soumaya.

12 A. Well then I'll just -- I'll define it what it means to me.
13 Associate means to me someone who, in any way, is associated or
14 connected to the vision or the goal or the prospects that are
15 contained within Soumaya. That -- that's my understanding.

16 And whether it be someone hired like Bill Branscum, a private
17 investigator, to find out how Soumaya Securities could, you
18 know, could better position itself in the marketplace, a
19 private investigator, an accountant, a publicist, a lawyer, a
20 business strategist, a CPA, a bookkeeper, assistants, anything
21 like that.

22 But, you know, the -- no one has been hired officially
23 with a -- with payroll to my knowledge unless, you know, Mr.
24 Chapman has set up the structure. Mr. Chapman was hired first
25 to set up structure from a -- where he's actually receiving

1 money from Soumaya to do that. And there are people who have
2 been as independent contractors paid via Soumaya. There's been
3 expenses through Soumaya. I felt comfortable with engaging
4 whoever was necessary to try to build an entity. I am very
5 premature in announcing a list of employees as I haven't
6 finished my operating agreement.

7 Q. Is there a board of directors to Soumaya?

8 A. Well, you know, I don't know. That's interesting. There
9 should be, and if there is, I know that my attorney would know
10 that. But I don't know for sure if that has been formalized or
11 if it's -- if it has been established. I just know that there
12 are people that meet regarding Soumaya and Soumaya's interest
13 in the law firm and those people have not formalized their
14 position with Soumaya yet except --

15 Q. Who are those people?

16 A. Excuse me?

17 Q. Who are the people that meet at a law firm as part of
18 Soumaya?

19 A. Like I said, there's a long list of people that's more
20 than 20 and I can tell you that I don't have -- I don't want to
21 give you an incomplete view of this. I just want you to know
22 that there are people that are going to eventually confirm
23 their position in Soumaya and you guys put me in detention
24 right in the middle of all of this from happening, which is a
25 panic for me because, you know, at the same time you're asking

1 for these results, I am unable to provide them and when I say
2 that I mean I'm not even able to close the first major
3 transaction of Soumaya because I'm in detention and I have
4 a -- limited calling privileges that say that I'm at Sacramento
5 County Jail. So I might not only lose my first major multi
6 million dollar transaction with Soumaya, I've also been -- when
7 asked where my publicity was, when I see Nicole Murphy on You
8 Tube, you know, talking about this case, shopping and laughing
9 about it, that totally affects my personal image, reputation,
10 and ability to build Soumaya and so a lot of the people that
11 sat and offered their expertise or their incredible, incredible
12 business acumen, they don't want to touch me with a 10 foot
13 pole because they think I'm as you see me and so they have
14 shied back and, you know, I don't know what I have to -- what
15 pieces I'm going to have to pick up when I -- if I get out of
16 here.

17 Q. The -- with respect to this list of 20 or so individuals,
18 can you -- do you know the names of any of those individuals?

19 A. I can tell you that it would be better served that my
20 lawyers answer that question because they actually made the
21 invitations and the recommendations, and I'm not certain that I
22 want to even name someone who would be associated that may not
23 want to be listed as an associate. So in an effort to protect
24 their intentions from whatever they're thinking at this time, I
25 would like to say that I have a list of incredible prospects

1 for associates that have given me amazing advice that may or
2 may not wish to be involved with me as a result of this
3 indictment.

4 Q. You -- you've talked about this multi million dollar deal
5 that would --

6 A. That's --

7 Q. -- be closing. Could you just --

8 A. It is a multi million dollar deal, Mr. Pickles.

9 Q. What --

10 A. I'm sorry that it's not typical --

11 THE COURT: Let -- Mr. Stratos, let Mr. Pickles ask
12 the question --

13 THE WITNESS: I'm sorry, Your Honor.

14 THE COURT: -- and then you can answer it.

15 BY MR. PICKLES:

16 Q. Can you please describe what this deal is?

17 A. Okay. It's very, very elementary and simple. Facebook is
18 a privately held company currently operating in Northern
19 California, as you know. Chairman is Mark Zuckerberg. This
20 company is contemplating going public. Many people would like
21 to buy shares of Facebook at its current or perhaps at a
22 discount in the marketplace before it gets -- it goes to that
23 IPO status and gets traded publicly. The reason for that, sir,
24 is that if Facebook goes public, because of its popularity with
25 its more than 500,000,000 users, there's thought that that

1 stock will rise to -- exponentially. There's also speculation
2 from critics that believe that because Facebook is not
3 monetized to accept its popularity, meaning that it can't
4 justify its valuation, that the prospect of Facebook shares at
5 the time of sale will be lower than their privately held stock
6 is trading at right now.

7 There are people that are in -- various people, whether
8 they be people with great personal wealth or hedge funds or
9 people that hold their money in family trusts or private equity
10 funds, whatever, I -- I'm not giving any particular type of
11 person that sits on the capitalization table of Facebook, but I
12 can tell you that I was asked to find -- I was asked to find a
13 buyer for a group of legitimate Facebook sellers that wanted to
14 unload their stock. Now you'd say why does someone want to
15 unload their stock if they're going to go exponentially up or
16 maybe down depending on the time of transaction that it would
17 go public. Well, here it is. Facebook is a very young company
18 with a lot of young executives that have never experienced this
19 kind of popularity or wealth and so a lot of them, sir, and
20 Your Honor, are trying to cash out and get their wealth before
21 they take the gamble.

22 So I got into an incredibly fortunate and lucky position
23 to know people of great wealth that wanted to buy Facebook
24 shares. Then I also knew a group of people that had a great
25 deal of them. So at the time that I was going about my

1 business of trying to contact everybody that had been slamming
2 me or slandering my name, I said, you know, I know both seller
3 and buyer. The buyer communicated in writing that they would
4 pay 56 cents per share that they were able to buy as a finder's
5 fee. Now it's very important that we define finder versus
6 broker and agent or dealer. A broker for Facebook, which would
7 be like a Morgan Stanley or Goldman Sachs, people -- experts
8 that are in -- financial strategists that know their business.
9 Well, Mark Zuckerberg runs a company where he wants to stay
10 cool. He's a very young, under 30 executive that wants things
11 to be a certain way and has shied away from a lot of the broker
12 dealer relationships and has tried to encourage both buyer and
13 seller to organically come together any way they can and then
14 apply for what is called a -- an -- a revocability (sic) period
15 of time where they schedule to purchase, the shareholder
16 schedules to sell, and then they go through that revocable
17 period.

18 If they make it through the revocable period where
19 Facebook doesn't buy the shares back for themselves, then the
20 buyer becomes a member of the capitalization table and they get
21 those shares. There's three kinds of shares that I'm aware of.
22 There's founder shares or they're called preferred shares;
23 there's common stock A; and common stock B shares. I know
24 people who have all three types of those shares. It was a luck
25 of the draw, call it what you will, call it good fortune, call

1 it just great relationships, but I had an opportunity and I
2 have already tendered the buyer and seller together. I have
3 introduced them. Not to be confused with a broker, not to be
4 confused with a dealer, but both buyer and seller have spoken.
5 They have exchanged information. They have exchanged
6 documents.

7 The reason that that -- this transaction has not yet
8 closed at the level that the buyer wants it to is because the
9 buyer wants a extreme discount in shares. The seller can
10 afford to sell those Facebook shares at any price they wish.
11 The buyer is only willing to buy them at a certain price. The
12 reason I'm key to that transaction, sir, is because it will be
13 up to me to try to talk to the seller and ask them to accept
14 the discount that the buyer is wanting to buy at so that they
15 can come together and close that transaction. The buyer is
16 certain that I have found the seller. The buyer is certain
17 that I have found a seller that has the shares. The buyer has
18 identified that, which is why 50 percent of my finder's fee has
19 arrived into Soumaya Securities, LLC and 50 percent of that
20 finder's fee has been used to spend where I needed to spend.

21 Also, the gentleman and the group -- the capital group
22 that sent that money has been notified and has been made aware
23 that that money and those resources have been spent, regardless
24 of your conversation with them and with Ms. -- with them, any
25 of them that you might have spoken to. I am certain of that,

1 sir.

2 The other thing that you should know is that the
3 transaction is incomplete. The transaction should have already
4 occurred before 2011 was closed, some because they wanted to
5 get an under the 2011 closing period for their tax purposes and
6 now they have been extended. I have been in detention for a
7 month. I -- around a month, I believe, and that has delayed
8 and put in jeopardy this transaction which means that if I
9 don't close this transaction, if I don't inspire the seller and
10 the buyer to come together, then I will be liable for
11 that -- for a non-transaction, which then plays into the hands
12 of making incomplete, which throws me into civil court on
13 non-performance unless I conduct business out of Sacramento
14 County Jail and somehow try to get the buyer and seller to
15 communicate through the phones that I'm using in the visitation
16 booths that I have -- I'm not trying to be sarcastic, but
17 that's my only other option if I'm not released.

18 And the other thing is once that does occur and the buyer
19 and seller do confirm, then I have an expectation of a certain
20 amount of income that has been prearranged and offered by the
21 buyer to me. I have not asked that from the buyer. The buyer
22 has offered. That is why the buyer has sent the money to be
23 utilized by what is Soumaya Securities, LLC.

24 Q. What --

25 A. That is the --

1 Q. What is the name of the --

2 A. -- nature --

3 Q. This -- let's start with the name of the sellers.

4 A. The seller -- the sellers are Facebook shareholders and --

5 Q. Their names.

6 A. Well, you know what? I can tell you that now you're
7 asking me to give you names of people that may or may not be
8 sellers as a result of where I am right now, so before I give
9 you a name and then it turns out to not be a seller, sir, I
10 want to be really clear with you that I am not certain that the
11 sellers that were available at the time that the buyers were
12 there to buy, I'm not sure that the same sellers are even
13 willing at the same price to offer the buyer those shares as a
14 result of the panic that has been created by me being in here
15 and the panic of you speaking directly to the buyer who now
16 thinks that some wild con man is on the loose with their \$11
17 million without giving them sellers that they can confirm.

18 That is the position that the United States has put me in right
19 now currently regardless of what you might think. And I don't
20 mean you any particular personal disrespect, and I certainly am
21 not trying to be uncooperative with the United States.

22 On the contrary, what I am trying to say to you is that if
23 you -- if I were to give you the names of certain companies or
24 sellers that have already spoken to the buyer, the buyer has
25 that information and you are in direct communication with the

1 buyer who can give you those names. And if those people are
2 still communicating with the buyer in spite of my detention,
3 then they would -- then chances are that they have either
4 stopped their communicating and they haven't closed the deal
5 and are panicked that they're not going to close the deal on
6 the pending moment that Facebook does go public. See, if
7 Facebook goes public and it goes into the open market before I
8 am out of detention or before I am able to close that deal,
9 then that deal dies and that \$11 million is spent for naught
10 and then I owe \$11 million to the buyer.

11 And the nature of the agreement that Soumaya has with the
12 buyer is simply this. If I -- if Soumaya successfully
13 introduces buyer and seller together, then Soumaya is entitled
14 to 20 something million dollars which justifies the size of the
15 purchase of the buyer, which is far in excess of that amount.
16 If it is the fault of Soumaya that the buyer does not get a
17 chance to buy, then Soumaya owes a refund. That is where the
18 buyer is and why the buyer is willing to talk to you right now
19 because they're in panic mode and the more you talk about this
20 case to them and the more they're aware of it, the more afraid
21 and unstable this deal and this situation becomes.

22 So please, if you will, realize that the more you
23 invalidate me on this stand and the more you assume that I am
24 guilty before innocent instead of the other way around the more
25 in jeopardy I become on that situation and the more unlikely I

1 will be to close a transaction that I am more than willing to
2 be transparent with this Court, with the United States, and
3 with anybody involved or associated with trying to figure out
4 if I'm for real, a man of straw, or a man of substance. I am
5 willing to open up that situation. I am willing to divulge
6 real buyers and real sellers and I am willing to give you all
7 of the details and all of the correspondence of those
8 transactions. It is important to me that I do that for my own
9 well being, my ability to survive, pay taxes, support my
10 lifestyle, and support that which I'm trying to do to pay back
11 those that I owe, like Viive Truu.

12 Q. So what are the names of the sellers, then?

13 A. I could not give you an official list.

14 Q. Can you give me, understanding there may be additional
15 names that you can't think of on the stand, what are the names
16 that you can think of?

17 A. I know that Sean Parker is one seller whose representative
18 contacted Mr. Tim Burns at ESG Capital.

19 Q. And Tim Burns is the -- a buyer?

20 A. Tim Burns is the -- he runs ESG Capital, and that capital
21 company is -- I assume he's setting up a group of buyers in
22 tandem to make this purchase. Mr. Parker is the famous -- the
23 napster guy that if you saw the social network, he's also the
24 one that helped inspire the stock to be expanded to the level
25 that it is today. Mr. Parker and Mr. Burns did not come to a

1 financial term through Mr. Parker's counsel. Mr. Parker is
2 still willing to sell shares. Mr. Parker has -- I have a very
3 good reason to believe that now Mr. Parker may not sell to Mr.
4 Burns, yet Mr. Parker is part of a group of sellers to -- just
5 as an example, that have a tremendous war chest of stock -- of
6 Facebook stock that are in a position to possibly decide if
7 they want to unload some of their stock to Mr. Burns and his
8 associates.

9 The problem, sir, is that for me to give you -- I can tell
10 you that Mr. Parker was a real, legitimate, verifiable seller
11 that was in communication with Mr. Burns as a result of me
12 putting people together and I can tell you that that deal, if
13 it has even got a glimmer of hope of living, will be affected
14 by the outcome of whatever today's proceedings are.

