

## Affidavit

I, Bill. E Branscum, a Private Investigator, lawfully licensed in the State of Florida, USA, being duly sworn, depose and say:

### Preliminary Matters

1. On or about May 11, 2003, I was contacted by Cindi Kerst, a US citizen who currently resides at [REDACTED].
2. Ms. Kerst reported that she had invested approximately \$17,000 in [www.1Heluva.com](http://www.1Heluva.com), an Internet investment program that she suspected might be a Ponzi scam.
3. Upon review, I informed Ms. Kerst that [www.1Heluva.com](http://www.1Heluva.com) is one of many Internet Ponzi scams, promoted via a pyramid scheme marketing programs, by Fred R. Srock.
4. Ms. Kerst asked that I report the matter to law enforcement and/or regulatory authorities; in compliance therewith, I submit this Affidavit in support of the attached Complaint.
5. As further explicated herein, there is probable cause to believe, and I do believe, that Virginia resident Fred R. Srock is engaged in an ongoing pattern of criminal activities, including the unlawful sale and marketing of investment contracts, securities as defined by Section 2(1) of the Securities Act of 1933 (15 U. S. C. § 77b(1)) which violates Section 17(a) of the Securities Act of 1933, Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder, via deceptive acts or practices violative of Section 5(a) of the FTC Act, (15 U.S.C. § 45(a)), and other state and federal laws.

### Background of Affiant

6. I am a Private Investigator employed by Oracle International, an investigative agency that I established following my career as a Special Agent, U.S. Department of the Treasury.
7. As a Private Investigator, my casework has related primarily to financial matters and securities issues. In addition to investigating a number of high profile frauds, I have been instrumental in the identification and recovery of concealed assets, contributed to numerous successful criminal prosecutions, and testified as an expert witness.
8. As a federal agent, I initiated and conducted investigations involving violations of federal law, prepared case prosecution summaries, and participated in successful criminal prosecutions and civil forfeiture actions in state and federal courts. While assigned to the FBI Organized Crime Strike Force in Miami, I investigated foreign and domestic “boiler rooms,” where telemarketing con artists perpetrated international schemes to defraud.
9. My experience relates primarily to violations of the United States Code, including, but without limitation, violations of Title 12 (Banking), Title 18 (General), Title 19 (Smuggling), Title 21 (Narcotics), Title 26 (Taxation) and Title 31 (Money Laundering); I have also conducted investigations related to the unlawful exportation of critical technology (Exodus violations), the sexual exploitation of children, and contract murder.
10. In addition to the knowledge and experience I acquired during the course of my employment, I have an academic background upon which I rely. I attended Eastern Kentucky University and was awarded a B.S. Degree in Criminal Justice upon graduating “With Distinction.”
11. I subsequently attended the United States Department of the Treasury, Federal Law Enforcement Training Center in Glynco, Georgia; I was the class “Honor Graduate.”

### Fred Srock's 1Heluva.com Ponzi Scheme

12. Investigation reveals that Fred R. Srock, is a white male, born August 10, 1953, and issued social security number 301-54-5005, who currently resides at 5212 Timbercreek Drive, Richmond, VA 23237; (804) 743-4683.
13. [Http://www.1Heluva.com](http://www.1Heluva.com) is one of several Internet web sites attributable to Srock. Although changes have recently been made in the wording, I have reviewed, and saved, web pages where Srock has represented that [www.1Heluva.com](http://www.1Heluva.com) offered the general public an investment opportunity promising tremendous returns on investment.
14. His scheme rests on the false premise that “web surfers” clicking on web sites can generate income. Srock encourages would be investors to invest based upon promises that they will derive returns on investment based upon the time they spend clicking on web sites, and the number of investors that they recruit to join their “down line.”
15. Although the wording was recently changed, the scam remains precisely the same. The investor is now a “purchaser” who can expect to earn “rebates” based upon the time they spend clicking on web sites, and the number of purchasers in their “down line.”
16. Investigation reveals that this program is particularly invidious in that Srock exhorts investors/purchaser to rely upon credit card charges, cash advances, and second mortgages, to generate the investment capital necessary to support this Ponzi scam.
17. There is probable cause to believe, and I do believe, that [www.1Heluva.com](http://www.1Heluva.com) is a rebate redistribution pyramid scheme, promoted by Fred R. Srock, in that nothing of value is created or produced; value is introduced into the system in the form of capital contributions by those who are persuaded to invest, and then redistributed according to a methodology that depends upon the ongoing influx of invested capital to remain viable.

## Fred Srock's ClickityCash.com Ponzi Scheme

18. Investigation reveals that Fred R. Srock, is a white male, born August 10, 1953, and issued social security number 301-54-5005, who currently resides at 5212 Timbercreek Drive, Richmond, VA 23237; (804) 743-4683.
19. [Http://www.ClickityCash.com](http://www.ClickityCash.com) is one of several Internet web sites attributable to Srock where he encourages people to invest by representing that his program offers them an opportunity to generate remarkable returns on invested capital.
20. In furtherance of this scheme to defraud, Fred Srock publishes a "ClickityCash Commission Calculator" representing that a \$700 investment yields, "*monthly potential earnings of \$38,659.50.*"
21. The scheme rests on the false premise that "web surfers" clicking on web sites can generate income. Srock encourages would be investors to invest based upon promises that they will derive returns on investment based upon the time they spend clicking on web sites, and the number of investors that they recruit to join their "down line."
22. Unlike [www.1Heluva.com](http://www.1Heluva.com), this is a "click for hits" program where members surf the web to earn visitors to their own web sites. In order to earn real money in the form of cash and commissions, you must have a "Clickmaster membership." Members must purchase the opportunity to recruit other investors – they invest money hoping to make money.
23. There is probable cause to believe, and I do believe that [www.ClickityCash.com](http://www.ClickityCash.com) is a pyramid scheme promoted by Fred R. Srock, in that nothing of value is created or produced; value is introduced into the system in the form of capital contributions by those who buy into it, and subsequently redistributed according to a variable, incomprehensible methodology that depends upon the influx of capital to remain viable.

