

DTC Founding President Dirian Kaloustian and Organized Crime.

This is a report prepared by an organized crime expert who has assisted DeepCapture investigations. The author of the report wishes to remain anonymous. DeepCapture reporter Mark Mitchell has confirmed the accuracy of all information in this report, and the key facts are supported by documentary evidence named in the footnotes below.

Nexus I: Sinex Securities

California based Sinex Bank was one of four major money laundering routes involved in the 1999 Bank of New York scandal. One subsidiary Sinex maintained was Sinex Securities in Encino, CA.

The Washington Post quoted Debasish Banerjee, an accountant listed as the principle of Sinex Securities, as saying that the firm had planned to sell Russian GKO bonds in the United States but had never consummated any deals or made any money after the GKO market collapsed in 1998.¹ *The Wall Street Journal* reported that Sinex Securities registered with the NASD in 1997 and was located in Encino, California.²

A 2004 Access Disclosure(R) from LexisNexis for Sinex Securities LLC cross references to National Alliance Capital LLC, and lists SEC filings from one Dave Banerjee in 1998 and 1999. FINRA's BrokerCheck lists National Alliance Capital's legal name to be National Alliance Securities Corporation of Dallas, TX. Bradford A. Phillips became the President of National Alliance Securities in 2002.

A 2003 SEC filing for Gene Phillip's Basic Capital Management / Transcontinental Realty Investors states: “[a]ll 746,972 Shares owned by TCI may be deemed to be "collateral" for borrowings pursuant to margin or other account arrangements with Sinex Securities LLC relating to a brokerage account of TCI, which is a stock margin account maintained by TCI with such broker pursuant to customary brokerage account arrangements.”³

It is reasonable to infer that Debasish Banerjee and Dave Banerjee are the same person. Further it is also reasonable to surmise that the Sinex Securities involved in the Bank of New York scandal is the same Sinex Securities tied to National Alliance and the Phillips family. While not definitive, this relationship warrants further examination.

Nexus II: Austost Anstalt Schaan and Black Sea Investments

Austost Anstalt Schaan is a Lichtenstein based hedge fund involved in the PIPE's market; its signatory was Thomas Hackl of Refco and the Austrian Bank fur Arbeit und Wirtschaft (BAWAG). Austost was one of four funds engaged in the PIPE's market in which BAWAG had a significant interest in or was a controlling shareholder of. Austost

was also a customer of former Refco brokers Matthew Drillman and Jacob Spinner, who were both implicated for manipulative PIPE trading.⁴

Black Sea Investments Ltd was a Turks and Caicos Islands corporation involved in the purchase and sale of securities, its president and signatory was Bradford A. Phillips. A December 1997 filing lists Black Sea Investments business address as 10670 North Central Expressway Suite 300, Dallas, TX. This is the same location that housed American Realty Trust, a NYSE listed real estate investment trust controlled by Gene Phillip's Basic Capital Management, Inc, and which would feature prominently in the FBI's summer 2000 Operation Uptick.

Both Austost and Black Sea would converge in a 1998 lawsuit filed by Bethesda, Md.-based Life OneInc. alleging they engaged in a massive short selling conspiracy with 21 other parties. Life One would defeat an attempt by Austost and Black Sea Investments to force it into involuntary bankruptcy.⁵

According to SEC filings Black Sea and Austost were also investors in NCT Group, Inc. along with funds tied to PIPE scandals such as: Balmore S.A., LH Financial, Thomson Kernaghan, Amro International, S.A., Alpha Capital, and Talbiya Investments.⁶ⁱⁱ This relationship warrants further examination.

A.R. Baron & Co. - BoNY Laundry Nexus

Stuart Creggy and Andrew R. Warren, solicitors from the London law firm Talbott Creggy were arrested in June 1998 for their role in creating offshore corporations for A.R Baron president Andrew Bressman to buy and sell unregistered stock.⁷ This investigation would involve Westfield Financial, a New York based brokerage linked to organized crime.