15 Q. In addition to Mr. Parker, are there any other sellers?

16 A. I cannot give you any more because I don't know who
17 is -- I have not had a chance to communicate with Mr. Burns. I
18 have not had a chance to communicate directly with my voice in
19 person with anyone, any of their representatives, any of their
20 personal friends, their coworkers, their associates, their
21 inventors, their loved ones. This is a -- this isn't just a
22 phone call that I can say is a -- this is a hard work to get
23 people that think they're going to get rich off of Facebook
24 going public, it's hard work to get them to sell their stock
25 before it goes public.

1 So if I'm released and if I'm able to conduct that
2 business with your eyes watching, then I'm happy to cooperate
3 with the United States on giving you the names of each and
4 every seller that I contact personally or by phone from this
5 moment forward, just in an effort to close that deal.

6 Q. Now, in fact, you have communicated with Mr. Burns while
7 in custody, correct?

8 A. I have sent communication indirectly to Mr. Burns through
9 other people.

10 Q. You've dictated text messages?

11 A. Yes, I have.

12 Q. And those text messages that are sent to Mr. Burns, you
13 haven't said that you're actually in custody, right? That
14 you -- I'm sorry. Let me step back. In those communications
15 with Mr. Burns, who represents the buyers, you've --

16 A. I can answer that.

17 Q. -- you've informed Mr. Burns that your name's Ken Dennis?

18 A. No, I have not -- I am not Ken Dennis, once again, for the
19 record. I am not Ken Dennis. Ken Dennis is a different
20 person. What I would like you to know is that I am responsible
21 on behalf of Soumaya for -- to let anyone that's involved with
22 Soumaya know where we are or where we aren't. And, for the
23 record, I have informed Mr. Burns via Soumaya that Mr. Stratos,
24 me, is in custody, is in bail hearings. I have asked Mr. Urban
25 to communicate with Mr. Burns directly as to my status so Mr.

1 Burns would be kept up to date on my whereabouts and what is
2 happening and we have asked Mr. Burns to patiently wait for due
3 process to see whether or not I am going to be able to either
4 inspire that sale or I'm going to have to refer it or defer it
5 somewhere, at point I will contact Mr. Dennis. Mr. Dennis will
6 then be instructed on what I think he should do and then he
7 will go to the law firm and he will set up a meeting and he
8 will figure out, hopefully, what to do in the wake of my
9 ongoing, if that's to be my fate, detention.

10 So please understand, it's a very delicate situation and I
11 can understand your question because part of your argument is
12 that if I'm let free it's not just that you think I -- you
13 think I'm a flight risk, which I don't understand, but you also
14 think that, you know, even though I've never owned a weapon or
15 anything that somehow I have the ability to call up or persuade
16 people out of lots of money. Well, you know, that is so, so
17 off center from what my reality really is. I can only defend
18 myself by saying that I will have -- I would have no way of
19 doing anything in any positive regard in any business anywhere
20 if that is the -- if I allow that opinion of the United States
21 to stand.

22 Now, I'm willing to cooperate with the United States and
23 show you every step of the way of how I plan to do this, but
24 you, right now, because of your position, Mr. Pickles, are
25 operating at a point that I'm this bad guy and you've got to

1 get me in behind bars and serving some ungodly amount of time
2 that I've never heard of for things that I didn't even know
3 existed. What I can say is that, as part of my commitment to
4 the United States, as a United States citizen and as a taxpayer
5 that I plan to cooperate with you fully. Not only that, I plan
6 to memorialize it, account for it, do forensics on it, and
7 submit it to you openly as a part of my -- as a part of
8 whatever cooperation you require ongoing to know that I am not
9 a man of fraud. So I --

10 Q. The --

11 A. -- I can only tell you I -- if you ask me for a seller, I
12 want to be able to give you a seller that I know is actually
13 going to be a seller to Mr. Burns and his group who are buyers.
14 The problem right now is there's a myriad of sellers that I
15 don't know -- I used to know daily what their function -- how
16 many shares they had, what they were doing, if they sold, if
17 they decided not to sell, if they -- whatever. I no longer
18 have access to any of that information in detention and I
19 wouldn't -- I may have to say, Mr. Burns, I have lost your
20 sellers and I have to refund your money. And then I have to
21 find a way to do it.

22 Q. In the text messages that have been sent since you've been
23 in custody, you have never informed the recipient, Mr. Burns,
24 that the messages are being sent by a person by the name of
25 Troy Stratos.

1 A. No. No. It -- irrelevant to me --

2 Q. Correct?

3 A. It is irrelevant to me because Mr. Burns, A, knew that the
4 text messages were coming on behalf of Soumaya, whoever they
5 were from, and that's my understanding. And number 2, Mr.
6 Burns knew that if I was sending a message on behalf of Ken
7 Dennis, he knew that as well and he was informed that not just
8 him but his associate as well. He --

9 Q. Now who's Ken Dennis?

10 A. Ken Dennis is the CEO of Soumaya.

11 Q. When I asked you before --

12 A. But he has not --

13 Q. I'm sorry. When I asked you before about the --

14 A. Who --

15 Q. -- name of all of the individuals at Soumaya, you informed
16 me you couldn't name anyone.

17 A. Right.

18 Q. There's no one on the payroll.

19 A. Well, right, but Ken -- but I mentioned to him -- you -- I
20 mentioned him as the CEO prior and I also mentioned that we
21 don't have an operating agreement, which Mr. Dennis is trying
22 to put together with the law firm of Venable. So I can tell
23 you that Mr. Dennis is right now trying to form a base, a
24 business plan which is his acumen, and a structure in which to
25 operate a company. So I can tell you that Mr. Dennis hasn't

1 even been available for many of the meetings that Soumaya has
2 had in forming the situation, has actually protested the fact
3 that more things have not together quicker than they should be.

4 Q. But --

5 A. So I can also tell you this. Mr. Burns, at ESG, not to
6 belabor the point, is aware that I am an integral part of this
7 transaction. He is aware that I'm in detention. He is aware
8 that I have spoken on behalf of Soumaya and on behalf of Mr.
9 Dennis. He is aware that, whatever the communication is, it is
10 authorized not only by the lawyer that's -- that is
11 understanding it, but it's authorized by those that are sending
12 it that are also -- Susan Sweeney, I've -- let me just say that
13 Susan Sweeney is an authorized signer on the Soumaya bank
14 account and she is also an authorized officer of Soumaya. I'm
15 not really sure what her title is, but she is an authorized,
16 you know, she's secretary of record, if you will, until we find
17 a more formal name for her and she has not only appeared in
18 this courtroom, she has also been very flexible and helpful in
19 making sure that Mr. Burns is communicated with.

20 Q. The -- well she's actually the one that you've been
21 dictating the text messages to that are sent to Mr. Burns?

22 A. Well, you know, I haven't seen the actual texts that go.
23 I can only make the recommendation. I'm not certain that
24 that's an actual, you know, that dictation is actually being
25 followed through and also Ms. Sweeney is not the only one that

1 I've communicated information to to make sure that Mr. Burns
2 gets communicated with. I have asked Mr. Urban to talk to him
3 on a daily basis so that he's aware of my situation and he's
4 aware of the status of my situation.

5 So again, to be cooperative with the United States, if you
6 had somebody with me that you, you know, where I could walk you
7 through it and take you to my law firm and take you to the
8 process that I am, you would have a much better and more clear
9 perspective than just sitting here asking me questions trying
10 to figure out how I'm conducting my business.

11 Q. But Mr. Burns doesn't know that the text messages he's
12 receiving are actually being sent by you, correct?

13 A. I don't know that.

14 MR. URBAN: Calls for speculation, Your Honor.

15 THE WITNESS: I do not know that.

16 MR. URBAN: Objection.

17 MR. PICKLES: Let me ask --

18 THE COURT: All right.

19 MR. PICKLES: I'm sorry, Your Honor. I'll withdraw
20 the question.

21 THE COURT: Just a minute.

22 BY MR. PICKLES:

23 Q. You've testified --

24 THE COURT: All right. Then the objection's
25 sustained. All right.

1 BY MR. PICKLES:

2 Q. You've testified about you know Mr. Burns knows that
3 you're integral to the company, that you know Mr. Burns knows
4 that you're in custody.

5 A. When I have spoken to --

6 Q. You --

7 A. I can just -- when I've spoken to Mr. Burns I have told
8 Mr. Burns that I am -- first of all, we signed a
9 confidentiality agreement. I also told Mr. Burns and an
10 associate of his that when I spoke to him, he said now I know
11 your real name. I said because of the privacy and because of
12 the details of my situation, the most important thing that you
13 should know about me and Soumaya is that I am a part of it, I
14 am a beneficiary of it, and I'm an integral part of finding
15 your seller. Mr. Burns knows that the person he has spoken to
16 is not Ken Dennis. He knows that it is someone else that has
17 not given him his true identity. This is true. But he also
18 knows that I am speaking on behalf of the office of Soumaya,
19 and if he says otherwise, I have virtual and I believe written
20 proof that -- and also witness proof, I believe, and I'm not
21 sure what I have and what I don't, but I'm certain that I can
22 provide evidence to the contrary of what you're saying.

23 Q. Mr. -- in the text messages that you dictated to be sent
24 to Mr. Burns, in one of them you said that one of the reasons
25 the deal couldn't close is because you were traveling, correct?

1 A. I don't know if I was the one traveling or if someone else
2 in -- someone --

3 MR. URBAN: Lack of foundation, that --

4 THE WITNESS: Yeah.

5 MR. URBAN: -- one, Your Honor.

6 THE WITNESS: I'm --

7 MR. URBAN: Excuse me, objection.

8 THE WITNESS: I don't know who's traveling.

9 THE COURT: Just a minute. Hold on. Hold on. Mr.
10 Stratos, your attorney's trying to state an objection, and when
11 you're speaking at the same time --

12 THE WITNESS: Oh, I'm sorry.

13 THE COURT: -- as him, I can't hear what he's saying.

14 THE WITNESS: I'm sorry.

15 MR. URBAN: Sorry, Your Honor. Excuse me. My
16 objection is lack of foundation as to that question.

17 THE COURT: All right. Mr. Pickles, restate your
18 question.

19 MR. PICKLES: Yes, Your Honor.

20 BY MR. PICKLES:

21 Q. In one of the text messages that you dictated to be sent
22 to Mr. Burns you stated that the reason the deal couldn't be
23 completed was because you were traveling, correct?

24 A. Okay.

25 THE COURT: The objection's --

1 MR. URBAN: Same objection, Your Honor, because
2 the --

3 THE COURT: The objection's overruled.

4 MR. URBAN: Excuse me.

5 THE COURT: You may answer the question.

6 THE WITNESS: First of all, I believe that you're
7 assuming that I'm dictating and where that's unfair to me is if
8 I saw the dictation, if I saw the communication go to Mr. Burns
9 based upon my suggestion, which have been -- I have made a
10 multitude of suggestions on how to try to contain the Mr. Burns
11 situation, but I can tell you this. I have never seen the
12 exact communication that has gone to Mr. Burns nor have I been
13 privy to transcripts of any conversations that have been had
14 with Mr. Burns either by you, by Mr. Urban, or by anybody
15 legally associated with Soumaya or personally associated with
16 me.

17 What I can tell you is that several people have spoken to
18 Mr. Burns, several people have communicated with Mr. Burns, and
19 I'm not sure the nature of which your text is, but my travel,
20 me, Troy Stratos, my travel has been to three detention
21 facilities. And because of that detention in the one month
22 that I've been here, I'm not able to even clarify a sit down
23 meeting with Mr. Burns and his people and the people I'm
24 introducing him to to close this deal. If you would like to be
25 invited to that, and I don't mean that to be persnickety, I

1 would be happy to say the FBI or the United States would like
2 to sit in on the validity of this meeting so that they can
3 ascertain whether or not I'm a con man or I'm trying to
4 legitimately put a deal together based upon text messages and
5 phone calls.

6 It really doesn't matter, Mr. Pickles, how the deal comes
7 across as long as it is legal and legitimate and that the
8 parties on both sides know what they are getting into and agree
9 to it and are not in any way trying to break any laws. What I
10 am trying to say to you is the accusations made to me for wire
11 and mail and mail fraud and obstruction of justice do not apply
12 to the Mr. Burns current situation on trying to make sure that
13 he is able to purchase Facebook shares.

14 I understand your concern. I understand your concern
15 about the amount of money it is. But it could be \$1,100 for
16 all I care. It could be \$11,000. It really doesn't matter how
17 much it is as much as it matters that Mr. Burns is aware of
18 what the deal is, he is reaching for it, respectfully. I am
19 doing the same. And by the way, everyone from the lawyers to
20 Mr. Dennis who have communicated in writing to Mr. Burns have
21 communicated agreements. You have to remember, this is under
22 agreement with Soumaya. It is under -- it is -- they're
23 deposits that have been made post those agreements and Mr.
24 Dennis has communicated -- if you're thinking that I'm Mr.
25 Dennis, you're really mistaken, and if you think that I'm

1 trying to be Mr. Dennis for the sake of Mr. Burns to defraud
2 him, you're mistaken as well. I have spoken on behalf of Mr.
3 Dennis. Mr. Dennis is aware that I'm speaking on his behalf.
4 He's also aware that I'm speaking on behalf of Soumaya. And as
5 does Mr. Burns as does Mr. Burns' associates.

6 What they want is Facebook shares at a certain price, and
7 what the seller wants is the same thing to go. I have achieved
8 that. What I haven't been able to do, sir, is close it. And
9 because I haven't been able to close it, because of the timing
10 of this situation, I am in great jeopardy of my future at the
11 same time I'm trying to reflect on my past and try to explain
12 to you why Ms. Murphy is wrong in her allegations. In her
13 pursuit for money, she has stretched the limits of truth to get
14 you and a lot of people on her side and get you to pay
15 taxpayers' dollars to come after me for mistakes that she has
16 made herself in trusting or in believing or in spending -- her
17 spending habits, which have not been discussed here, or in her
18 ability to tell the truth.