## Fred Srock's BubbleBucks.com Ponzi Scheme

24. Investigation reveals that Fred R. Srock, is a white male, born August 10, 1953, and issued social security number 301-54-5005, who currently resides at 5212 Timbercreek Drive, Richmond, VA 23237; (804) 743-4683.
25. [Http://www.BubbleBucks.com](http://www.BubbleBucks.com) is one of several Internet web sites attributable to Srock where he encourages people to invest by representing that his program offers them an opportunity to generate remarkable returns on invested capital.
26. Unlike [www.1Heluva.com](http://www.1Heluva.com) and [www.ClickityCash.com](http://www.ClickityCash.com), there is nothing sophisticated or confusing about this scheme – there is no pretense that this program generates an underlying source of income. As the introduction to the site explains:
- 1. You buy a Money Bubble for \$.50 - \$10.00**
  - 2. A link to your favorite program is shown below until you're paid!**
  - 3. Other people buy Money Bubbles after you do.**
  - 4. Your Money Bubble "Bursts" when it reaches the top of the list \*and\* there is enough money below you to pay you and your referrer and to cover the profit paid to the owners of all previously paid bubbles.**
27. As with all pyramid schemes, there is an incentive for investors to recruit. The program specifies that, *“You can increase your payout by "Boosting" it. You boost it 1% for every domain you place a link to BubbleBucks on, up to a maximum of 200%.”* This program actually acknowledges that it is a pyramid scheme saying, *“If not enough Money Bubbles are ever purchased to pay to Burst Your Bubble, you will lose your money.”*
28. There is probable cause to believe, and I do believe that [www.BubbleBucks.com](http://www.BubbleBucks.com) is a pyramid scheme promoted by Fred R. Srock, in that nothing of value is created or produced; value is introduced into the system in the form of bubble purchases by those who buy into it, and the program depends upon this influx of capital to remain viable.

The False Promises

29. In promoting and perpetuating these programs, Srock has made false and deceptive representations regarding the returns that his investors could expect from their investments. With regard to ClickityCash.com, Srock publishes a calculator whereby potential investors can enter the number of people they expect to refer and visualize the results. In this case, the person who recruits five investors and assumes that everyone in his "Extended Affiliates" (downline) recruits five (5) is lead to believe that their potential monthly earnings could be as much as \$38,659.50.

**Play with our ClickityCash Calculator and see your Earning Potential !**

| <b>Your Level 1 ClickMaster Affiliates</b> - Enter the number of people you think you'll refer (highlight the number "5" to the right) and then enter your own number. |                |                | 5           |
|--|----------------|----------------|-------------|
| <b>Your Extended Affiliates</b> - Enter how many people your direct referrals should refer and then click the "CALCULATE" button below.                                |                |                | 5           |
| Levels   | Commissions    | Earned Members | Earnings    |
| Level 1  | Receive \$9.90 | 5              | \$ 49.50    |
| Level 2  | Receive \$9.90 | 25             | \$ 247.50   |
| Level 3  | Receive \$9.90 | 125            | \$ 1237.50  |
| Level 4  | Receive \$9.90 | 625            | \$ 6187.50  |
| Level 5  | Receive \$9.90 | 3125           | \$ 30937.50 |
| Your Total Downline Affiliates...  |                |                | 3905        |
| Your Total Potential Monthly Earnings...   |                |                | \$ 38659.50 |

<http://www.clickitycash.com/cgi-bin/member.cgi?13>

30. Nobody I interviewed actually expected to realize that sort of return on their investment, but therein lies the perfidiously deceptive nature of this gimmick. Promoters do not expect to convince people that they will make \$38,659.50 per month; instead, they persuade them to believe that they will realize some part of the program's incredible potential. \$3,865.95, just ten percent, is more than most people make a month.

31. 1Heluva.com was established on July 25, 2002. Two days later, Srock published the following in his 1Heluva.com Newsletter:

***“Hello!! to 1Heluva bunch a great NEW members!! We have gotten off to a great start with 1Heluva.Com! 1254 members in less than 48 hours with 342 of them Invested!! 27% - not too shabby, huh??!!”***

32. August 4, 2002, ten days after [www.1Heluva.com](http://www.1Heluva.com) was established, Srock published the following in his 1Heluva.com Newsletter:

***“Welcome to all our new members!! In the first 10 days, 1Heluva.Com has 3,892 members with 587 of them invested! Take a look and pay particular notice to the relationship between "Investment" and "Projected Yearly Earnings". Those who have invested the most are - guess what? - earning the most! Some as many as 10 times their investment over the next 12 months! When you build an invested downline, you WILL make a profit. It's a mathematical certainty. To maximize your investment:”***

- \*\* Click at least 180 pages a day***
- \*\* Recruit more downline***
- \*\* Motivate your downline to invest***
- \*\* Increase your own investment***

33. On August 21, 2002, at the end of the first month, Srock published an announcement to the effect that a \$1100 investment would yield an annual return of \$15,000 in his 1Heluva.com Newsletter:

***“Holy Cats! . . . our total investments for the first 27 days of the program to \$20,343.24 !!! I promise you though - you ain't seen nuthin yet!! Are you starting to get a sense of the excitement people are seeing when they look at how the Top Recruiters` money is growing?? Look at Chuyoen Park. \$1100+ invested. What's the yearly projection? Over \$15,000 !!! Hey, if she can do it, so can you!***

***FIRST, you have until midnight server time tomorrow (Thursday) to take advantage of the extra 20% we are adding to any investment you make. SECOND, to take full advantage of that investment, you MUST make your downline GROW and get them to invest.”***

34. In promoting [www.1Heluva.com](http://www.1Heluva.com) on his members only forum, Srock makes it very clear that he solicits, and urges others to solicit, “investments” and he encourages his members to recruit investors capable of contributing significant investment capital, promising that this will directly affect their returns on investment (ROI).