Warren would be investigated for setting up companies that had dealings with Peter Berlin's Benex International Co. and BECS International LLC in the 1999 Bank of New York scandal. Beginning in 1997 British authorities and the Manhattan District Attorneys office collaborated for two years on the investigation into Warren.⁸ In May 1997 U.S. District Attorney John Moscow's investigation into a planned stock fraud involving a company that owned a Long Island driving range, would lead investigators to two Jersey (UK) based companies.

These companies in turn would reportedly link to Benex; which UK authorities had been investigating since 1995.

There is some indication that the two cases were connected falling under the umbrella of broader financial crimes being investigated by U.S. and British officials. Referring to Creggy-Warren and A.R. Baron two months before the Bank of New York case went public, a National Crime Squad detective chief superintendent told reporters that the case was "of what we would see as a larger, broader investigation," and the "We have

been investigation what we would call a global money-laundering scam for about eight years.”⁹

Former Deputy Assistant U.S. Secretary of State for International Law Enforcement, Jonathan M. Winer, learned in the fall 1998 from the Manhattan DA's office that “Russian organized crime figures appeared to be utilizing off-shore money laundering mechanisms that previously had been used by cocaine traffickers”, which “involved manipulations of publicly traded stock both to defraud unwary investors, and to turn dirty money into clean money.”

Taking an interest in the case Winer was briefed by British law enforcement in March 1999 on this network that was using securities markets to launder money; they revealed to him that “Benex interested in a number of ways with the money laundering infrastructure the British were investigating.”¹⁰ Benex would also sponsor U.S. visa applications for members of the Semion Mogilevich organization, and act in false receivable schemes with YBM Magnex in a stock fraud on the Toronto Stock Exchange.

Authorities would use a money launderer linked to the Bank of New York scandal to secure a conviction in penny stock 'Godfather' Robert E. Brennan's 2001 bankruptcy fraud trial. Peter M. Bond headed Valmet Group, a financial services company based on the Isle of Man; Bond, who laundered \$42 million for Brennan received immunity for his involvement in the Bank of New York case in return for his testimony against Brennan. Beginning in 1995 Bond set up 30 shell companies for Brennan with \$4 million in bearer bonds as seed capital. These funds were used to buy and sell stocks in companies linked to Brennan, in manipulations orchestrated by A.R. Barron. This \$4 million investment would turn into \$20 million by mid-1997.

Valmet employees worked with Brennan's accountant Dennis Gaito in coordinating investments; with some of the stock trades being run through Patterson-Travis, a stock brokerage headed by Judah Wernick.¹¹

Judah Wernick would be indicted in September 1999 for his role in the manipulation of 11 initial public offerings in a \$200 million microcap-securities fraud from 1995-1997. The scheme, allegedly masterminded Randolph Pace the former owner of defunct brokerage firm Rooney Pace Inc., would include VTR Capital Inc. and Investors Associates Inc. Also named in to indictment was Matthew Harriton the son of former Bear Stearns Securities Corporation president Richard Harriton.

Richard Harriton resigned from Bear Stearns in October 1999 after the SEC accused him of securities fraud for his role in the failure of A.R. Baron, of who Bear cleared trades for; Richard Harriton was also a close friend of Randolph Pace.¹²

Aviation Industries

Diran M. Kaloustian (DOB: 9/12/32 – DOD: 5/12/01; SSN# 062-26-9491) was the former President and Director of the Depository Trust Company in New York. He was a graduate of Duke University, NYU Graduate School of Business, and NYU Law School.

After taking control of the Depository Trust in 1970 the company had deposited assets of \$25 billion which he would grow into deposited assets in excess of \$10 trillion.¹³

Kaloustian was named the Chairman of Wasatch International Corp. in February 1997.¹⁴

Wasatch International was essentially a publicly traded shell corporation when it was purchased by Lasalle Holdings Ltd in 1996.¹⁵ Lasalle Holdings was owned by Anne Greyling, wife of Leslie Greyling the financier behind Members Service Corp. which was the first case of Regulation S fraud that the SEC tried, and who would be charged in the FBI's Operation Uptick.