19 I am certain from those allegations that she has been able
20 to somehow convince you that she is being truthful. It is
21 literally her word and her associates' against mine and
22 my -- and people that will stand and defend. The difference
23 here is that three law firms, three lawyers, three witnesses
24 that stand to lose their law -- their -- stand to get disbarred
25 if they lie will stand in favor of what I'm saying to you and

1 why I believe that I am innocent of the charges filed against
2 me in this indictment. I -- I'm coming back to a point.

3 If -- Your Honor, if I'm released from custody, I would be
4 happy to communicate with the United States on this matter.
5 Because of the sensitivity of the matter, I stand to be
6 completely economically devastated. It is in the open. I am
7 speaking openly with Mr. Pickles, and I would be happy to speak
8 openly with the United States at any given moment, day or
9 night. What I need to do is try to make good on a commitment
10 that I made, that I've already collected money on. Mr. Burns
11 is aware of that situation. He's also -- and the other
12 issue -- I'm going to ramble for one more thing is that your
13 concern was what did I do with the 11 million and do I have the
14 11 million and is that going to make me a flight risk.

15 I've spent the 11 million. I've spent it in anticipation
16 of collecting closure on the deal, collecting the other \$11
17 million and being able to finish paying what I started, make
18 another payment to those that I owe. I owe very little outside
19 of Viive Truu, and that's an ongoing commitment that I have,
20 and I get to move on with a real life, and I get to move on
21 with knowing that I satisfactorily completed the introduction
22 of a buyer and seller who stand to gain a great deal from that
23 introduction.

24 If you want to dissolve that relationship or if you wish
25 to somehow invalidate it, then this is the best way that you

1 could do that. But I'm -- again, may -- for the record, I'm
2 happy to communicate in any way possible or necessary so that
3 Mr. Pickles and the United States can feel satisfied that I am
4 not trying to defraud Mr. Burns and his group out of millions
5 of dollars for Facebook shares that do exist.

6 THE COURT: Mr. Pickles, we got a little far afield
7 of your question. Did you have further questions?

8 MR. PICKLES: I do, Your Honor. Actually I just want
9 to ask it again. And I'll make sure it's clear.

10 BY MR. PICKLES:

11 Q. Did you suggest to Ms. Sweeney that she communicate to Mr.
12 Burns to inform him that the reason the deal could not occur
13 was because you were traveling?

14 A. I don't recall if I did that exact communication, but I'm
15 certain that I've communicated to Ms. Sweeney many reasons that
16 this deal cannot close, the most recent through Mr. Urban by
17 explaining that if I don't get a chance to speak to those
18 connected to the seller to get the seller to agree to sell,
19 then I'm certain that Mr. Burns will be in a compromise.

20 Q. Did you -- was another reason that you suggested to Ms.
21 Sweeney that she inform Mr. Burns that the deal could not close
22 was because the board of directors of Soumaya could not convene
23 because of the holidays?

24 A. Well, if I utilize board of directors, that's a term used
25 loosely because, you know, the board of directors has not

1 officially been set up. So if it's a group of advisors, I
2 would have probably loosely termed them as a board of
3 directors, and that would be a mistake on my part of wording.
4 But in content, as it's relevant, anyone and everyone involved
5 with advising on how these shares can be traded would be
6 included in that list of people advising to close that deal.

7 Q. Was another suggestion you made to Ms. Sweeney to inform
8 Mr. Burns why the deal couldn't close was because
9 the -- Soumaya Securities was in the process of being
10 reorganized?

11 A. Yes.

12 Q. Okay. Was -- did you also suggest to Ms. Sweeney that she
13 inform Mr. Burns that once the board of directors was able to
14 convene that Mr. Burns could withdraw his money from
15 the -- withdraw the money that had been deposited in the
16 Soumaya Securities accounts?

17 A. That is not exactly accurate. What I can say to that, as
18 I recall it, when -- is that, again, the word board of
19 directors would be used loosely to mean a group of individuals
20 advising on this particular transaction and two, if it -- if
21 such time -- it is written in the agreement with Mr. Burns and
22 Soumaya that if it is Soumaya's fault that this transaction
23 does not occur, that Soumaya will owe Mr. Burns and ESG Capital
24 a refund. If that occurs, then the group of advisors that have
25 allowed this to fall short of its goal will be responsible for

1 raising that capital and returning the money, and I will have
2 to be a part of that fund raising effort because I spent the
3 money.

4 Q. So just to be clear, to the extent there are any
5 communications with Mr. Burns indicating that the money can be
6 refunded, that would be --

7 A. My --

8 Q. -- untrue because there is no money presently to refund?

9 A. That is leading as well. I -- that is not true. What I
10 am -- let me just -- this is my answer. In -- I was sued for a
11 failed project with Ms. Wilson in 2000 by Dennis Rush in a
12 civil lawsuit and we lost. We didn't show up in time. We did
13 a motion to quash. We did a motion to set aside the judgment
14 and we lost. I refunded that money. I settled that lawsuit.
15 I settled that judgment. That should be submitted. Mr. Urban
16 has a copy of that settlement.

17 Mr. Rush is one of the people that's complained to you.
18 He's one of the first ones on his 302 with you. I don't know
19 if you've communicated with him recently, but he has been
20 satisfied. And I do want you to know that if Mr. Burns is out
21 \$11,250,000 with his clients because of a failed effort that I
22 have made to get him Facebook shares, then I will stand, and me
23 alone, I will stand alone in trying to make sure that he's
24 refunded. And I will inform those that advised me and those
25 that have resources to help me to refund Mr. Burns money and

1 then I will spend whatever time it takes to pay those people
2 back or pay Mr. Burns back. I am committed to that. Mr. Burns
3 knows that, which is why in my communication he is safe from
4 the fear of total loss.

5 And what you should also know is that little McDonald's
6 commercial that a lot of money was spent on has the potential
7 to earn 3.5 to 10 million US dollars if accepted. It is a 10
8 minute running commercial for the Super Bowl that has not yet
9 been presented to McDonald's and it's a week -- a literal one
10 day shy of two weeks from actually being submitted into the
11 actual bowl. If it doesn't get its slot, it doesn't get
12 placed, I don't get the money, and my company, Trojan Horse
13 Entertainment, falls apart. It falls apart for the time being.
14 It's not completely decimated. The commercial might be
15 utilized at a later point.

16 But I do have ways of making an honest living, Mr.
17 Pickles, and I do have ways of confirming mistakes that I have
18 made so that there's clarity where Mr. Burns or McDonald's or
19 anyone involved with me can have. And certainly with public
20 testimony today and with the fact that people can follow this
21 court -- these court proceedings on line and there are other
22 people emailing me inside detention that tell me that, I can
23 tell you that I am 100 percent ready to be transparent, even
24 more so than the questions you could possibly answer in this
25 one day of cross examination.

1 So again, whatever advice I gave via text to insulate Mr.
2 Burns from a complete panic attack, I gave advice. If I had
3 done the texts myself to Mr. Burns while in detention, I could
4 tell you exactly what was sent. I can only tell you what was
5 recommended and what was communicated and what I recall. What
6 I can also tell you is that when you get to the bottom of that
7 transaction, you will find that it's legitimate regardless of
8 how it was achieved. So I'm happy to answer more questions.

9 Sorry for being long winded on that one, Your Honor.

10 Q. The -- now you've testified about having been arrested in
11 France, correct?

12 A. I assume so, yes.

13 Q. And while you were in custody in France, you hand wrote
14 letters to a person you've already testified to, Richard Hack,
15 correct?

16 A. The letters that I just saw briefly on the
17 exhibit -- defendant exhibits were desperate letters written in
18 the dark of La Sante prison and they were more verbal diarrheas
19 to Richard Hack, who's a writer, who's a creative, who spent
20 the seven years helping me write my movie scripts and I rambled
21 with him. And so what I see there is that Mr. Hack has
22 communicated those very desperate handwritten prison help me
23 letters to the United States in an interview that you had with
24 him or he's cooperated in some way. I also am aware that you
25 have them and some of the things that were said were said in

1 very desperate dark moments of my life while not knowing who
2 was there for me and with nobody visiting that I knew and I
3 didn't even know if people knew where I was. And I was -- at
4 the time that I wrote those letters -- featured on television
5 by -- featured on French television on three different stations
6 as -- and I saw pictures of Nancy and pictures of Nicole and
7 Eddie and all these different things going on and flights that
8 I've never taken and people giving interviews and investigators
9 talking about me being wanted by the FBI and being extradited
10 by the FBI to the US and there was a hotline and all kinds of
11 really terrible fictions that were going on that made me look
12 far worse in the public eye.

13 And I was desperate when I wrote those letters. So
14 whether or not issues on those desperate letters to Richard
15 were true or not, you know, remains to be reviewed. So if you
16 want to cross examine those private letters as truth testimony,
17 I was not under oath when I wrote them. I was under stress,
18 duress, and actually, you know, I felt more vulnerable at the
19 time that I wrote them than I ever have.

20 Q. The -- and prior to being arrested you had met a person by
21 the name of Gary Peters, correct?

22 A. If that's his name, yes. I -- he said his --

23 MR. URBAN: Irrelevance at this point, Your Honor.
24 Objection.

25 THE COURT: All right. You want to explain to me the

1 relevance, Mr. Pickles?

2 MR. URBAN: Yes, Your Honor. The letters refer to
3 lies Mr. Stratos told to Mr. Peters concerning Mr. Stratos's
4 identity.

5 THE WITNESS: Okay.

6 THE COURT: All right. The objection's overruled.

7 BY MR. PICKLES:

8 Q. You met Mr. Peters, correct? Or a person you knew -- or
9 was introduced to you as Gary Peters?

10 A. Both -- the -- this is the real -- this is the right
11 answer. When my father died, the last thing that I wanted to
12 do -- the last request that I had was possibly move -- give
13 him, since I am his only son, give him the name Burton. I
14 tried -- I considered the idea of testing the name Troy David
15 Burton out after August -- after his August 1st death in 2008.
16 I did not -- when I went to France, I'll try to shorten this, I
17 went with some friends to view a few chateaus in the -- on the
18 French countryside. There was one chateau that I was aware of
19 that was really amazing and I -- it was a medieval 12th century
20 castle in Beauville, France, called Chateau de Farceville.
21 When I got to Chateau de Farcheville, I did not want to give my
22 name on the guest register, so I said my name was T. David
23 Burton. Okay. I saw the castle. I went back to my hotel
24 where I was registered under my name with my passport, Hotel
25 Vernay, and I waited to talk to some people about the fact that

1 this particular castle was being auctioned in a foreclosure
2 sale shortly. I thought, wow, one fifth of the cost of this
3 medieval castle is going to go for some ridiculously low amount
4 of money. Maybe I can help to organize the resources to put it
5 together and put the City of Troy clothing company there. The
6 day -- a day later a gentleman emailed me from the -- and said
7 he was J. Gary Peters and he was the owner of the chateau and
8 he wanted to meet -- or was a creditor and he wanted to speak
9 to me and asked if I would meet him at the Plaza Athenee.

10 This is my recollection. I can't quote the exact email or
11 the exact wording or the details, but I can tell you that I did
12 meet Mr. Peters at the Plaza Athenee who said that he could get
13 me the castle for a lot less if I would be willing to send him
14 four million euro to some account in Monaco to offset his
15 personal expenditures to an Edra Blixseth who was the divorcee
16 of Tim Blixseth of former Porcupine Creek and the Yellowstone
17 Club fame who also had this particular castle in default.

18 Mr. Peters lied and said that he was owed all this money.
19 He said he was the investor for the Sultan of Brunei. The
20 Plaza Athenee was the sultan's place, which it is, and he
21 started to spout forth a lot of things that sounded really
22 believable but weren't in the final result true. So Mr. Peters
23 followed me around, asked me for a \$250,000 loan, asked me not
24 to leave. I told him I needed to leave to go back to the
25 United States. He said stay. I said I didn't have the

1 resources to stay. I had to go arrange -- if I was going to do
2 anything with this chateau, I had to go arrange a trust. I had
3 to go back to Florida. I had to talk to people and see if they
4 were interested in investing in it and if I could maybe acquire
5 it. Mr. Peters said, no, let me accommodate you. I had my
6 clothing stolen at the Hotel Vernay. I went to file a police
7 report, he said no, come over to the Metropolitan, I'll set it
8 up.

9 He put his name on the hotel registry, he swiped his card,
10 he wrote a check, he presented whatever he needed to, said he
11 knew the owner. He didn't know the owner. He knew the manager
12 of the hotel. So I stayed in this Hotel Metropolitan under
13 Gary Peters or his name J. Gary Peters or whatever his name is,
14 I stayed at his kindness, and he said, listen, at the end of
15 your stay, just pay me back. When he realized that I was onto
16 that he -- onto him as, you know, that he wasn't who he said he
17 was and we had many interactions which I don't need to go into
18 to verify that, I wasn't about to give Mr. Peters my -- that I
19 was Troy David Stratos or Troy David Stafford. I wasn't going
20 to give him anything but his money back that he had spent, and
21 I had asked him to itemize what money he spent so that I could
22 return it upon leaving back to the United States.

23 Mr. Peters didn't accept that. He had -- he went to the
24 hotel. He didn't have the money to pay the hotel bill.
25 He -- they said that they were going to arrest him, and he told

1 them to arrest me. I was put into detention. He then went
2 into my personal things, my Rolodex, my computer. He tampered
3 with the police investigation, took that stuff, and proceeded
4 to call my family, my grandmother who's sitting behind you, my
5 uncle, representing that he was an FBI agent, representing that
6 he had nabbed me, he had me arrested. He contacted Nicole's
7 people. Bill Branscum. He contacted Sheri Farley, the I Met
8 Troy website, and he started a media campaign in a swirl that
9 made everybody including you, the FBI, believe him for a while
10 to the point where you tried to move my detention from a code
11 blue to a code red. Why, I don't know.