***“How many businesses are within 10 miles of your home? They will be mostly small businesses, but it is the small business person who would be most attracted by our investment plan. Print out our Top 50 page and make an appointment with some business owners in your community and explain it to them. They don’t have to invest \$30,000, but at least get them started! As little as \$3,000 invested over two accounts will turn them a profit! And imagine what it will do for YOUR ROI!”***

35. Srock specifically states that opening two accounts, and investing \$3000 in each, would yield an annual return of nearly \$10,000 - an annualized rate of return of 166%.

***“Based on investment alone, investing two accounts with \$3000 invested in each would return an annual PROFIT of nearly \$10,000.00!!”***

36. There are no investor caveats, or identifications of risk; Srock represents that the rates of return he promises are “guaranteed,” citing specific examples in support thereof.

37. On the [www.1Heluva.com](http://www.1Heluva.com) forum, Srock introduced LMR, Inc., as their “first corporate investor,” and reported that the LMR investment of \$30,000 over three accounts would net them a 300% annual return - a “guaranteed profit” of \$90,000 in one year.

***“Welcome to LMR, Inc. - our first corporate investor! LMR invested \$30,000 over three accounts, giving themselves a guaranteed PROFIT of over \$90,000 in the next 12 months!”***

38. While it is not clear how the figure is derived, Srock cites 600% returns as an incentive to liquidate stocks, bonds, CD’s - - even life insurance policies

***“I bet you know many people who have thousands of dollars tied up in stocks, bonds, CD’s, annuities, life insurance and just plain old savings accounts. What are they making off these things? - 5%? 10%? 20%? (I \*doubt\* it!) Why wouldn’t they want 600%???”***

39. Srock targets people like single mothers, desperately hoping to find a way to support themselves, capitalizing upon their vulnerability and baiting them with false promises.
40. Srock shamelessly exhorts these unsophisticated investors to charge their credit cards to the limit, or get second mortgages to invested in programs that he knows, or should reasonably know, are doomed to eventually collapse. Fred Srock is quoted as saying:

***"HEY - so you're not a "salesman". OK, fine. And you don't have even \$3,000. Ok, fine, but I bet you can still get it. How much would it cost you to charge \$6,000 to your credit cards. Now come on folks, honestly, you have to be NUTS not to do this! Take a second mortgage on your HOUSE if you have to - you're GOING to make more, MUCH more than it will cost you! Fred Srock"***

41. On September 11, 2002, Srock published a fascinating example of interest rate accountancy as it applies to frauds and scams in his [1Heluva.com Newsletter](#):

***"HOW to MAKE a PROFIT of Over \$1,300.00 in the Next 12 Months - GUARANTEED!! Invest \$1,500.00 for both yourself AND [a] downline member. Your monthly ROI, if you click 5,000 pages every month, will be 24.22%, for an annual return of 290.64% on your investment of \$1,500. You would earn \$4,359.60 over 12 months. You put out \$3,000.00. Your profit is \$1,359.60 !!***

***No savings account, no stock, no bond, no whole life insurance policy will ever come close to this kind of profit on your money! If you can get your hands on \$3,000.00, you'd be \*nuts\* not to do this!***

***If you can get your hands on \$5,000.00, it gets even better! Investing \$2,500.00 for both yourself and ONE downline member, would give you a monthly ROI of at least 37.55% for an annual return of 450.60% Your earnings on \$2,500.00 would be \$11,265.00 !! Less your outlay of \$5,000.00 leaves a profit of \$6,265.00!!"***

42. Incredibly, Srock's system for calculating return on investment (ROI) discounts the principal invested; give him a \$100 and get back \$200 and he says your "earnings" are 200%. If you give him \$100 and get back \$50 at the end of the year, you didn't get scammed out of \$50 – you realized a 50% annual return on investment.

43. On October 14, 2002, at about ninety days into the program, Srock continued to push people to believe that they should liquidate assets to generate investment capital. He published the following in his 1Heluva.com Newsletter:

***“Among our membership we have professional bankers, stock brokers, tax professionals, accountants and lawyers who are convinced our program will not only survive, but thrive as none before it has! Our program is \*just\* 80 days old.***

***7 members have more than \$3,000 invested  
15 members have more than \$2,500 invested  
38 members have more than \$1,000 invested  
50 members have more than \$ 500 invested***

***34 members have reached maximum 50% monthly ROI - that means that over the next 12 months, they will receive SIX times their investment paid to them in Earnings. When you reach 50% monthly ROI, any money you invest, you get back in just 60 days! Then for the next 10 months, you get it back FIVE \*MORE\* times! No place else on the planet can you multiply your money any where NEAR this much, this \*FAST\*.***

***Bankers and brokers in our membership are forsaking their IRA`s and stocks that have \*lost\* tens of thousands of dollars in the last few years and investing what`s left of it in 1Heluva where they will be \*sure\* to multiply it as much as SIX times!”***

44. In that same newsletter, Srock followed with a glowing testimonial that he claimed to have received from a Bank Center Manager who sells stocks, bonds and municipal funds.