In the fall of 1996 Wasatch would unsuccessfully attempt to purchase the bankrupt Palm Beach Cruise SA which operated the Viking Princess casino gaming ship.ⁱⁱⁱ Wasatch would also appoint Joe T. Logan Jr. as its President, and CEO in fall 1996, and Eli Leibowitz C.P.A its CFO and director. At this time Wasatch would partner with Dr. Charles C. Edwards of Baltimore in an attempt to bail Kiwi International Airlines out of bankruptcy. That attempt would fail in July 1997 after Wasatch came up with only a fraction of the money necessary.

Logan and the Chairman Diran Kaloustian would officially leave Wasatch in September 1997, and form Aviation Industries Corp. of Roseland, NJ. Aviation Industries would be formed from a shell company called Nevada Commercial Management, Inc. The company would acquire a lien of \$1.8 million in Kiwi International Airlines from General Investment Bank (formerly Commercial Bank HELP) of Moscow, Russia which would have its banking license revoked in October 1998.

In February 1998 Aviation Industries acquires CITA Americas, Inc., an opiate detoxification company in which Albert Alain Chalem had an ownership stake in.¹⁶ Also in February 1998 a bankruptcy court approved Aviation Industries debtor-in-possession financing plan for Sun Jet International Airlines, and the company enters into an agreement with AIBC Investment Services Corp. to raise \$5 million to expand Sun Jet.¹⁷

At the time AIBC Investment Services is headed by John Doukas the former President of White Rock Partners. Joe Logan would resign from Aviation Industries in April 1998, after questions were raised about a lawsuit in Texas challenging his dealings with Kiwi.¹⁸ The company would merge with Integrated Marketing Professionals, Inc. (formerly Casino Airlink) in July 1998; LH Financial is reported own over 4 million shares of Integrated Marketing.^{19iv}

Kiwi International would go bankrupt and stop flying in March 1999.²⁰ In February 2000 Wasatch International changed its name to E-Pawn.com, and in June 2000 Leslie

Greyling and Eli Liebowitz were indicted as part of Operation Uptick for pumping the price of E-Pawn stock. Joe Logan would feature prominently in the events surrounding the murder of Albert Alain Chalem and Maier Lehmann, and be implicated by Allen Barry Witz in the Global DataTel fraud.

1 "Firm Linked to Russian Funds in Business With No Customers", by Robert O'Harrow Jr. The Washington Post, 22 October 1999.

2 "Fourth Firm, Sinex Bank, Called A Focus in Laundering Inquiry", by Paul Beckett and Ann Davis. The Wall Street Journal, 15 October 1999.

3 <http://www.secinfo.com/dsvrp.2dBu.htm> , pp.5

4 "Bawag: Austria's Master Plumber", by Matthew Goldstein. TheStreet.com, 24 January 2006. Available at:
<http://www.thestreet.com/story/10263382/1/bawag-austrias-master-plumber.html>

5 See: "Accused stock shorters buy Bikers Dream shares But custom motorcycle manufacturer sees no attempt to throttle its value", by Gray Scott. The Business Press (Ontario, CA), 16 August 1999. "U.S Appeals Court Upholds Dismissal of Lifeone From Involuntary Bankruptcy; Black Sea and Austost Appeal of the Dismissal is Denied." Business Wire, 19 July 1999. UNITED HERITAGE CORPORATION, Appellant v. BLACK SEA INVESTMENTS, LTD., AND BRADFORD A. PHILLIPS, Appellees. No. 10-03-00139-CV, COURT OF APPEALS OF TEXAS, TENTH DISTRICT, WACO. 2005 Tex. App. LEXIS 1280, February 16, 2005, Delivered

6 <http://sec.edgar-online.com/nct-group-inc/s-1a-securities-registration-statement/2001/12/27/section49.aspx>

7 "Two British Lawyers Arrested in Case Tied to A.R. Baron Inquiry." The Wall Street Journal, 26 June 1998.