12 But I do know this. Mr. Peters, if -- I did wait through
13 that detention. I did lie to Mr. Peters about my name. I did
14 admit that. And I did, in fact, owe him money. When I got
15 back to the states I made arrangements to pay Mr. Peters. I
16 had the FBI -- I had a former FBI investigator investigate his
17 identity and found out that he wasn't who he said he was. And
18 I asked him to present his proper ID for payment. I signed a
19 settlement agreement with him which Walter Urban has in his
20 possession, and Mr. Peters submitted a false Social Security
21 Number, false ID and a false address of record. I told Mr.
22 Peters in order to give him his money he'd have to present a
23 proper identification, at which point I would be giving him a
24 reimbursement.

25 But I did wait through the Court. I did go through

1 pretrial detention. I did stay, and I did -- they did let me
2 out with a valid passport and the judge allowed me to come back
3 to the United States and wait for trial. They dismissed the
4 trial based upon false evidence that Gary Peters had provided
5 and whatever details are explained in the documents you now
6 have a copy. I then, when I was released, Gary Peters called
7 his friend at Bloomberg and he got an 11 page Bloomberg article
8 written which destroyed me. My -- everybody read it, everybody
9 talked about it, it went viral.

10 From there, Mr. Peters kept harassing me. Mr. Peters is
11 the one emailing me in the Sacramento County Jail and Mr.
12 Peters told someone inside La Sante prison, and I have
13 documentation of that through Investigator Bill Branscum, that
14 I was a pedophile and to please have me killed on the floor and
15 he laughed about it while I was in detention there. So I want
16 you to know something. I consider Mr. Peters a heretic and a
17 very bad person and a sociopathic man of epic proportions and
18 I'm told by France that they will, in fact, agree to file
19 charges against this man for what he has done to me.

20 But I did stand, Mr. Pickles, for justice there even
21 though my civil rights were surrendered at the time my passport
22 was. It took the embassy 23 days to get to me. I'm here to
23 say to you if I had the courage to stand through that kind of
24 chaos at a very serious maximum security prison like La Sante,
25 that guillotined their last person, I guess, in the '70s, or it

1 was a -- I can try to endure the onslaught of accusations that
2 the United States is currently making probably as an offshoot
3 from the energy that was created in France.

4 Q. The -- at some point during the proceedings in the French
5 court you informed the French court that you had money in your
6 HSBC account in the United Kingdom, correct?

7 A. I didn't know exactly how much, but when they asked me how
8 much, like I didn't know how much bail was, I didn't know
9 anything. I didn't even know if I had enough money, there's a
10 commissary there, to put money on the books so that I could
11 eat. But yeah, I said I have -- at that time I had an HSBC
12 account that was not closed.

13 Q. And you told the French court you had money in it but then
14 you had to, after the fact, ask your friends to please put
15 money into the account so that it would justify your statement
16 to the French court, correct?

17 A. No. I think that what they asked for was a certain amount
18 of money and I didn't have that much in there. So what had
19 happened is I requested that they fill the HSBC account up to
20 the amount that I needed because I thought maybe that was how I
21 needed to reimburse Gary, maybe that's what I needed to post
22 bail, maybe that's what I needed to do, hire a lawyer. You
23 know, I didn't know at the time. I'm out there alone, I'm not
24 speaking French, and there's a lot going on that's being
25 translated to me. So I'm pretty much -- and pretty much trying

1 to figure out how to survive in France the best way I could
2 while in detention under those kinds of accusations.

3 By the way, it was refusal to pay a hotel bill that I
4 never refused to pay the hotel bill. Mr. Peters refused to pay
5 the hotel bill and charged me for that. He never claimed
6 himself as a victim. The hotel later never claimed themselves
7 as a victim. And subsequent to that I not only
8 refunded -- made an attempt to refund Mr. Peters, but I sent
9 the hotel the bill and they -- I learned from Mr. Chapman that
10 they sent it back because it has to be sent a certain way. But
11 I did send them the full balance of what they were owed.

12 THE COURT: All right. Let's take a 15 minute break.

13 MR. PICKLES: Yes, Your Honor. Thank you. And just
14 to let -- inform the Court, I should be wrapping up shortly.

15 THE COURT: All right.

16 MR. PICKLES: Thank you.

17 (Recess from 3:19 p.m. to 3:30 p.m.)

18 THE COURT: All right, Mr. Pickles, you may resume.

19 MR. PICKLES: Thank you, Your Honor. Permission to
20 approach the witness with exhibits?

21 THE COURT: Yes.

22 BY MR. PICKLES:

23 Q. Mr. Stratos, I've just handed you copies of three
24 documents that are marked Government's Exhibits 11, 13 and 14.
25 Do you see those?

1 A. I do, yes.

2 Q. Okay.

3 A. Yes, Mr. Pickles.

4 Q. The -- and those -- prior to you beginning or completing
5 your narrative testimony this morning you had an opportunity to
6 review those at least briefly while at counsel table, correct?

7 A. I only reviewed them as much as I saw that I identified
8 what they were. I have not reread the contents of what was
9 written.

10 Q. Okay. And I'll direct you to certain contents as we
11 proceed. But before we do, can you confirm that each of the
12 Government's Exhibits --

13 A. This is --

14 Q. -- 11, 13 and 14 are letters that were handwritten by you?

15 A. Yes.

16 MR. URBAN: Your Honor, objection; relevancy on these
17 items.

18 THE WITNESS: Sorry.

19 THE COURT: All right. I am looking to see if I have
20 copies of them. I don't know that I have copies yet, Mr.
21 Pickles.

22 THE WITNESS: Do you want mine, Your Honor?

23 MR. PICKLES: I intended to give the Court a -- kind
24 of a set.

25 THE COURT: Go ahead.

1 MR. PICKLES: But if I --

2 THE COURT: No, you keep those, Mr. Stratos. Oh, all
3 right. That's one. That's all I see. Okay. All right.
4 Thanks, Nick. Yes, I have them now, Mr. Pickles.

5 MR. PICKLES: Yes, Your Honor, and if the Court wants
6 a proffer, I'll be directing the defendant to certain
7 statements made in these letters relating to his having lied to
8 people, a character flaw of not -- or making promises he's
9 unable to keep, lying about his identity, injuring innocent
10 people, those sorts of things.

11 MR. URBAN: Your Honor, I think we've gone a bit --

12 THE COURT: Yes, I'll hear you on it.

13 MR. URBAN: -- far afield. These are -- it's a
14 personal letter some time ago. It's not under oath.

15 THE COURT: Well, the -- if --

16 MR. URBAN: It's marginal value here.

17 THE COURT: If we take a step back, the purpose of
18 this hearing is to address two general questions; one is risk
19 of flight, the other is danger to the community. The
20 government argued in the initial hearing that the defendant
21 represents an economic danger to people whose money he's come
22 into possession of and other people whose money he might be
23 trying to come into possession of. The -- I heard questions
24 and answers in the last couple of hours that bear on that very
25 subject; the argument about economic danger.

1 Mr. Pickles, I assume that's what you're trying to
2 establish with these -- are these the letters that you asked
3 about that went to an individual named Mr. Hack?

4 MR. PICKLES: Correct, Your Honor.

5 THE COURT: And these were letters that were written
6 from the jail in France?

7 MR. PICKLES: Correct, Your Honor.

8 THE COURT: All right. I do think that
9 they're -- they are relevant to that argument, Mr. Urban.

10 MR. URBAN: Yes, Your Honor.

11 THE COURT: All right. You may proceed.

12 MR. URBAN: Thank you, Your Honor.

13 BY MR. PICKLES:

14 Q. Mr. Stratos, if you can first turn your attention to
15 Government's Exhibit 14?

16 A. Well first of all, Mr. Pickles, the, you know, these are
17 confessions between friends. This is personal and --

18 MR. URBAN: There's no question pending. I'm sorry
19 if I have to object to my own client.

20 THE COURT: That's --

21 THE WITNESS: I'm sorry, but it's --

22 THE COURT: -- that objection is sustained.

23 MR. URBAN: Thank you, Your Honor.

24 THE COURT: You want to wait --

25 THE WITNESS: -- it seems unfair.

1 THE COURT: -- for the question, Mr. Stratos?

2 THE WITNESS: It -- I'm sorry, Mr. Pickles. Could
3 you please --

4 BY MR. PICKLES:

5 Q. Sure. If you'd turn to Exhibit 14.

6 A. Okay.

7 Q. And on the top right corner there are numbered -- see the
8 numbers? And I think it's actually -- should go 1, then
9 there's a --

10 A. Yes.

11 Q. -- page with a blank, 2, 3 --

12 A. Yes.

13 Q. If you can turn to the page that has a little No. 4 on the
14 right corner?

15 A. Uh-huh.

16 Q. And then on the left column -- or, I mean, on the left
17 there's a column of numbers? And see the one that says 23?

18 A. 4 and 23.

19 Q. Of Exhibit 14.

20 A. Yes.

21 Q. Just want to -- there you wrote, "My HSBC account needs a
22 wire transfer of at least \$15,000," I don't know if that was
23 euros or pounds, "so I can prove to the French court that I
24 have money in the UK" --

25 A. Yeah.

1 Q. -- do you see that?

2 A. Yeah. I can explain that.

3 Q. You wrote that?

4 A. I did.

5 Q. Okay. And that was in relation to proving to the French
6 court you had money in connection with the detention -- your
7 detention for the charges in France?

8 A. Well, I was anticipating. I can respond to 23 first. I
9 did have money in my HSBC account, but they were telling me
10 that I would need to show at least 10,000 to 15,000 euros
11 or -- euros at the time in order to perhaps either post my own
12 bail, I believe, or something. If I -- I don't even remember
13 exactly the reason, but I wasn't sure what the balance was.
14 There was no way for me to check the HSBC balance from where I
15 was in detention and I thought that, you know, perhaps I had
16 depleted the account and I didn't know exactly what level it
17 was at, so I figured 15,000 would be safe and I didn't have a
18 problem asking Miguel, who was my friend since the early '90s,
19 to arrange that even if he had to come out of pocket for it,
20 knowing that I would reimburse him and he would verify to that
21 effect. And in item No. 4, you're going to ask about my London
22 apartment?

23 Q. I'm not.

24 A. Okay, because that was a vacation rental that, when I
25 traveled to France, I had left my stuff there, and I needed to

1 collect it. And by the way, my stuff has not been collected.
2 It's probably been disposed of at this point, and I'm unsure
3 about its whereabouts.

4 Q. Now, if you can turn to Government's Exhibit 13?

5 A. Okay.

6 Q. These don't have numbered pages -- well, I'm sorry, they
7 do. It seems the same numbering system as the exhibit we just
8 talked about. If you can turn to Government 13, it would be
9 page 2 in order. It -- it's the page following the page with
10 the No. 1 on it. Do you see that --

11 A. Yeah.

12 Q. -- page I'm talking about? And there's kind of paragraphs
13 that are separated by lines; do you see that?

14 A. Yeah, but what number are you looking at first?

15 Q. So if we look at the fourth paragraph, and I'll read it
16 for you so --

17 A. Are you talking about the second page?

18 Q. The actual second page of Exhibit 13, right.

19 A. I -- the -- my greatest downfall?

20 Q. "My greatest downfall or character flaw is making
21 promises/offers to people and not keeping my word on time or
22 ever. For this issue alone, I can see why so many people are
23 angry and upset with me and to each of them I am so very sorry
24 for causing them and myself so much unnecessary pain. I am
25 truly" -- I'm sorry -- "I am trying to correct myself from that

1 kind of destructive behavior." Did I read that correctly?

2 A. Yes.

3 Q. And you wrote that, correct?

4 A. Yes.

5 Q. And you admit in this statement that your character flaw
6 is making promises and not keeping your word on time or ever,
7 correct?

8 A. Well, Mr. Pickles, I can tell you that when you're crying
9 and desperate in prison you're going to write something that
10 makes you feel responsible for why you're there. And as a
11 Christian and also as someone who does try to self -- go
12 introspective, the very nature of me writing this is the reason
13 that I went back to the states to try to correct my issues and
14 why I've been so successful up to this point in doing so,
15 including even contacting the complainant on your side. I came
16 back with a mission of correcting that issue, which is why, you
17 know, when -- maybe in my desperation I was melodramatic as I
18 have been on the stand and long winded, and I apologize for
19 that, Your Honor, and Mr. Pickles. But this is feeling sorry
20 for myself. This is saying woe is me, I'm a wretched person
21 and I need to fix myself, and I need to be a better man. And I
22 believe subsequent to this letter written in this jail to now I
23 have been a far better man and actually have demonstrated a
24 much more worthy example of somebody willing to face his
25 responsibilities and keep his promises, even though late.

1 Q. If you turn further in the document, unfortunately it's
2 not a numbered page. It would be the fourth page of Exhibit 13
3 and it'll be the one following the page with the No. 2 on the
4 top; do you see that?

5 A. Okay.

6 THE COURT: Which is, by the way, the third page in
7 the collection? The one that has No. 2 on it is actually the
8 third page?

9 MR. URBAN: Your Honor, I'm sorry, I'm having trouble
10 hearing the Court.

11 THE COURT: Is the -- in the copy that I have --

12 THE WITNESS: Excuse me.

13 THE COURT: -- the third piece of paper in the
14 package has a No. 2 on it but it's actually the third page. I
15 want to make sure that my pages are not out of order.