***To Mr. Fred Srock,***

***I must commend you on the manor at which you have developed a very effective marketing and exchange model for the smaller webmaster and investors a like. It is several things, an easy exchange to drive some traffic, but more importantly, an easy vehicle whereby you borrow our money and pay us back over time with bonus.***

***I have been in banking for over 13 years, Banking Center Manager and Officer, my past in selling stocks, bonds and mutual funds. Then, watching my IRA and 401k loose over 70% in the past two years, it is indeed refreshing to find, from what I can tell, an honest man with an honest company that in every effort is only trying to earn his members` money first.***

*Fred, you are proving your results each month when you pay out up to half of what we have lent you. It may be \$5 or \$5000, in the end and looking short term, how much would you make in a bank cd, savings or even in shudder the thought, the stock market?*

*CNN today had an advisor about mortgages on the interview block. He gave the point that rates are so low, they have flipped from saying borrow for 15 years to pay off faster to borrow 30 years. He stated that if there were 100 year loans at the current 4-5% he would borrow it, and invest in "any investment vehicle". But when even the experts see the value of taking funds you normally wouldn't have used to invest, why not put in \$100, \$500, \$3000 ?? To your credit, well done. There have been road blocks and hazards, but here is to you and continued success to you and all your members."*

45. Coincidentally, aside from sharing Srock's conviction that liquidating conventional investment instruments to generate capital to invest in Srock's program is a wise investment strategy, this banker shares Srock's failure to comprehend that only licensed brokers can sell securities. Curiously, this sophisticated bank manager labors under the same challenges related to spelling, grammar, vocabulary, and syntax that afflict Srock.
46. On December 6, 2002, Srock announced that, just as MasterCard and Visa had previously cancelled their Merchant Account, and thereby terminated his ability to accept credit card payments directly, PayPal would no longer process MasterCard or Visa payments for 1Heluva.com, or any of Srock's other Internet enterprises. Srock indicated that they were setting up an E-Gold gateway where chargebacks would no longer be an issue.
47. As with all pyramid schemes, the promises and expectations are met with failure and disappointment - incoming revenue falls off, payouts dwindle and the collapsing spiral feeds itself. When the downturn began with 1Heluva.com, Srock excused his failures to live up to his promises by blaming it on the investor's failure to make the program work. Interestingly, he explains the problems by defining his programs as pyramid schemes.

48. **Complainant** [REDACTED] **Stafford** can be reached by e-mail at ([jstafford@netmdc.com](mailto:jstafford@netmdc.com))

**Complainant Stafford** invested \$410.13 in 1Heluva.com via PayPal, and personal check. Instead of the dramatic profits that Srock promised, she received \$97.13 in return and has been unable to recover the \$313.00 difference.

49. In March 2003, **Complainant Stafford** attempted to avail herself of the “money back guarantee” Srock touts. In response, she received the following e-mail in which Srock implicitly defines his program as a pyramid scheme.

Mon, 31 Mar 2003 12:22:18 -0500

*You are referring to the newsletter of December 26, 2002, which of course was referring to the changes announced at that time. On January 1st, all money taken in was paid back to members. On January 2nd, the program had \$0 dollars. The same thing was true on the first of February and the first of March, and will be true again tomorrow. The program (i.e. me) has no extra money to give back - it is all disbursed to the members according to the formula in place.*

50. A few days later, in April 2003, **Complainant Stafford** contacted Srock again. In response, she received another e-mail from Srock. Once again, Srock implicitly defines his program as a pyramid scheme.

Fri, 04 Apr 2003 14:34:04 -0500

*[REDACTED], there is no money to give back to you. Every month, I pay out, in either expenses or rebates, every penny that comes in. Four days ago, the program had \$0. The money that comes in after paying each month goes towards paying the next month's rebates.*

51. **Pennsylvania Complainant** [REDACTED] **A Stoll** lives at [REDACTED]  
[REDACTED]. She can be reached by e-mail at ([danielle@pa.net](mailto:danielle@pa.net)). **Complainant**

**Stoll** invested \$10.00 in the 1Heluva.com program believing that she could build her investment by reinvesting her profits. To date, her account has been credited \$.15 (fifteen cents). She says that it is obvious at this point that she will never recover her investment.

52. **Tennessee Complainant** [REDACTED] **Goodworth** lives at [REDACTED]  
[REDACTED]. He can be reached by e-mail at  
([glg1234@bellsouth.net](mailto:glg1234@bellsouth.net))
53. **Complainant Goodworth** borrowed against the title to his car and used credit card cash advances to invest \$3700 in 1Heluva.com. He reports that he was motivated by a “guaranteed minimum monthly return on investment of twelve percent (12%),” and the representations of Srock’s wife “Debbie” to the effect that Srock was the, “*most honest man she ever knew.*”
54. In return for his \$3700 investment, **Complainant Goodworth** received checks for four months: \$679 (January 2003); \$410 (February 2003); \$199 (March 2003); and \$10 (April 2003). Having received \$1298, which is just a little more than a third of his initial investment, has been told to expect no further disbursements. He acknowledges that he has no realistic hope that he will ever recover the remaining \$2402.
55. **Louisiana Complainant** [REDACTED] **E. Little** lives at [REDACTED],  
[REDACTED]. He can be reached by e-mail at ([little8@bellsouth.net](mailto:little8@bellsouth.net)) He states that he invested a little over \$3000 in the 1Heluva.com program, and hopes that someone will do something to help him retrieve some of his money.
56. **Kansas Complainant** [REDACTED] **K. Delfs** lives at 10042 [REDACTED]  
[REDACTED]. She can be reached by e-mail at ([mkdelfs@cashpaid2u.com](mailto:mkdelfs@cashpaid2u.com)) She suffers from debilitating depression, and she is Conservator and Guardian for her mother,  
**Kansas Complainant** [REDACTED] **A. Brown** who is 72 years old, and suffers from Alzheimer’s disease. They live together on a fixed income.