"More Shell Games", by Bill Alpert. Barron's, 28 June 1999.

8 "U.K. Probe Possible Link Between Russian Case, A.R. Baron", by Glenn R. Simpson. The Wall Street Journal, 24

September 1999. "London Law Firm Is Target of Russia Banking Inquiry", by Timothy L. O'Brien. The New York Times, 24 September 1999.

9 Quoted in Simpson

10 Testimony of Jonathan M. Winer, Former Deputy Assistant U.S. Secretary of State and Counsel, Alston & Bird. U.S. House of Representatives Committee on Banking and Financial Services, March 9, 2000.

11 "Expert says Brennan Trusts Were Legal", by John T. Ward. The Star Ledger, 21 March 2001.

12 "Ex-Broker Faces Federal Charges", by Gretchen Morgenson. The New York Times, 3 September 1999.

13 "Item 5: Directors and Executive Officers", Aviation Industries Corp., 10-12G/A, filed 14 September 1998. SEC File: 0-24863, Accession Number: 1058985-98-25. <http://www.secinfo.com/d1ZA56.7m.htm>

14 "Wasatch International Names Diran Kaloustian Chairman", Dow Jones News Service, 20 February 1997. "Kiwi's Rescuer, Wasatch International, Appoints Board Chairman", Aviation Daily, 25 February 1997.

15 For the background of Wasatch see: "Possible Kiwi Savior Wasatch Has No Assets, Scant Operations", Dow Jones News Service, 22 October 1996. "Wasatch's Past Involves Graffiti, Airport Kiosks", by Stephen Pounds. Palm Beach Post, 12 January 1997.

16 "Search Called 'Waste of Time': But Target Had Business Ties to Victims of Colts Neck Hit", by Jason Method and James W. Prado. Asbury Park Press, 28 July 2000.

17 "Aviation Industries to Raise \$5 Million for Sun Jet Airlines", PR Newswire, 20 February 1998. "Kiwi Gets Cash Infusion From Roseland Firm", by Kevin G. DeMarrais. The Record, 10 March 1998.

18 "Logan Quits Sun Jet Race", by Steve Huettel. The Tampa Tribune, 9 April 1998. "Roseland, N.J.-Based Airline-Investing Company Chief Resigns", by Al Frank. The Star-Ledger (Newark, N.J.), 9 April 1998. "Competing Sun Jet Rescue Plans Face Vote", by Eric Torbenson. St. Petersburg Times, 10 April 1998.

19 Aviation Industries Corp., 10-12G/A

20 On the fall of Kiwi International see: "Money Troubles and Passenger Complaints for Kiwi", by Leslie Eaton. The New York Times, 16 February 1999. "Kiwi Taxis Toward Liquidation as Deal Crumbles", The Star-Ledger (Newark, N.J.), 7 December 1999.

i Examination of a cached website and additional research support this theory. Banerjee is likely the current CEO of

RND Resources, Inc. an Encino, CA based securities compliance and operations consulting firm.

Website: www.secnasd.com

ii Balmore S.A., LH Financial, and Alpha Capital are connected to Austrian billionaire and ex-STASI asset Martin Schlaff.

LH Financial is led by Solomon Obstfeld, and in 2004 would be the second most prolific PIPE's investor in the country.

Obstfeld and Eugene Grin were accused of conspiring with Shalom Weiss in the National Heritage case.

Of interest to the author is the presence of Faisal Finance (Switzerland) SA in sales NCT. Faisal Finance has been named in at least two major terrorism investigations, and is linked to an alleged Saudi terrorist financier.

iii The Viking Princess was purchased by the Leo Equity Group and renamed the Palm Beach Princess, and used by Robert E. Brennan to hide more than \$12 million. See: "Regulators: Broker Using Ship to

Hide Money”, by Jeff Ostrowski. The Palm Beach Post, 25 October 2000. “Likely Binks Buyer's Firm Tied to Scammer”, by Paul Owers. The Palm Beach Post, 8 April 2004.
iv See endnote ii for more on LH Financial.

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