16 MR. PICKLES: No, Your Honor, that is correct. I
17 believe what it is, is that this is a front and back of a
18 single page and each one of the --

19 THE WITNESS: Oh, yeah.

20 MR. PICKLES: -- pieces of paper have been marked 1,
21 2 --

22 THE COURT: All right. That --

23 THE WITNESS: Okay.

24 THE COURT: -- that would seem to explain it.

25 MR. PICKLES: Okay.

1 THE WITNESS: So where it says, the truth, on the top
2 of the page?

3 BY MR. PICKLES:

4 Q. The --

5 A. With my birth date?

6 Q. The next page, if you turn to the next in order, which
7 will be the fourth page of the document.

8 A. My first and true love?

9 Q. Right. If look down at No. 20, "I have told many lies to
10 many people. I regret that." Did you write that?

11 A. Yes, sir. I did.

12 Q. Okay. And who were the lies that you -- or actually let's
13 start it the other way. Who are the people to which you've
14 lied that you're referencing --

15 A. That's just a --

16 Q. -- on this?

17 A. That's a general answer to a statement like I must have
18 been a terrible person to be in this situation. That's me
19 feeling horrible. And if you interview any of the people
20 behind you, they'll all tell you that that's true to my
21 character, that I feel far more sorry for myself than others do
22 and I take the burden of responsibility, and that's part of it.
23 If I lie to anybody, even shade the issue, I always, always go
24 back to that person and say, hey, this is what happened, this
25 is what's happening, and I'm sorry. And I'll bear the burden

1 and I'll bear the responsibility.

2 Q. And then the next item on that next numbered paragraph --

3 A. Yes.

4 Q. -- 21, "I lied to J. Gary Peters about my name. I had" --

5 A. Yes.

6 Q. -- "three" -- I had, sorry -- "three very good reasons,
7 but I regret the way things turned out, not only for the
8 obvious reasons, but because I was hoping for an outstanding
9 friendship with him, all monies excluded."

10 A. Yes, if he --

11 Q. Did you write that?

12 A. Yes, I did. And if the man had been the person that he
13 demonstrated he was, that would have been an amazing friendship
14 had he been real, and I did lie to him. I did not tell him who
15 I was, and I didn't feel obligated to at the time that I was
16 realizing that he wasn't who he was, so I defended myself at
17 the very moment. I regret it, but then at the same time I
18 think that the situation with Mr. Peters was unfortunate and it
19 still is. I just don't have much more to -- I don't know how
20 being a -- an -- telling the Court that I'm not a flight risk
21 or telling the Court that I'm not out and intending to harm
22 anyone financially or any other way, how it's relevant to water
23 under the bridge with Mr. Peters at this point.

24 Q. So you -- but you've admitted, though, that you did tell
25 Mr. Peters your name was Troy Burton --

1 A. David Burton, yes.

2 Q. -- when in fact your name was never Troy David Burton?

3 A. It is not.

4 Q. Okay. And then if we can just turn to the last exhibit I
5 provided to you, it's Exhibit No. 11.

6 A. Okay.

7 Q. And then on this -- at least the copy that we had, it goes
8 pages 1 and then 3, 4, 5, 6; do you see that? So it looks like
9 there may be a page missing. I'm going to ask you to turn to
10 the page that has the No. 3 at the top right corner, but it's
11 actually the second page of this exhibit.

12 MR. URBAN: What page are we looking at, please?

13 MR. PICKLES: It's the page that's marked with the
14 No. 3 at the top right corner, but it's the second page of
15 Government's Exhibit 11.

16 MR. URBAN: Thank you.

17 BY MR. PICKLES:

18 Q. And if I just -- if you look at the second paragraph --

19 A. A quick word?

20 Q. -- "A quick word about the alleged and actual damage I may
21 have done to so many innocent people, I would argue that there
22 were only a few truly innocent people throughout all of this.
23 I would not count most of them without blame or culpability. I
24 hope to prove this beyond a reasonable doubt one day soon."
25 And then the paragraph goes on to refer to Mr. Peters.

1 A. "Gary Peters makes my worst enemy look like Mother Teresa.
2 Out of a proper court of law, that is all I can say on that
3 subject, but believe me, if nothing else, I am as accurate as
4 Mrs. Hack's 5:30 p.m. Manhattan on that pending issue."

5 Q. Okay. So in this statement you're conceding you have done
6 actual damage to innocent people, but there are more people
7 claiming you've damaged them than actually have been; is that
8 right?

9 A. Yes, Mr. Pickles, it is right. I will say this. I came
10 back to cure and correct that damage. Those settlement
11 agreements are with Mr. Urban right now and could be admitted
12 as evidence if you choose. However, I feel very comfortable
13 that I have pursued anybody that either stuck themselves out
14 for me financially, personally, or any other way and those that
15 have just tried to bring harm upon me or my family, I have
16 tried to ignore them or disregard them and move on from that
17 negative experience. But that -- if in context of what you're
18 trying ascertain from me, I believe that Viive Truu is an
19 innocent and very capable and kind woman. I believe that I am
20 long overdue in paying that debt, regardless of how nice she is
21 being about me still owing her. I believe that it is my
22 mission to make sure that I correct that situation. She is one
23 of the innocent people that I count on this list. The other
24 one is behind you. It's Ms. Wilson, who I have, she may attest
25 to that, I have corrected my issues with her and how much she

1 has stood for me and has put her reputation on the line, as she
2 is today, for my release. So there are a few, and they are
3 countable. As to the innocent people in my life that only were
4 there to support me, they got affected by the whirlwind that is
5 my life and I do sincerely feel remorse and regret for that and
6 I am working to atone for it. That's really where I'm at.

7 Q. Now, you -- the money you used to pay Ms. Truu this year
8 to start to make that -- make up that debt came from the money
9 given to you by Mr. Burns as part of this Soumaya Securities
10 Facebook deal, correct?

11 A. I am pretty certain that it is.

12 Q. Well I think you've testified the only income you had this
13 year was from that Facebook deal, correct?

14 A. Well, the most income that I've had. I'm -- actually I
15 don't know -- yeah. That's the income that I've collected.

16 Q. And then from that amount that came in, you've also
17 actually made a payment -- a settlement payment, as you call
18 it, to Sheri Farley, the bookkeeper you were talking about
19 earlier, correct?

20 A. If that's what you want to call it. Sheri Farley put an
21 ungodly amount of money forward that she expected me to pay or
22 she was going to keep a website up that allowed people to
23 incorporate -- drag me through the public mud. So, you know I
24 allowed her to, for lack of better word, extort me for an
25 incredible amount of money that she was not -- that she

1 did -- was not owed. So I did sign that settlement agreement.
2 I did pay her a hundred and something thousand dollars of the
3 money that I earned and she dropped the website immediately.

4 Q. The -- some of this money you also used 2.1 million to pay
5 an individual named Dennis Rush you had a prior lawsuit --

6 A. I did not. I paid \$1.5 to Mr. Rush. I paid \$100,000 to
7 Ms. Dawn Christie (phonetic) that was associated with Mr. Rush
8 and the other \$500,000 was credited to Ms. Wilson who covered
9 that for the settlement.

10 Q. And then you've recently made overtures to Ms. Murphy to
11 settle up with her and also to fund her singing career to the
12 tune of \$500,000, correct?

13 A. Okay, that is incorrect. Not immaterial, but in parts, if
14 I could just clarify, please? I made every effort and every
15 offer and every overture to Ms. Murphy in person and on the
16 phone and via text to sit down, do a forensic accounting on the
17 Granite TN Trust to find out what was in her column, what was
18 in my column, and what was in the nebulous column, come to
19 terms with that number, and work to settle it between us
20 peacefully without the public humiliation that both her family
21 and my family would endure over a mud slinging contest that was
22 in public which she has chosen. Ms. Murphy said she would
23 meet, that she wanted to press the restart button and wanted me
24 to give her the entire amount of the divorce settlement
25 regardless of what she spent. She -- her record, Flawless,

1 which I mentioned in earlier testimony, is two songs from being
2 done but her -- its timing is off. I know she wants to use
3 this recent surge of publicity that she's used against me to
4 try to sell a record. And I did say to Nicole, as I say to you
5 now here in this court, that if there's money, any money, that
6 I owe Nicole Murphy as a result of money that she has spent
7 solely on me and not for the mutual benefit of her or her
8 family or her aspirations or her spending habits, I will be
9 happy to take credit for that number. I would be happy to
10 arrange to pay it, earn the money in any way possible to make
11 sure that she has that money, whatever that number is.

12 Mr. Branscum, who is the hired investigator initially for
13 Ms. Murphy and her life partner, he made that \$500,000 offer to
14 her without my knowledge and asked me after he had made the
15 offer if I would support it. I said to him if Nicole comes to
16 the table and sits down responsibly and allows us to work out
17 the truth of the matter, yes, I will find a way to pay it, and
18 I had anticipated paying it out of my earnings.

19 Q. The -- when were you going to make that payment?

20 A. We hadn't discussed that time frame.

21 Q. The -- and just so I have an understanding --

22 A. To my knowledge I don't recall exactly when, if there was
23 a -- I did offer a while back to prepay five -- I offered her
24 \$500,000 to drop the baloney, drop the lies that she was
25 telling, and drop this crazy lawsuit that I think if people

1 really read, certain people that filed it and organized it
2 should be in trouble on some legal level. But I had asked her,
3 and everyone associated that I knew that knew her, to please
4 sit down. And she said she was so desperate for cash. She
5 wouldn't -- unless I gave her a certain dollar figure, she
6 didn't care what the accounting was, she just wanted money. I
7 have emails to that effect, I have, excuse me, text -- texts as
8 early as November of 2011 -- or as late as November 2011. I
9 have met with her on several occasions as I previously
10 witnessed in earlier testimony and, you know, this is again
11 been my first love of five years and I introduced her to her
12 husband and I was there when she called at the time of her
13 divorce and met her several occasions during her marriage.

14 And I can also tell you that I was her closest confidante.
15 I know every single detail that you don't know about the
16 situation, which is why I'm certain that with a more intricate
17 testimony on the relationship, which I know we won't have
18 today, you will be very, very clear where the habits -- you
19 know, if you think I won't -- if you think I've lied to people,
20 you are looking at the -- she's the mother lode of lies. And
21 if I put her ex-husband on the -- if I deposed her ex-
22 husband and told you the level of lying that's going on, you
23 would probably rethink your case.

24 Q. The -- and just -- I want to make sure I have a estimate
25 of how many people you have paid from the \$11,250,000 you

1 received between I think June and August of 2011.

2 A. As many as I could. And I don't recall that number. As
3 many as I responsibly and wholeheartedly felt deserved or was
4 owed money or those that were damaging me and my ability to
5 move forward in business.

6 Q. Now, you testified that you've spent, I think you said all
7 of it or almost all of it. Would -- do you have a -- can you
8 give me an estimate of how much you've spent from the \$11.25
9 million?

10 A. No. I have -- I won't know until I have an accounting.
11 Most of it, because I was anticipating a second payment before
12 Christmas.

13 Q. Okay.

14 A. I mean, I was -- and for lack of better words, Mr.
15 Pickles, I was on a mission as I am right now to clarify my
16 name so that I am never in a courtroom like this answering to
17 charges like this ever. It was my goal to clear this up and
18 make sure that I am not falsely accused or serve any
19 unnecessary detention time that I feel unjust or unworthy at
20 this time like this. So I am committed to the resolution of
21 this issue, this indictment, and any outstanding financial
22 issues that I have and I look to earn that money, and I look to
23 spend it as I earn it on those issues.

24 Q. Now, you also had promised -- oh, you heard Ms. Truu
25 testify that you promised that the -- to pay her \$1 million the

1 week of --

2 A. I had -- the --

3 Q. -- December 19th.

4 A. The week I was arrested. I had anticipated -- Mr. Burns
5 was going to issue another payment into Soumaya which would
6 have covered Ms. Truu's million and would have covered other
7 expenses that I had anticipated. Then I had planned to, you
8 know, every week Nicole and I would text each other and
9 arrange -- she'd try to arrange a meeting in the valley or in
10 LA or she came to sit with my attorneys and she wanted, you
11 know, they can testify as to what she said for the hours that
12 she was there because I can -- she wanted to, in her words, pay
13 her boyfriend back, who she's not -- she said she was not
14 planning to marry, and she wanted to get free and get on with
15 her life and she wanted to press the restart button.

16 She spoke to her -- it's interesting. She spoke to her
17 investigator, Bill Branscum, who later sued her for nonpayment
18 who I hired to fly out to get the record straight, not for
19 any -- I said, Bill, you've spoken about me on a frauds and
20 scams website, announced an FBI hotline, said you were a former
21 member of the Justice Department, took affidavits from all
22 kinds of people as if they were victims, you've ruined my
23 professional life, you've given testimony on television and in
24 written word and print and electronic media. Can you fly out
25 here and take an honest testimony? I will pay you to fly out

1 and just set the record straight. And if you don't think that
2 I'm telling the truth, then go ahead and double the article.

3 He flew out, he asked for all kinds of information, he
4 followed me around for several weeks and then he said oh, my
5 God, you've been lied to, you've been lied about, Mr. Peters
6 has lied, Nicole is going to be -- I can't believe she's
7 risking what she's doing with accusing you when there's so much
8 information out there that you could expose on her and somehow
9 you haven't in spite of what she's done to you and in spite of
10 what her boyfriend has done and other people have done to harm
11 you or bring harm to you and he respected the fact that I
12 didn't sell her out in public when I have no obligation not to,
13 and he pointed out where she was committing illegal acts
14 against me.

15 He did not expect her to do this. And in fact, in
16 Walter's documents, Walter has documents written by Bill
17 Branscum about the nature of what Nicole is doing that he can
18 admit as exhibit for the Court's review. But, sir, I believe
19 that Ms. Murphy and her complaints against me are not -- I am
20 not a man who committed these crimes that I'm accused of. I
21 believe that I'm someone who had the latitude to do many things
22 in conjunction or in trust with Nicole and now she is crying
23 over spilled milk and wants some sort of justice and wants
24 money as a result. If Ms. Murphy was legitimately trying to
25 seek justice at the United States's expense, she would not be

1 issuing a publicity campaign that she is and not looking to
2 sell a multi million dollar book deal.