57. **Complainant Delfs** invested \$171.66 in 1Heluva.com and her mother, **Complainant Brown**, invested \$12.33. Srock lead them to believe that this program would allow them to build a significant investment and make it possible for them to subsidize their modest fixed income while working from home. They received \$71.71 and \$2.54 respectively.
58. **Texas Complainant [REDACTED] Morgan** lives at [REDACTED]. He can be reached by e-mail at ([remorgan007@yahoo.com](mailto:remorgan007@yahoo.com)) Fears related to job security, Srock's representation that 1Heluva.com offered a, "Guaranteed 12% month return on investment," and Srock's assurances that he would stand behind his promises, motivated **Complainant Morgan** to invest more than \$18,000.
59. Unfortunately, **Complainant Morgan's** job related fears were realized shortly after he invested. He lost his job and has been unable to find work. Rather than the \$2160 per month that he was promised, **Complainant Morgan** reports that this month's projected return on his \$18,000 investment is expected to be about \$7.
60. **Indiana Complainant Cindi Kerst**, resides at [REDACTED], [REDACTED]. She can be reached by e-mail at [REDACTED].
61. **Complainant Kerst**, and her family opened several accounts, and invested approximately \$17,000 in 1Heluva.com. Although they were promised a "Guaranteed 12% monthly return, they lost most of their initial investment. When she began to suspect that she had been defrauded, she discussed her concerns with Srock.
62. **Complainant Kerst** and her family claim to have realized no return on their investment; of the \$17,000 they invested, they have received about \$7000 back. Complainant Kerst feels that the only way she will recover the remaining \$10,000 is if someone else is duped into investing it, a potentiality she is not willing to pursue.

63. The Terms of Service agreements associated with Srock's programs are such that those who realize that they are being defrauded are not allowed to complain. According to the [www.1Heluva.com](http://www.1Heluva.com) Terms of Service:

*"Members/Affiliates are required to maintain a positive attitude . . . Program "bashing", publishing libelous statements, disseminating slander . . ., or behavior that is in any way designed to be harmful to the program, its owners, its members or ISP may result in immediate termination from the program without payment of any commissions or earned Rebates, without Refund of any monies, without notice and you agree to waive any right to legal recourse pertaining thereof."*

64. Strictly interpreted, these Terms of Service could be construed to mean that a person who feels defrauded would be unable to complain as they might thereby forfeit any hope of recovering anything including their investment. That is precisely how it works..

65. If an investor feels that Srock has defrauded them, he has no choice but to remain quiet; otherwise Srock threatens to close their account, and asserting that they will forfeit their investment and waive any right to legal recourse. According to one of Srock's announcements:

*One member has been suspended for attempting to send a newsletter through our system stating that 1Heluva was a scam. Apparently, that member did not realize that we review every newsletter before approving them for mailing and had not read our Terms of Service . . .*

66. **Complainant** [REDACTED] **Stafford** reports that when she began complaining that Srock would not make good on his promises or refund her money, he directed her to the above referenced Terms of Service, threatening that she would forfeit her accounts.

67. **Complainant** [REDACTED] **Goodworth** reports having a similar experience in April 2003, when he demanded that Srock close his accounts and refund his money. Srock responded by giving him a copy of the Terms of Service and reminded him that he should not have risked more than he could afford to lose.

68. Complainant [REDACTED] Morgan's experience is well documented. The following exchange occurred on the 1Heluva.com member's forum.

[REDACTED]

*You've gotten back \$10,800 of the \$18,300 you've put in. Why aren't you using your energy to recruit a few more like you? You have a miserable total of 11 people in your two accounts' downlines. Or do you WANT to lose your other \$7500? Keep complaining and that IS what will happen. ANd THAT's a guarantee, too.*

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Fred Srock  
Founder, 1Heluva.Com, AutoLinkPro, ClickityCash

[REDACTED]

*It is not a threat, it is a fact. Cindi undeniably ignored the very visible warning that she \*might\* not make a profit at 1Heluva. Thank you for pointing out that my personality is demonstrative. Probably few people have picked up on that. You can obviously join Cindi in the "Keen Grasp of the Obvious" club.*

*You on the other hand have indisputably demonstrated that you expect to make money by doing nothing, indeed by helping to ensure that people will lose confidence in the very thing that you hoped WOULD make YOU money. How do you explain YOUR logic??*

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Fred Srock  
Founder, 1Heluva.Com, AutoLinkPro, ClickityCash

[REDACTED]

*Whatever you are referring to as "the half truth, the slanted truths and the non-truths" have ALWAYS been present. Why were they acceptable to you long enough for you to put in \$18,000, but not now?*

*You KNEW there was a chance that people like you could come along and blow us out of the water, and that, therefore, the "half-truth" of "Guaranteed" monthly ROI \*could\*be bullnuts.*

*You KNEW that, didn't you? Why was it OK then, but not now?*

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Fred Srock  
Founder, 1Heluva.Com, AutoLinkPro, ClickityCash

## Securities Issues

69. Pyramid scheme investment contracts are securities as defined by Section 2(1) of the Securities Act of 1933 (15 U. S. C. § 77b(1)), assuming they satisfy the requirements of the “Howey Test” as set forth in the seminal case, *Securities and Exchange Commission v. W. J. Howey Co.*, 328 U. S. 293, 66 S. Ct. 1100, 90 L. Ed. 1244.
70. This test consists of three elements: first, that there is an investment of money; second, that the scheme in which an investment is made functions as a common enterprise; and third, profits are derived solely from the efforts of individuals other than the investors.
71. Subsequent case law dispensed with the word "solely." The Ninth Circuit, in *S. E. C. v. Glenn W. Turner Enterprises*, 474 F. 2d 476, found an investment contract to exist where investors played a minimum role in the production of profits. See also *Koscot*.
72. In this case, thousands of investors entrusted Srock with their money, thereby joining in a common enterprise, with the expectation that they would derive significant profits. The investors played no significant role in the production of profits – indeed, there was no production of profits. In pyramid schemes, value is redistributed, not produced.
73. The promotion and sale of these programs represents the sale and transfer of securities, as defined by Section 2(1) of the Securities Act of 1933 (15 U. S. C. § 77b(a)(1)), which states, in pertinent part:

### **Section 77b. Definitions**

(1) The term "security" means any note, stock, treasury stock, security future, bond, debenture, evidence of indebtedness, certificate of interest or participation in any profit-sharing agreement, collateral-trust certificate, preorganization certificate or subscription, transferable share, investment contract . . . or, in general, any interest or instrument commonly known as a "security"

## Securities Fraud

74. The Securities Act of 1933 was enacted in the aftermath of the “Great Depression,” as a matter of national security, in order to, “*provide full and fair disclosure of the character of the securities sold in interstate commerce and through the mails, and to prevent fraud in the sale thereof...*”

75. Srock and his associates, directly or indirectly, singly or in concert, by use of the means or instruments of transportation or communication in interstate commerce, or of the mails, in the offer or sale, and in connection with the purchase or sale, of securities:

- a. employed devices, schemes and artifices to defraud; and
- b. obtained money from investors by and through false statements and misrepresentations; and
- c. engaged in acts, practices, transactions, or courses of business which operated or would operate as a fraud or deceit upon the purchasers of the various pyramid scheme investment contracts he marketed via the Internet.

76. Srock and his associates have engaged, and are engaged, directly or indirectly, in acts, practices, and courses of business which constitute violations of Section 17(a) of the Securities Act, (15 U.S.C. § 77q(a)), which states, in pertinent part:

### **Section 77q. Fraudulent interstate transactions**

**It shall be unlawful for any person, in the offer or sale of any securities . . . by the use of any means or instruments of transportation or communication in interstate commerce, or by use of the mails, directly or indirectly –**

- 1. to employ any device, scheme, or artifice to defraud; or**
- 2. to obtain money or property by means of any untrue statement of a material fact; or**
- 3. any omission to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or to engage in any transaction, practice, or course of business which operates or would operate as a fraud or deceit upon the purchaser.**

77. Srock and his associates have engaged, and are engaged, directly or indirectly, in acts, practices, and courses of business, which constitute violations of Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), which states, in pertinent part:

**Section 78j. Manipulative and deceptive devices**

**It shall be unlawful for any person, directly or indirectly, by the use of any means or instrumentality of interstate commerce or of the mails, or of any facility of any national securities exchange -**

**(b) To use or employ, in connection with the purchase or sale of any security . . . any manipulative or deceptive device or contrivance in contravention of such rules and regulations as the Commission may prescribe as necessary or appropriate in the public interest or for the protection of investors.**

78. Srock and his associates have engaged, and continue to engage, in acts, practices, and courses of business, which violate Section 10(b) of the Securities Exchange Act of 1934, Rule 10b-5, 17 C.F.R. § 240.10b-5, to which states, in pertinent part:

**17 C.F.R. § 240.10b-5 Employment of manipulative and deceptive devices.**

**It shall be unlawful for any person, directly or indirectly, by the use of any means or instrumentality of interstate commerce, or of the mails or of any facility of any national securities exchange,**

**(a) To employ any device, scheme, or artifice to defraud,**

**(b) To make any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading, or**

**(c) To engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person, in connection with the purchase or sale of any security.**

79. There is probable cause to believe, and I do believe, the Fred R. Srock, and his associates, have violated Section 17(a) of the Securities Act of 1933, 15 U.S.C. § 77q(a), and Section 10(b) of the Securities Exchange Act of 1934, 15 U.S.C. § 78j(b), and Rule 10b-5 thereunder, 17 C.F.R. § 240.10b-5 and associated state laws.

## Sale of Unregistered Securities

80. Securities must be registered via a Registration Statement pursuant to the provisions of the Securities Act of 1933, Title 15 U.S.C. § 77e(c), which states, in pertinent part:

### **Section 77e. Prohibitions relating to interstate commerce and the mails**

**(c) Necessity of filing registration statement. It shall be unlawful for any person, directly or indirectly, to make use of any means or instruments of transportation or communication in interstate commerce or of the mails to offer to sell or offer to buy through the use or medium of any prospectus or otherwise any security, unless a registration statement has been filed as to such security, or while the registration statement is the subject of a refusal order or stop order . . .**

81. Fred R. Srock, and his associates, have marketed, promoted, sold and transferred pyramid scheme investment contracts, securities as defined by Section 2(1) of the Securities Act of 1933, Title 15 U. S. C. § 77b(1), related to 1Heluva.com, ClickityCash.com, BubbleBucks.com, and others.

82. Diligent inquiry has failed to disclose any record that a securities registration statement has been in effect related to any of Srocks pyramid scheme programs.

83. The sale or transfer of unregistered securities is violative of Sections 5(a) and 5(c) of the Securities Act of 1933, Title 15 U.S.C. § 77e, which states, in pertinent part:

### **Section 77e. Prohibitions relating to interstate commerce and the mails**

**(a) Sale or delivery after sale of unregistered securities. Unless a registration statement is in effect as to a security, it shall be unlawful for any person, directly or indirectly--**

**(1) to make use of any means or instruments of transportation or communication in interstate commerce or of the mails to sell such security through the use or medium of any prospectus or otherwise . . .**

84. There is probable cause to believe, and I do believe that Fred R. Srock has engaged in the unlawful sale and transfer of unregistered securities in violation of Sections 5(a) and 5(c) of the Securities Act of 1933, and associated state laws.

