FEDERAL BUREAU OF INVESTIGATION

Precedence: ROUTINE **Date:** 07/28/2010

To: Seattle

From: Seattle
WCC1
Contact: SA Spencer B. Walker (206) 262-2260

Approved By: Richardson Aimee N

Drafted By: Walker Spencer B:sbw

Case ID #: 318A-SE-96305 (Pending)

Title: MARK E PHILLIPS;
JAN WALLACE;
KENNETH GORDON;
CHRISTOPHER LUNDVALL;
DOUG LOWER;
MAUREEN LOWER;
JOAN RENDEK;
LARRY GARRET;
MOD SYSTEMS INCORPORATED -VICTIM;
BANANA CORPORATION/METAWALLET -VICTIM;
CORPORATE FRAUD

Synopsis: To memorialize information provided to subject Jan Wallace regarding allegations against her.

Details: On July 27, 2010 a meeting was held with subject Jan Wallace at the United States Attorney's Office in Seattle. Also present for the meeting were Assistant United States Attorneys (AUSAs) Aravind Swaminathan and Matthew Diggs, Internal Revenue Service Criminal Investigative Division (IRS-CID) Special Agent (SA) Benjamin George, and Federal public defenders Kyana Stephens and Debra Malcolm. Wallace was present to hear the allegations against her and was not asked to respond to any questions during the meeting. The following information (summarized) was presented to Wallace:

Wire Fraud Allegations - presented by AUSA Matthew Diggs

Wallace was shown documents relating to Phillips transfer of $100,000 to her Bank of America account. Wallace had claimed previously not to know who owned the Citi Smith Barney account where she forwarded the money at Mark Phillips' request. She was provided with documents that indicate that she knew the account was controlled by Phillips. Wallace was also advised that it appeared that she knew that the transferred money was from victim MOD Systems Incorporated (MOD).

Wallace was asked about the current location of the Breguet watches.

Wallace was asked to explain her objectives in contacting Jeff Smyth, Attorney to Robert M. Arnold following her breakup with Phillips.

Meteor Contract Allegations - AUSA Aravind Swaminathan

Wallace was shown several drafts of the Meteor contract. The drafts bore signatures represented as belonging to Wallace. However, the signatures varied in style and spelling. Wallace was asked to state which signatures were hers.

Wallace was shown documents that indicate she knew that money for the Meteor contract was intended for an account controlled by Phillips. Such knowledge suggests that she was complicit in a scheme to enrich Phillips at MOD's expense.

Wallace was shown invoices remitted to MOD for consulting services provided. Wallace was asked if she knew who issued the invoices. She was also shown a subsequent corrected invoice which listed Wallace's bank account instead of the ING Asia account originally listed.

Tax Allegations - IRS-CID SA Benjamin George

Wallace was informed that it appeared that she had received the "trappings of income" in various forms. Wallace was advised that failing to file tax returns reporting the receipt of that income could potentially result in a felony tax evasion charge.

Immigration Charges - FBI SA Spencer B. Walker (Writer)

Wallace was advised that immigration records indicate that she did not have a legal right to work in the United States later than April of 2000. Immigration records further indicate that she was in the United States as a temporary visitor for pleasure. Wallace received monetary or non-monetary compensation for work performed for MOD and other companies. Given this information, Wallace has potentially violated her immigration status.

Stephens stated that she would go over the documents provided to her with Wallace and respond to the allegations in due time.

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