3 Q. Now, so you agree that you told Ms. Truu you were going to
4 pay her a million dollars the week you got arrested?

5 A. I had told Ms. Truu not that I was going to, that I had
6 planned to if I received another -- if the company received
7 another payment I would tender a payment of \$1 million to Ms.
8 Truu. Yes, I did say that, but it was not -- she would tell
9 you that it was my intention.

10 The only time that I can make -- let me slow down. I
11 apologize. The only time I can make a commitment at this point
12 is when I have the resources in my hand to make it and at that
13 time Ms. Truu knew that I did not have it, but I was planning
14 to get it and I was planning to offer it as payment to her.

15 Q. The -- you've committed -- well, you've suggested that Ms.
16 Sweeney inform Mr. Burns that he can withdraw \$11
17 million -- get a refund of \$11 million, correct?

18 A. That is not --

19 Q. And you don't have the resources for that.

20 A. No. That -- what Ms. Sweeney communicated to Mr. Burns is
21 if in fact Soumaya falls short of their obligation to
22 successfully find shares that can be purchased by Mr. Burns and
23 his company that Soumaya will arrange a refund, which is simply
24 me arranging to pay Mr. Burns back money that I will owe him if
25 I don't close this transaction. Now, that is still my

1 commitment as well as the commitment of Soumaya Securities, LLC
2 and any of the -- any of those advising Soumaya at this time.
3 At the current time, I am trying to figure out how Mr. Burns,
4 from the position I'm in, can still make good on his
5 transaction while I'm in detention. It's not an easy
6 situation, to be sure.

7 But I think the most important thing to the United States
8 and to me is that Mr. Burns is made whole one way or another.
9 And that I am not put in the mud by being at a disadvantage
10 such as this. So I can only tell you, sir, I understand your
11 concern, I share your concern, believe me. But I am not
12 interested in trying to defraud Mr. Burns. I am trying to
13 complete my commitment through Soumaya Securities, LLC to Mr.
14 Burns and his company currently.

15 Q. You testified before that the reason you couldn't
16 tell -- you had phone conversations with Mr. Burns but you
17 couldn't tell him your name because of a confidentiality
18 agreement.

19 A. Oh, yeah. It was actually through a -- an associate of
20 Mr. Burns to split hairs here. An associate that recommended
21 Mr. Burns knew that I was not Ken Dennis. He knew that I was
22 not giving my name based upon my current on line situation. He
23 told Mr. Burns, listen, there's a guy, he's trying to rebuild
24 himself, and he has legitimate connections with Facebook
25 sellers. He knew it was true. He communicated this to his

1 good friend, Tim Burns, and Tim Burns decided to take the shot
2 and the risk of this transaction. What he --

3 Q. How do you know what he said to Mr. Burns?

4 A. Because he communicated that to me. What I also can tell
5 you is --

6 Q. And, sorry, and you've told this person your name?

7 A. No, this person knows that I'm -- he knows that I am, you
8 know, a you know, someone who is speaking from Soumaya's
9 office, but he doesn't know my name. But I want to tell you --

10 Q. Okay. What was the confidentiality agreement that barred
11 you from doing that?

12 A. That's between -- that -- Ken Dennis signed that agreement
13 with Mr. Burns. Now, what the big deal is --

14 Q. I'm sorry. Ken Dennis signed an agreement with Mr. Burns
15 that barred you from telling Mr. Burns or people working for
16 him --

17 A. No, no, no, no.

18 Q. -- that -- your name?

19 A. You're moving me somewhere else. I'm not even on that
20 page. I don't even know where you're going with this. Come
21 back. What I'm trying to say is that, first of all, there's a
22 gentleman that is a mutual acquaintance of mine and Mr. -- and
23 a personal friends of Burns. Here's Burns's requirement in
24 order to do the transaction. Number one, he had to speak to a
25 specific Facebook executive that he wanted to speak to and he

1 did so. The Facebook executive confirmed to Mr. Burns that
2 Facebook shares were available.

3 Q. What was the name of this executive?

4 A. To Mr. Burns? That he spoke to?

5 Q. Yeah.

6 A. He spoke to David Ebersman, the chief technical officer of
7 Facebook.

8 Q. Okay. And how do you know Mr. Ebersman?

9 A. I've never met Mr. Ebersman. I just know that Mr.
10 Ebersman is the chief technical officer of Facebook and Mr.
11 Burns had a direct conversation with him confirming that
12 Facebook shares were being traded at a certain level and he was
13 satisfied with that. The second call that Mr. Burns had was
14 with a major group of people -- shareholders -- that were
15 represented by an accountant, and I cannot remember that
16 accountant's name, who also wanted to tender Facebook shares to
17 Mr. Burns. There were maybe four or five Facebook shareholders
18 that this particular accountant represented. I gave Mr. Burns
19 that connection through Soumaya. Mr. Burns followed through
20 with that connection and I don't know the outcome of that
21 relationship, but I do know that Mr. Burns has confirmed that
22 he has in fact spoken to a second group and a third group of
23 sellers' representatives. I still -- I'm still wondering where
24 you're going with this in terms of trying to, you know, devalue
25 my transaction. I mean, Mr. Pickles, if you want to come into

1 the transaction and see how it's done yourself, let's take some
2 time, get me out of here, and I'll walk you through the whole
3 process till you're satisfied and complete that I'm not trying
4 to stage some big cloak and dagger situation. It's important
5 to me because my life depends on it. This is more than just an
6 argument today. This is everything that I've spent most of my
7 life trying to get to. This isn't just a passing of fancy.

8 Q. Now, and the -- you've actually had telephone
9 conversations with Mr. Burns, correct?

10 A. I have.

11 Q. In any of those conversations, did you ever inform him
12 your name is Troy Stratos?

13 A. No.

14 Q. Why not?

15 A. Because of what is on line. Have you read it?

16 Q. Because you were worried that if Mr. Burns knew your name
17 was Troy Stratos --

18 A. Oh, now you're guessing.

19 Q. -- he wouldn't go forward through your deal?

20 A. You're guessing. You're guessing. That's a -- that is an
21 assumption.

22 Q. Now, the -- you've mentioned that -- what is your
23 understanding of how much -- how many assets or cash you still
24 have available to you right now?

25 A. I didn't give you one. You asked me that question

1 earlier.

2 Q. And -- but and your response was talk to Mark Chapman --

3 A. Well, look --

4 Q. -- he knows right?

5 A. Here it is. Mark Chapman would know, but here's the
6 thing. You have communicated with Mr. Burns that I have spent
7 all of his assets and he has no chance of getting his money
8 back, which is not true. That's not true, sir. You don't know
9 anything about this situation because you're not directly
10 involved in the transaction. What you are assuming is that I
11 have no intention of making Mr. Burns whole when that is not
12 true. What is true is that Mr. Burns is eminently upon an
13 experience that is going to get him Facebook shares prior to
14 them going public and I am standing to make a great deal of
15 finder's fee capital from that. That is what's true.

16 And what else is true is that by me being in detention
17 right now I am in dangerous peril of losing that opportunity,
18 at which point Mr. Burns will be exposed. I will then have the
19 obligation of refunding his money and earning it to pay him
20 back, which I will commit to do. But at this point my better
21 option is simply to complete the deal that Mr. Burns is
22 expecting, making sure that he gets what he wants, I get what I
23 want, the seller gets what they want, and I can then report in
24 a very lengthy document the results of that transaction for
25 your benefit and for my benefit and you knowing that I am not

1 here to just do a fly by night fraud situation, which is what I
2 feel you are trying to push me to say, which I am not doing.

3 Q. I'll represent to you that in the Pretrial Services report
4 Mr. Chapman indicated that the Soumaya Securities bank account
5 had approximately \$32,000 in it. Do you have any reason to
6 think that number isn't accurate?

7 A. Well is it 32 or 34? I, you know, it fluctuates because
8 Tim, excuse me, Mr. -- I think it was 34,000 if I -- my memory
9 is correct from the what I heard sitting over there at that
10 table.

11 Q. The defendant -- I'm sorry, let me step back. Mr. Chapman
12 also indicated the defendant has \$32,000 in a Soumaya bank
13 account and stated Mr. Stratos did not have any other accounts.

14 A. Okay. Mr. Chapman sent me to areputation.com which was
15 \$10,000 which got refunded. A \$25,000 check was tendered for
16 Mr. Robert Shapiro to possibly stand as co-defense counsel with
17 Mr. Urban. Mr. Shapiro, after speaking to you or someone in
18 your office, was scared to represent us and said he wouldn't
19 take any money from Soumaya Securities, LLC and wanted to be
20 paid in a different way but instead cashed the check anyway
21 without representing me, and has subsequently taken the 25,000
22 and I've never met him.

23 So I don't know what to tell you about the balances as
24 they fluctuate. I sent money to Europe to pay a hotel bill,
25 the Hotel Metropolitan, and they sent it back because it needed

1 to be spent in a different manner, sent in a different way to a
2 different receiving entity. There was an outstanding check to
3 Mr. Peters giving him reimbursement for monies that he said he
4 was owed per an understanding and agreement that we had, and I
5 don't know the nature of where that money is either. There are
6 monies that are deposited -- that might be deposits that are
7 refundable to me that may or may (sic) come in on a daily
8 basis, you know, for one reason or another, if, let's say, I
9 schedule a trip and I don't do -- go on a trip, then that
10 airline reservation or that money will come back, what have
11 you.

12 So to say accurately that the Soumaya Securities, LLC
13 account is significantly depleted from the \$11 million that it
14 received, that would be a yes. To say that I know what balance
15 or what assets are available per Mark Chapman, I would say I
16 have no idea. I've been in the dark for 30 days with action
17 and activity going on without my authorization or even all my
18 knowledge.

19 Q. Now, the -- and Mr. Chapman, though, is correct that the
20 only bank account that you have is the Soumaya Securities bank
21 account?

22 A. That's the only one I'm aware of at this time that is
23 active with money in it.

24 Q. Have you ever had money in a client -- or attorney -- or
25 law firm's client trust accounts?

1 A. Oh, yeah. Well I think I mentioned that earlier, but --

2 Q. Is there money remaining in those accounts on your behalf?

3 A. That's a good question. I'd like to know the answer to
4 that myself.

5 Q. The -- and do you recall having conversations with Susan
6 Sweeney while you were in custody indicating you wanted her to
7 go forward on purchasing two houses this upcoming year,
8 2012 -- or this year, 2012?

9 A. What I, you know, speaking Susan's language, but I don't
10 want to close on any houses while I have an outstanding
11 financial issue and an indictment pending. What I didn't want
12 to do is lose deposit money that has been forwarded for a house
13 that is no longer in contract, and I asked her to keep it
14 alive --

15 Q. How much money was deposited for that account -- house?

16 A. I believe \$250,000.

17 Q. Okay. Is that the only -- is that in escrow?

18 A. Well, no. I don't know what the status of the escrow,
19 I'm, you know, I'm out -- I'm past the contingency point and
20 I'm past the escrow period as I've been in custody, so I think
21 that maybe they've -- they -- maybe they've collected or
22 they're entitled to a non-refundable deposit and therefore that
23 money would be theirs.

24 Q. Okay, that'd be one of the properties. What about the
25 other property?

1 A. I'm not sure if there's a deposit valid on it or if it's
2 just part of the rental. It's the Indiana property in Venice,
3 the prepay of the -- a year was going to somehow, I don't know,
4 I'm assuming was planning to use that, but she was going to use
5 that to try to close the -- and purchase that property.

6 Q. Okay, and you didn't inform Pretrial Services about this
7 \$250,000 you had deposited in an account for purchase
8 of -- purchasing a home?

9 A. Pretrial Services asked me what assets I had, and that is
10 not an asset. And at the time that they asked for that, I was
11 out of contract and the entitlement to that money belonged to
12 the seller. So I couldn't claim money that I had, and I also,
13 to be clear, Mr. Pickles, I didn't give Pretrial Services an
14 accounting of every dollar that I spent of the \$11 million
15 because I wasn't asked to and I also would have had no way of
16 doing that and I also, you know, was asked what substantial
17 assets, properties, do you have that can be used in the
18 consideration of your bail. I couldn't use the \$250,000
19 because it was not in my possession; it was in the possession
20 of the seller and I was out of contract, which means that they
21 had the rights to the money before I did.

22 Q. Did you tell Ms. Sweeney while in custody that you had an
23 intention of going forward with the purchase of a new Mercedes?

24 A. Yeah. I intend to go forward to with a car that I put a
25 deposit on. I intend to go forward with everything if I am

1 able to, A, sell a McDonald's commercial which will yield me
2 seven to \$10 million. I intend to do that if I get money from
3 a Nike commercial which may yield me 10 to \$20 million if the
4 three commercials post. I intend to do that if I have the
5 Coca-Cola commercial picked up that I actually wrote and
6 originated 10 years ago in Canada that was never shot before
7 Mr. Ali passes on, and I intend to do that if I'm successful in
8 closing the Soumaya Securities, LLC deal.

9 When I say those things to Susan Sweeney in custody, I am
10 merely trying not to lose \$250,000 or money that I've put
11 forward that I've already lost in an effort to try to keep the
12 thing alive while I am trying to figure out how to earn enough
13 money to close the deal and maybe extend the relationship.

14 Q. How much was the deposit for the Mercedes?

15 A. \$5,000.

16 MR. URBAN: Your Honor, excuse me, please. I have an
17 objection. It's lack of foundation. I don't know where --

18 THE WITNESS: I don't mind answering.

19 MR. URBAN: -- where these Sweeney conversations
20 generated from.

21 THE COURT: Your -- the last question was how much
22 was the -- I'm sorry, Mr. Pickles, stating that it was -- how
23 much was the --

24 MR. PICKLES: The deposit for the Mercedes.

25 THE WITNESS: Well, I don't mind answering.

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1 THE COURT: All right. Now, so the --

2 THE WITNESS: It's --

3 THE COURT: Hold on just a second, Mr. Stratos. So
4 you're objecting to lack of foundation for that question?

5 MR. URBAN: Yeah. I don't -- what I'm saying, Your
6 Honor, I don't have discovery. I don't know whether this is a
7 recorded telephone conversation or what because apparently
8 there's a conversation that happened between --

9 THE WITNESS: It's okay.

10 MR. URBAN: -- the defendant and Ms. Sweeney while he
11 was in custody somewhere.

12 THE COURT: All right. Well there was previously
13 testimony that he intends to go forward with the purchase of a
14 Mercedes, so I think there's enough foundation for the question
15 that was asked.