## Sale of Securities by Unregistered Brokers

85. Those persons who engage in the promotion, sale or transfer of securities must be registered pursuant to the provisions of Section 15(a) of the Securities Exchange Act of 1934, Title 15 U.S.C. § 78o, which states, in pertinent part:

### **Section 78o. Registration and regulation of brokers and dealers**

#### **(a) Registration of all persons . . .**

**(1) It shall be unlawful for any broker or dealer which is either a person other than a natural person or a natural person not associated with a broker or dealer . . .to make use of the mails or any means or instrumentality of interstate commerce to effect any transactions in, or to induce or attempt to induce the purchase or sale of, any security . . . unless such broker or dealer is registered in accordance with subsection (b) of this section.**

86. Fred R. Srock, and his associates, have marketed, promoted, sold and transferred pyramid scheme investment contracts, securities as defined by Section 2(1) of the Securities Act of 1933 (15 U. S. C. § 77b(1)), related to 1Heluva.com, ClickityCash.com, BubbleBucks.com, and others.

87. A diligent inquiry has failed to disclose any record that Fred R. Srock is licensed to broker securities transactions, or any documentation that he is registered as an associated person with any broker dealer.

88. There is probable cause to believe, and I do believe that Fred R. Srock and his associates have unlawfully sold pyramid scheme investment contracts, securities as defined by the Securities Act of 1933, without having the necessary licenses and registrations in violation of Section 15(a) of the Securities Exchange Act of 1934, as codified in Title 15 U.S.C. § 78o(a)(1) and counterpart state laws.

## False and Deceptive Trade Practices

89. At all times relevant to this Affidavit, Fred R. Srock and his associates have maintained, and engaged in, activities affecting interstate and international commerce, as "commerce" is defined in Section 4 of the FTC Act, 15 U.S.C. § 44.

90. The Federal Trade Commission, is an independent agency of the United States Government created by statute. 15 U.S.C. §§ 41-48. The Commission is charged, *inter alia*, with enforcement of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), which which states, in pertinent part:

**Sec. 45. - Unfair methods of competition unlawful; prevention by Commission**

**a. Declaration of unlawfulness; power to prohibit unfair practices; inapplicability to foreign trade**

**(1) Unfair methods of competition in or affecting commerce, and unfair or deceptive acts or practices in or affecting commerce, are hereby declared unlawful.**

91. For several years, and continuing through today, Fred R. Srock, and his associates, have been engaged in a deceptive scheme to offer and sell purportedly profitable investment contracts that actually constitute "pyramid schemes" to members of the public.

92. Pyramid schemes are inherently injurious to consumers, and adverse to the public interests, because they must eventually collapse. Like chain letters, pyramid schemes may make money for those at the top of the chain or pyramid, but end up injuring the vast majority of participants at the bottom who can find few or no recruits.

93. In promoting and selling these pyramid scheme investment contracts, Fred R. Srock and his associates have represented, *inter alia*, that those who invest will receive "guaranteed" interest rates ranging from 12%, per month to as high as 600% per year.

94. In promoting and selling these pyramid scheme investment contracts, Fred R. Srock and his associates have fabricated e-mail communications purporting to be from a banking professional, and used that bogus letter to support the representation that liquidating conventional instruments of investment to generate capital to invest in these pyramid scheme investment contracts is a sound investment strategy.
95. In promoting and selling these pyramid scheme investment contracts, Fred R. Srock and his associates have encouraged potential investors to believe that using capital generated via credit card advances, second mortgages and life insurance policies to invest in these pyramid scheme investment contracts is a sound investment strategy.
96. In promoting and selling these pyramid scheme investment contracts, Fred R. Srock and his associates have encouraged potential investors to believe that their investments were without risk, promising them a “refunds” if they were dissatisfied.
97. In truth and in fact, most investors who invest in pyramid scheme investment contracts will not derive substantial income from their investments, or the capital investments of their downline, and involvement in these programs is not a sound investment strategy as pyramid schemes are insolvent from their inception by definition and most participants in these pyramid schemes will lose money.
98. Therefore, there is probable cause to believe, and I do believe, that Fred R. Srock and his associates have engaged in a course and pattern of false and misleading conduct calculated to induce investment in pyramid scheme investment contracts that constitutes deceptive acts or practices in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a) as well as various associated state laws.

## Mail Fraud

99. It is unlawful to use the US Postal Service, or any private mail carrier in furtherance of any scheme to defraud, or in furtherance of any scheme to obtaining money or property by means of false or fraudulent pretenses, representations, or promises.
100. It is irrelevant whether the offending party sent the item, received the item, or caused others to send and/or receive the item; the offense of Mail Fraud is defined by Title 18 U.S.C. 1341, which states, in pertinent part:

### **Section 1341. Frauds and swindles**

**Whoever, having devised or intending to devise any scheme or artifice to defraud, or for obtaining money or property by means of false or fraudulent pretenses, representations, or promises, or to sell, dispose of, loan, exchange, alter, give away, distribute, supply, or furnish or procure for unlawful use any . . . security, or other article . . . places in any post office or authorized depository for mail matter, any matter or thing whatever to be sent or delivered by the Postal Service, or deposits or causes to be deposited any matter or thing whatever to be sent or delivered by any private or commercial interstate carrier, or takes or receives therefrom . . . shall be fined under this title or imprisoned not more than 20 years, or both.**

101. Fred Srock, and his associates, sent and/or received and/or caused others to send and/or receive personal checks, transactional documents, and/or other things via the US Post office, and or private commercial carriers, in furtherance of the above referenced schemes to defraud, and thereby obtained money by means of false or fraudulent representations.
102. There is probable cause to believe, and I do believe, that Fred Srock, and his associates, known and as yet unidentified, have violated Title 18 USC §1341 related to Mail Fraud.