16 THE WITNESS: Yeah. Yeah. Well --

17 THE COURT: Just a minute. The objection is
18 overruled. Mr. Stratos, you can answer the question.

19 THE WITNESS: And I apologize for interrupting. This
20 is my first time on the stand. Probably obvious to you I've
21 not done anything like this.

22 Yes. I made a \$5,000 deposit. I had asked if I could
23 include that deposit in my -- as an asset to Ms. Sweeney. I
24 asked her to check it out, and she said I could not, and that
25 that deposit was not available, so therefore I didn't have it

1 to offer as a cash -- as cash to Pretrial Services. So I only
2 talked about things that I -- that I was asked that were
3 relevant to me posting for bail release. That was my
4 understanding. And, you know, I might have gotten a lot of
5 that wrong, Mr. Pickles. All I can tell you is I'm doing the
6 best I can under the circumstances.

7 Q. Now, I believe you testified that Ms. Sweeney is a
8 signatory on the Soumaya --

9 A. Yeah.

10 Q. -- Securities account?

11 A. Yeah. She -- the law firm of Venable gave her some sort
12 of authority. I don't know exactly what the scope of her
13 authority is. I do know that she can sign on the bank account,
14 and I know that she has taken money from the Soumaya account
15 for various purposes.

16 Q. Do you recall telling Ms. Sweeney while you were in
17 custody that you were having problems accessing your resources
18 while you're in custody and that she can't help you because she
19 can't get access to those funds?

20 A. Yeah. Well that's just -- she can't sell my McDonald's
21 commercial. She can't close my Tim Burns deal. She can't do
22 anything to earn the money that I can earn if I'm able to earn
23 it. So that's really what I meant, because another thing is,
24 Mr. Pickles, when you -- let's say they say oh, my gosh, we
25 love, by the way, the McDonald's commercial is spectacular and

1 it's unlike anything anybody's ever done for McDonald's. Of
2 course every director wants to say that, but, you know, when
3 they see the commercial, they say, okay, here's a deposit,
4 these are the changes that we want to make, this is what we're
5 giving you now.

6 And to get -- cut from an ad agency and to get right to
7 the meat and potatoes of getting McDonald's corporate to make a
8 decision is a really big deal and getting Nike corporate to
9 make that decision has been a many year pursuit. This isn't
10 something that I just said, oh, let's just make a Nike
11 commercial and I'll sell it. It was years and years, me flying
12 to Nike headquarters and trying to submit the idea and having
13 it rejected and going back and redrawing it and hiring people
14 to put it together and spending, you know, a -- spending a
15 great deal of time and energy and monumental expertise to get,
16 you know, more than 50 people working on it, which is why Bill
17 (indiscernible name), our producer, came in here in this
18 courtroom in a panic behind you thinking that the world was
19 coming to an end.

20 Ms. Sweeney can't act -- I don't have any hidden --
21 there's no hidden stash, if that's what you're implying. I did
22 have \$40,000 in cash in my house that Ms. Sweeney went in and
23 took, that I learned, and spent \$20,000 of it of -- on her own
24 and she gave the other money to Mr. Urban. So I do know that
25 that was another asset that I would have been happy to announce

1 to Ms. -- to Becky in Pretrial Services but I didn't have that
2 asset.

3 Again, I -- I'm learning about these things while in
4 detention. Any other resources, whether it be my friend, if he
5 wants to loan me some money, that I've known for 15 or 20
6 years, or another -- a very good friend of the family who's
7 very wealthy who, if he knew I was in this situation he might
8 come and help me and say oh, my gosh, how can I help you, I
9 know you'll earn it back. Whatever. I do know, you know,
10 contrary to what the United States might think of me, there are
11 people that have known me for a very long time that if they
12 could help, they would, particularly in the situation of my
13 detention and trying to get me to a place where I can
14 responsibly defend myself.

15 This is -- I know that this testimony in a bail hearing is
16 very irregular and Your Honor, I appreciate you taking all of
17 this day to give it to me, but I -- I'm hoping it comes for the
18 benefit of something good here.

19 MR. PICKLES: Your Honor, I have no more questions.
20 Thank you.

21 THE COURT: All right. Mr. Urban?

22 MR. URBAN: No questions, Your Honor.

23 THE COURT: All right. You can go back to the --

24 THE WITNESS: Thank you.

25 THE COURT: -- counsel table.

1 THE WITNESS: Thank you, Your Honor. I'll leave it.

2 (Witness steps down.)

3 THE COURT: Mr. Pickles, is there any more evidence
4 that you want to introduce?

5 MR. PICKLES: Not at this time, Your Honor, thank
6 you.

7 MR. URBAN: A moment, please, Your Honor?

8 THE COURT: Yes.

9 (Pause - counsel confers.)

10 MR. URBAN: I'm sorry, Your Honor. I'm ready to
11 proceed.

12 THE COURT: All right. Mr. --

13 MR. URBAN: And I have no further evidence to request
14 to be admitted.

15 THE COURT: All right. Then I'll hear argument from
16 each of you. Now we've got about 10 minutes of time now. If
17 we go past 4:30, Mr. Urban, can you be available tomorrow
18 morning?

19 MR. URBAN: No, sir.

20 THE COURT: All right, then we'll --

21 MR. URBAN: I'm ordered back at --

22 THE COURT: -- we'll just have to finish this
23 afternoon.

24 MR. URBAN: -- 8:00 o'clock tomorrow morning.

25 THE COURT: All right. All right. Mr. Pickles, I'll

1 hear from you.

2 PLAINTIFF'S ARGUMENT

3 MR. PICKLES: Yes, Your Honor. Thank you. You've
4 now had an opportunity for almost a day and a half to hear Mr.
5 Stratos in his own words. He refused to ever provide any
6 specifics with respect to the amount of money he currently
7 possesses, yet he was able to identify going back years
8 particular payments he made to others, going back years about
9 his travel, going back years about various commercial ideas
10 he's put together. But on the issues that are most pertinent
11 to flight risk and danger to the community, he was singularly
12 evasive.

13 When asked about the Soumaya Securities deal, first
14 he didn't really explain what Soumaya Securities is. He can't
15 explain who is working for him except when pressed he was able
16 to come up with a few names, conveniently explaining why he
17 didn't use his real name in communicating with others. He
18 wasn't able to identify, except for, again, one seller out of
19 many, one buyer out of many, always saying well, if you let me
20 out I'm more than happy to provide full disclosure. Well the
21 problem is, is that he's unwilling to provide full disclosure
22 now when the Court and all parties interested need to know this
23 information.

24 He has admitted that, while in custody, he is
25 communicating with this buyer, sending text messages, but at no

1 point has ever informed the buyer that his name is actually
2 Troy Stratos and in fact he said the reason he didn't want to
3 is because the buyer would go on line and find out all of these
4 allegations against him. Certainly it's hard to think of
5 something more material than one's own identity, and yet Mr.
6 Stratos concealed it, and this isn't the only time we presented
7 evidence in the record that while in France he did the same
8 thing.

9 The point being, Mr. Stratos is an economic danger.
10 He will continue to commit fraud. We've now seen it. And he's
11 also not being forthright with the Court. He wasn't forthright
12 about his initial travel. He wasn't forthright about assets.
13 Oh, you mean the deposit of \$250,000? Oh, yeah, sure, that's
14 out there. There's another car I'm perhaps purchasing. He
15 admits that he has assets out there, but didn't think they were
16 pertinent or relevant simply because he wasn't asked about
17 them. He didn't think it was pertinent about his extensive
18 foreign travel because it didn't relate to business.

19 At each step along the way when I've attempted to ask
20 I believe very focused yes or no type questions, we got an
21 extensive response that oftentimes is wholly irrelevant to what
22 was asked. The reason is, Mr. Stratos continues to refuse to
23 be pinned down to anything that may either hurt him with
24 respect to his ongoing deals, in other words, he doesn't want
25 to spill the beans about what's really going on, or more

1 importantly for here, he's unwilling to indicate what his true
2 assets are. Now whether or not Mr. Stratos tomorrow is going
3 to flee or at some point down the road, it's difficult to say.
4 But certainly he's hedging his bets. He's maintaining assets
5 out there. He's not being forthcoming, just in case. And he's
6 continuing to want to close this deal, a deal he admits he's
7 offered to make or at least that at some point a refund would
8 be made to the buyer and yet he's also saying he spent all the
9 money. He's admitting he made \$11.25 million, but claims he
10 doesn't know where that money went. He's offering to pay \$1
11 million the week he's arrested. He's now got --

12 THE COURT: What was your understanding of the
13 testimony, and there were many lengthy, expansive, non-
14 responsive answers to questions, but when you asked about the
15 \$11 million and you finally elicited the testimony that it had
16 all been spent, what was your understanding of the source of
17 that \$11 million? Did that all come from Burns?

18 MR. PICKLES: Yes, Your Honor, and I believe that's
19 what the testimony was; that all money came from Mr. Burns or
20 this group of buyers as part of this Facebook deal; that it was
21 all earned through Soumaya and these other business interests
22 didn't earn anything. So basically all the money that has come
23 into Mr. Stratos's possession this year has come from this deal
24 where he still can't talk about who the buyers are, who
25 are -- the sellers are. At one point he's already done his

1 work so he gets his 11, then it's well, if the deal doesn't
2 close I have to give it back. The terms keep changing even on
3 the stand which --

4 THE COURT: All right. I'm going to switch you
5 over -- I don't -- I'm going to -- I don't want to cut you off
6 completely --

7 MR. PICKLES: No, no.

8 THE COURT: -- so I -- I'll come back to you and let
9 you finish whatever other arguments you want to make, but, Mr.
10 Urban, this is something that concerns me. If -- believe me, I
11 have looked for ways to try to figure out how I can come up
12 and -- with a way of fashioning terms and conditions that would
13 address my concerns about the economic danger. In a typical
14 indictment for fraud, that's the type of case where normally
15 you can fashion terms and conditions of release that would
16 achieve both purposes; that is, assure the defendant's presence
17 for trial as well as protecting the community.

18 This is a case where the proffers had given me strong
19 concerns about the people whose money the defendant has come
20 into possession of, and when I hear testimony about the text
21 messages and the recent communications to Mr. Burns and then I
22 look at the letters that were sent from the jail in France to
23 this individual, Mr. Hack, there seems to be a pattern here. I
24 also am very much concerned about the testimony from Ms. Truu.
25 It was very troubling to me that for at least the period of

1 time that the defendant was in jail in France, you seemed to at
2 least question whether she even knew who this person is, but
3 his -- since his release has now been convinced that everything
4 is fine and she was going to receive this million dollar
5 payment but it didn't come because the defendant happened to
6 have been arrested and now I hear the testimony that he had no
7 ability to make that payment in any event.

8 So address how I could possibly come up with terms
9 and conditions that would protect Ms. Truu and protect Mr.
10 Burns and protect other people who are at risk of losing their
11 funds to the defendant.

12 MR. URBAN: Well my response is, if you release the
13 defendant, he can make the deal whole, and we -- and
14 our -- just --

15 THE COURT: Well, that's --

16 MR. URBAN: And let me tell you why.

17 THE COURT: -- that begs the question. If he makes
18 the deal whole, with whose money is he going to make this deal
19 whole?

20 MR. URBAN: Well the whole thing'll be supervised and
21 completely opaque by whoever's supervising him on release, and
22 it's all going to be turned over to the government as part of
23 the case so that there'll be openness. But I got -- I was
24 going to -- I was trying to tell Your Honor, I got a text from
25 Mr. Burns, and I've been texting him since, I believe it was

1 Thursday, he -- in anticipation of today. He's very much
2 interested in what -- in closing this disposition. He's very
3 much aware of the fact that my client needs to be out to do
4 what he testified to today, and he and I, Mr. Burns and I have
5 been communicating. There was a -- I think a -- last time I
6 was here I misunderstood his question and I told him that Mr.
7 Dennis is Mr. Stratos. That was my fault. I clarified that
8 with Mr. Burns. Mr. Burns's last comment was he wants to talk
9 to Mr. Dennis. He wants to make arrangements. He realizes
10 that Mr. Stratos is in custody, wishes he weren't because he
11 wants to close the deal and make everybody, you know, make
12 their money because they're going to make a lot of money on the
13 other end.

14 In terms of conditions, Your Honor, we've offered
15 previously in the hearing that we would -- he's got nowhere to
16 run because he's got too many things to stay here for. And he
17 would be --

18 THE COURT: Well he certainly has demonstrated the
19 ability to travel internationally, and he's demonstrated the
20 ability to come up with the funds and the wherewithal to do
21 that. But I -- if I were to order the defendant released, it
22 would certainly be under the conditions that were discussed in
23 the -- either in the Pretrial Services report in Los Angeles,
24 or maybe it was up here, but it would be with electronic
25 monitoring, it would be with all of those kinds of conditions.

1 But what really troubles me, Mr. Urban, is that if the
2 defendant is continuing to make false representations to these
3 individuals while he's in jail, how in the world is the
4 Pretrial Services officer supposed to assure that that kind of
5 activity isn't occurring when he's on some sort of a home
6 detention?