## Wire Fraud

103. It is unlawful to use wire services, telephones, e-mail, and the Internet to transfer or transmit writings, signs, signals, pictures, or sounds for the purpose of executing a scheme to defraud, or in furtherance of any scheme to obtaining money or property by means of false or fraudulent pretenses, representations, or promises, pursuant to the provisions of Title 18 U.S.C. 1341, which states, in pertinent part:

### **Section 1343. Fraud by wire, radio, or television**

**Whoever, having devised or intending to devise any scheme or artifice to defraud, or for obtaining money or property by means of false or fraudulent pretenses, representations, or promises, transmits or causes to be transmitted by means of wire, radio, or television communication in interstate or foreign commerce, any writings, signs, signals, pictures, or sounds for the purpose of executing such scheme or artifice, shall be fined under this title or imprisoned not more than 20 years, or both.**

104. It has been dispositively established that “e-mail” falls within the rubrics of mail fraud and wire fraud if the e-mail communications are combined with a scheme or artifice to defraud. See *VanDenBroeck v CommonPoint Mortg. Co.* (2000, CA6 Mich) 210 F3d 696, RICO Bus Disp Guide (CCH) P 9876, 2000 FED App 153P.

105. Fred R. Srock and his associates have used wire services, telephones, e-mail, and the Internet to promote various schemes to defraud, communicate in furtherance thereof, and collect payments associated therewith.

106. There is probable cause to believe, and I do believe, that Fred Srock, and other associates known and as yet unidentified, have violated Title 18 USC §1343 related to Wire Fraud.

## Money Laundering

107. It is unlawful to knowingly conduct a financial transaction involving the proceeds of unlawful activities, or transfer the proceeds of unlawful activities from a place outside the United States to a place inside the United States, or vice versa, with the intent to promote the carrying on of specified unlawful activities, in violation of the provisions of Title 18, U.S.C. § 1956 which states, in pertinent part:

### **Section 1956. Laundering of monetary instruments**

**(1) Whoever, knowing that the property involved in a financial transaction represents the proceeds of some form of unlawful activity, conducts or attempts to conduct such a financial transaction which in fact involves the proceeds of specified unlawful activity; or**

**(2) Whoever transports, transmits, or transfers, or attempts to transport, transmit, or transfer a monetary instrument or funds from a place in the United States to or through a place outside the United States or to a place in the United States from or through a place outside the United States**

**(A) with the intent to promote the carrying on of specified unlawful activity; or**

**shall be sentenced to a fine of not more than \$ 500,000 or twice the value of the monetary instrument or funds involved in the transportation, transmission, or transfer, whichever is greater, or imprisonment for not more than twenty years, or both.**

108. There is probable cause to believe, and I do believe, that Fred Srock, and others known, and as yet unidentified, have knowingly conducted financial transactions involving the proceeds of unlawful activities, and/or transferred the proceeds of unlawful activities from a place outside the United States to a place inside the United States, or vice versa, with the intent to promote the carrying on of specified unlawful activities, to wit: securities fraud, mail fraud and wire fraud, in violation of Title 18 USC 1956.

## Affiant's Summation

109. Fred R. Srock, is not a threat to the National Security, or worthy of induction into the FBI's "Ten Most Wanted" list. As con artists go, Srock is a petty grifter who has used the Internet for years to promote schemes and scams of no particular sophistication.
110. Nevertheless, he is a menace to those who trust their fellow man, and believe what they are told. He is a man who will steal \$12 from a 72 year old woman with Alzheimer's disease struggling on a fixed income; he is a man who will prey upon grown men in desperate situations who can be persuaded to make bad choices.
111. Fred R. Srock is a man who preys upon single mothers, baiting them with an illusory opportunity to support their children, and stay home with them, capitalizing upon his ability to manipulate instincts as fundamental as life, and as old as time.
112. He is a man who will steal everything people have, and dissatisfied with their last dollar, he will steal what they don't have, encouraging people to use their credit cards and take cash advances against them.
113. Fred R. Srock is a man who responds to the complaints of his victims by stealing their investments outright; when Ms. Kerst expressed the intention to initiate an investigation, Srock and his associates published her personal information on the Internet, even going so far as to exhort their "investors" to harass her, claiming that she was "rocking the boat," and might thereby cause all of them to lose their "investments."
114. Fred R. Srock, and those like him, are taking over the Internet, intruding into our homes and our offices, to prey upon any vulnerability they can exploit. I pray that law enforcement and regulatory authorities will give this man the attention he deserves.

FURTHER AFFIANT SAYETH NAUGHT.

\_\_\_\_\_  
Bill E. Branscum, Investigator

I HEREBY CERTIFY that on this day before me, an officer duly authorized in the State and County aforesaid to take acknowledgements, personally appeared Bill E. Branscum who, after being sworn under oath by me, deposes and says that he is the individual named in the foregoing Affidavit, that he has read same, that he acknowledges the contents thereof and that he has executed same by his own hand, and of his own free will, fully cognizant of the fact that this Affidavit may be presented as evidence in a matter before state and/or federal courts.

WITNESS my hand and official seal in the County and State last aforesaid this \_\_\_\_\_ day of \_\_\_\_\_, 2003.

(SEAL)

I HEREBY CERTIFY that the Affiant:

\_\_\_\_\_ is personally known to me, or

X has provided the following as a means of identification: FL DL B65-206-557-017-0.

\_\_\_\_\_  
Notary Public, State of Florida

\_\_\_\_\_  
Printed Name

Serial #: \_\_\_\_\_

Expires: \_\_\_\_\_