7 MR. URBAN: Well I imagine they could structure some
8 sort of no telephone uses or something of that -- along those
9 lines. I mean, it's not impossible. But Mr. Burns knows that
10 Mr. Stratos is in custody. So the initial, I'll call it
11 breakdown in communication, occurred while Mr. Stratos was
12 going from jail to jail to jail until he finally wound up here
13 in Sacramento not knowing what's going to happen as I -- at
14 each hearing. So there was initial delay, but then afterwards
15 we said, you know, Mr. Burns, I told him, and -- by telephone
16 and I also told him by text, and he wants to hear what's going
17 to happen today. He really wants to put this deal together.
18 So there's an incentive for Mr. Stratos to remain -- comply
19 with the law and to --

20 THE COURT: When you say he wants to --

21 MR. URBAN: -- contest the charges. That's why I
22 filed this morning that exhibit for that lawsuit. When there
23 was a lawsuit filed, Mr. Stratos has responded. When now he's
24 in -- he's facing a criminal case, he's going to respond. He's
25 not going to run. And we -- you also asked last time about

1 whether Ms. Wilson, who's present in court, would be willing to
2 post all of her property. She's present, and I'll proffer to
3 the Court that she's willing to post whatever the -- was
4 remaining of her equity in any -- in her other property.

5 THE COURT: Well, let's --

6 MR. URBAN: She's willing to do that.

7 THE COURT: -- let's focus right now on --

8 MR. URBAN: These are --

9 THE COURT: Let's focus on the economic danger
10 question. When you say he wants to do the deal, are you
11 referring to your client when you use -- what does the pronoun
12 he refer to? Who are you talking about?

13 MR. URBAN: Excuse me, please. Mr. Burns.

14 THE COURT: All right. So you're saying that --

15 MR. URBAN: They're motivated to close the deal.
16 That's what they're telling me. And they know he's in jail.
17 They said that if he's out we can get this thing done. Or if
18 it's not done, then they'll arrange some sort of a refund. All
19 of that would be open for the authorities, pretrial, everybody.
20 We're not -- there's no secrets here on that disposition.

21 THE COURT: And we still don't know who the other end
22 of this deal is.

23 MR. URBAN: You know, I have certain constraints here
24 because I'm told that some of the parties have lawyers. I told
25 Mr. Burns, look, you must have a lawyer. I'm representing Mr.

1 Stratos. I can only ask so much. But if you -- if you're
2 telling me, and I got the last text Wednesday, he wants to help
3 close this thing, that that tells me enough that there is still
4 a viable deal. Now, when the -- if proceeds were to come to
5 Mr. Stratos out of that transaction, assuming it closes, that
6 would be subject to supervision by Pretrial. We would agree to
7 have it put in some trust account, government trust account or
8 whatever until we figure out what it is and where it is and et
9 cetera. But I think we -- Mr. Stratos -- it's real unusual, I
10 appreciate the Court's allowing Mr. Stratos to testify. We all
11 know that it's a truly rare in a bail hearing to have that
12 lengthy testimony.

13 THE COURT: It is quite extraordinary.

14 MR. URBAN: It -- that's a good word. I agree with
15 that. But it's an extraordinary case because it -- so many
16 people are involved, so many transactions, and so many lawsuits
17 back and forth that it's kind of like herding cats trying to
18 get the facts together. I'm trying to tell you simply that I
19 lined up a bunch of people who are in court, family members and
20 friends, who said we know who he is, he's not going anywhere,
21 he's of good help to us. He supports his family members. He
22 takes care of things. He's not going anywhere.

23 When the police tried to find him, they went to his
24 house. He was registered under his name. He has a California
25 driver's license. I have his passports. He's willing to

1 surrender them. That's not a problem. He'd agree to any
2 extremely restrictive condition, daily showing up, whatever.
3 Agreeing not to have a conversation on finances unless he's in
4 the presence of a Pretrial Services officer. Whatever -- or
5 someone appointed by the Court to supervise. The -- this is
6 what we're telling the Court. He wants to come back. You've
7 heard him, obviously, he wants to fight the charges and he
8 wants to defend himself in court.

9 He's not going anywhere, Your Honor, and he's not
10 conducting any financial transactions that the Court is not
11 aware of right now. There's nothing new down the pike.
12 There's lots of things in the midst of falling apart, but the
13 Soumaya thing, from what I'm hearing, is about to actually
14 break through. And I think that's significant. And let's say
15 that the Court does give him a chance --

16 THE COURT: Well, it's significant --

17 MR. URBAN: -- and he is released --

18 THE COURT: -- but that cuts both ways, Mr. Urban.

19 It's significant if it's a legitimate deal. It's also
20 tremendously significant if it's a fraud.

21 MR. URBAN: Sir? It's tremendously?

22 THE COURT: It's significant if it's a fraud, if it's
23 not a legitimate deal.

24 MR. URBAN: Okay. Okay. My understanding, and -- is
25 that this is a significant -- that this -- I've talked to the

1 lawyers that represent -- the civil lawyers, law firm, this
2 Soumaya operation is legitimate. That's what I'm told. And
3 that's what I'm relying on. If -- I don't know how to prove
4 that to the Court as I'm speaking right now other than to say
5 that, you know, we've done as much discovery and information
6 and investigation I can do. And why would they be calling me
7 and asking me this if they didn't think it was legitimate, Mr.
8 Burns.

9 It's -- it -- it's -- we're in a situation where we
10 want to put him in jail so he doesn't defraud anybody else or
11 do something illegal, but actually he's got a very substantial
12 deal present that he could complete and make a lot of other
13 people whole and if the whole thing is subject to
14 investigation, if that is also fraudulent, well then he'd face
15 the music on that. He's not going anywhere. That's the point
16 I'm trying to make. He's not going to go anywhere. He's not a
17 flight risk. He's had an interesting life, perhaps to use the
18 word extraordinary so far, adopting the Court's language, but
19 you have him here. He's not going to run and everybody has
20 told you that.

21 And we have property, we have money, to a certain
22 extent, and we would ask the Court to follow the recommendation
23 of your Pretrial Services officer.

24 THE COURT: All right. Mr. Pickles?

25 MR. PICKLES: Your Honor, very briefly. It is not

1 surprising that Mr. Burns, who has given \$11 million to the
2 defendant, really wants this deal to go through because he
3 knows that he's out \$11 million if it doesn't.

4 MR. URBAN: Wait a second.

5 MR. PICKLES: Mr. Burns has every incentive in the
6 world to wish or hope it happens. The problem is, while in
7 custody, the defendant is texting Mr. Burns via this person
8 named Susan Sweeney as though it's a different person entirely.
9 Don't worry, everything's under control. You can get your
10 money back. We're reorganizing. All these excuses for why
11 it's not happening except for the most salient one, which is,
12 oh, by the way, this whole time you've been dealing with me,
13 Troy Stratos, I am in custody because I'm being accused of wire
14 fraud and by the way if you go on line you'll see all these
15 other accusations against me too, but I'm sure you still want
16 to deal with me, right? That's the problem that Mr. Stratos
17 has run into. And he's twisting himself into knots to -- it's
18 always -- it's -- he's referring to Soumaya as a -- some other
19 entity when it's himself.

20 THE COURT: That was clear. He --

21 MR. PICKLES: And with respect, Your Honor, then, I
22 think the danger to the community, the economic danger remains
23 very real whether it be Mr. Burns or the person -- the next
24 person in line who Mr. Stratos is going to have to figure out
25 to talk to and get money to now pay back to Mr. Burns as he did

1 for Ms. Truu, as he did for all of the other people he's
2 indicated that he paid out from the money he got from Mr.
3 Burns.

4 Now he claims these are all people who had false
5 claims against him, were extorting him for money, but it's
6 clear he's making these settlement agreements to make these
7 complaining people go away. And now he's back in another bind
8 and he's going to have to find someone else to --

9 THE COURT: That --

10 MR. PICKLES: -- to make it whole.

11 THE COURT: That's exactly my concern, Mr. Urban, is
12 that if the defendant continues the way -- with this same
13 pattern, it'll just be a matter of reaching into somebody
14 else's pockets to try and satisfy Burns.

15 MR. URBAN: Well, if he's supervised, he can't
16 conduct any -- he can't write checks, he can't negotiate any
17 instruments without the pretrial permission.

18 THE COURT: But being as --

19 MR. URBAN: That's -- that would be the order.

20 THE COURT: -- being in the Sacramento County Jail
21 hasn't deterred him from doing that.

22 MR. URBAN: Sir, I think that's been
23 mischaracterized, respectfully. There's been some
24 miscommunication, but I've talked to Mr. Burns personally and
25 I'm still getting texts from him as of today. He, like I'm

1 repeating myself, he does want this transaction to complete.
2 He doesn't feel he's been misled. He's still interested in the
3 deal. That's what I'm saying. And I -- it -- there's --

4 THE COURT: I --

5 MR. URBAN: I --

6 THE COURT: Mr. Urban, I'm troubled by that. I'm
7 troubled by the lack of candor with the Pretrial Services
8 officer here as well as the lack of candor with the Pretrial
9 Services officer in Los Angeles, the explanation about why he
10 didn't disclose this apartment that rents for \$9,000 a month
11 that was prepaid for a year because it was just something that
12 was insignificant, it was a shell of a residence. That's just
13 a nonsensical explanation for a very significant detail that he
14 didn't disclose to the Pretrial Services officer. That's just
15 one of several examples.

16 So I -- I'm -- I think it's asking a lot to ask the
17 Pretrial Services officer to try to supervise the defendant's
18 financial dealings when we still don't have a clear picture as
19 to what's gone on and when he was asked under oath, there were
20 many rambling, non-responsive answers that simply obfuscated.
21 They didn't clarify.

22 MR. URBAN: Well I would -- I'd offer this. Perhaps
23 an individual could be appointed by the Court to supervise,
24 perhaps a CPA of some sort, to supervise any and all of his
25 transactions when he's released. It can't -- nothing can be

1 done. He can't write checks, obviously.

2 THE COURT: All right. I -- at this point I -- I'm
3 not satisfied that terms and conditions can be put in place
4 that would protect the community, in particular those whose
5 funds the defendant has already come into possession of as well
6 as others that he may be about to come into possession of.
7 But, Mr. Urban, I asked you whether you could make it tomorrow.
8 You can't make it tomorrow for further argument. Our options
9 are you can submit it and I can make a ruling without prejudice
10 for you bringing on a bail motion later, I can continue this to
11 another date that you can be here if you want to try to present
12 further evidence. I want to give you every opportunity.

13 MR. URBAN: I appreciate that. One moment, please.

14 (Pause - counsel confers.)

15 MR. URBAN: One moment please, Your Honor.

16 (Pause - counsel confers.)

17 THE COURT: Mr. Urban, here's what I suggest. I'm
18 going to enter an order that the defendant be detained. I will
19 keep open -- you're back here for a status conference on which
20 day did you say, Tuesday of next week?

21 MR. PICKLES: Correct, Your Honor.

22 THE COURT: All right. Hold on a second. Nick,
23 would you check our calendar for Tuesday?

24 (Pause.)

25 THE COURT: All right. Mr. Urban, I have some time

1 in the afternoon if you want to bring on a bail review motion
2 in the afternoon, if you've got further --

3 MR. URBAN: What --

4 THE COURT: -- evidence that you want to submit or
5 documents or further argument, I'll hear you then.

6 MR. URBAN: You're talking about tomorrow afternoon?

7 THE COURT: No. The afternoon that you're back here
8 for the status conference.

9 MR. URBAN: I'm sorry. So the date we're talking
10 about is -- in the afternoon is what date, please?

11 THE COURT: The same day you will be back here before
12 Judge Karlton for the status conference.

13 MR. URBAN: Which --

14 MR. PICKLES: 31st.

15 THE COURT: The 31st.

16 MR. PICKLES: Next Tuesday.

17 MR. URBAN: I can't even be here then. My problem is
18 I'm -- I'll still be in trial, so -- on that 31st on my Santa
19 Ana case.

20 THE COURT: All right. I will leave it open for you
21 to -- my ruling is going to be without prejudice for a bail
22 review motion, but for the reasons that I've indicated, I do
23 find that the defendant is a financial danger to the community
24 and to the -- well, for the reasons I've already indicated, and
25 I'm ordering the defendant detained. That's without prejudice

1 to you bringing on a bail review motion. If you can come up
2 with new information or with conditions that are specific that
3 would reasonably protect the public.

4 (Pause - counsel confers.)

5 THE COURT: All right. You've got your scheduling
6 for the balance of the case.

7 MR. PICKLES: Yes, Your Honor. At this point, two
8 things. It's my understanding because -- until today there was
9 the United States's motion -- detention motion pending that
10 time would be excluded for that reason, and then from today
11 until the status conference on the 31st. Would move for a T4
12 exclusion of time. I've provided to the defense approximately
13 800 pages of Bates labeled documents and there's another 42
14 boxes of documents that we'd make available at any point for
15 review as well as I believe eight or seven recorded
16 conversations. And so in light of the substantial discovery
17 provided and what seems to be a clearly expressed need for
18 defense preparation, I would move for an exclusion of time and
19 that the interests of justice outweigh the public's and the
20 defendant's right in a speedy trial.

21 THE COURT: All right. Mr. Urban, I did hear
22 testimony about a tremendous number of documents or boxes of
23 documents. Do you concur as to an exclusion of time?

24 MR. URBAN: Yes.

25 THE COURT: All right. Given the complexity of the

1 case as well as the need for counsel to prepare, I do find
2 excludable time under local codes T2 and T4.

3 MR. PICKLES: Thanks, Your Honor.

4 (Whereupon the hearing in the above-entitled matter was
5 adjourned at 4:45 p.m.)

6 --o0o--

7 CERTIFICATE

8 I certify that the foregoing is a correct transcript from
9 the electronic sound recording of the proceedings in the above-
10 entitled matter.

11

12 _____ February 8, 2012

13 Patricia A. Petrilla, Transcriber

14 AAERT CERT*D-113

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