

**AFFIDAVIT IN SUPPORT OF A CRIMINAL COMPLAINT**

I, ANTHONY FRY, being duly sworn, deposes and says that I am a Special Agent with the Federal Bureau of Investigation (“FBI”), duly appointed according to law and acting as such.

Upon information and belief, from in and around October 2019 through November 2019, within the Northern District of Ohio and elsewhere, the defendant, HUGHE DUWAYNE GRAHAM, together with others, did knowingly and intentionally attempt to execute a scheme and artifice to defraud investors and potential investors in connection with Global Resource Energy, Inc. to obtain money and property from investors and potential investors by means of materially false and fraudulent pretenses, representations, and promises in connection with purchases and sales of securities of issuers, specifically Global Resource Energy, Inc. in violation of Title 15, United States Code, Sections 78j(b), 78ff; and Title 17, Code of Federal Regulations, Section 240-10b-5.

In addition, based on my training and experience and the facts as set forth in this affidavit, there is probable cause to believe that violations of Title 15, United States Code, Section 78j(b), 78ff; and Title 17, Code of Federal Regulations, Section 240-10b-5 have been committed by HUGHE DUWAYNE GRAHAM and others, known and unknown.

The source of you affiant’s information and the grounds for his belief are as follows:

**INTRODUCTION**

1. I have been a Special Agent with the FBI since September 2018. I am currently assigned to an FBI squad which investigates securities fraud, wire fraud, and other financial crimes. During my tenure with the FBI, I have participated in financial fraud investigations involving stock market manipulation and other illegal manipulative trading schemes. I have participated in all aspects of investigations including executing search warrants, debriefing

defendants and informants, interviewing witnesses, and reviewing and analyzing recorded interstate telephone conversations.

2. I have personally participated in the investigation of securities fraud by HUGHE DUWAYNE GRAHAM, among others, as discussed below. I am familiar with the facts and circumstances of this investigation, through discussions with other law enforcement agents and undercover law enforcement agents involved in this investigation, and through my review of consensual recordings, among other sources of evidence.

3. Except as explicitly set forth below, I have not distinguished in this affidavit between facts of which I have personal knowledge and facts of which I learned from other law enforcement agents. Because this affidavit is being submitted for the limited purpose of establishing probable cause to request the issuance of a federal criminal complaint, I have not set forth each and every fact learned during the course of this investigation. Instead, I have set forth only those facts that I believe are necessary to establish probable cause to support the issuance of a federal criminal complaint. In addition, where the contents of documents, or the actions, statements, and conversations of others are reported herein, they are reported in sum and substance in part except where otherwise indicated. Summaries of recorded interstate telephone conversations are based upon draft transcripts and summaries of these conversations, which are subject to revision.

### **PROBABLE CAUSE**

#### **Relevant Regulatory Principles and Definitions**

4. The United States Securities and Exchange Commission, hereinafter referred to as the SEC, was an independent agency of the United States which was charged by law with

protecting investors by regulating, and monitoring, among other things the purchase, and sale of publicly traded securities, including securities traded on the United States based stock exchanges.

5. Federal securities law, and regulations prohibited fraud in connection with the purchase, and sale of securities, including the use of false and misleading statements and the failure to disclose material information to: (a) the SEC in publicly available filings; (b) brokerage firms, and transfer agents involved in the purchase, and sale of stock in companies subject to SEC regulation; and (c) the public. Federal securities laws and regulations also prohibited the manipulation of stock through, among other things, sales made at the times and at prices set by those trading the stock rather than by market forces.

6. Title 15, United States Code, Section 78j(b) makes it a federal offense 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 a national securities exchange, to use or employ, in connection with the purchase or sale of any security registered on a national exchange, any manipulative, or deceptive device or contrivance in contravention of such rules and regulations as the SEC may prescribe as necessary or appropriate in the public interest of for the protection of investors, including: (a) employing devices, scheme, and artifices to defraud; (b) making untrue statements of fact or omitting to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and (c) engaging in acts, practices, and courses of business which operated as a fraud upon investors, in connection with the purchase and sale of the securities. Failure to disclose to investors commission payments from third parties, including payments from issuers, was considered an omission of a material fact as part of a securities transaction.

7. An over-the-counter market (“OTC”) is a decentralized market in which market participants trade stocks, commodities, currencies, or other instruments directly between two parties and without a central exchange or broker. OTC markets do not have physical locations, but instead trading is conducted electronically. In an OTC market, dealers act as market-makers by quoting prices at which they will buy and sell a security, currency, or other financial product. A trade can be executed between two parties in an OTC market without others being aware of the price at which the securities transaction was completed. OTC markets are typically less transparent than exchanges and are also subject to fewer regulations.

8. “Microcap” or “penny” stocks referred to stocks of publicly traded United States companies which had low market capitalization. Microcap stocks were subject to price manipulation because they were thinly traded and subject to less regulatory scrutiny than stocks that were traded on notable exchanges such as the National Association of Securities Dealers Automated Quotes (“NASDAQ”), and the New York Stock Exchange (“NYSE”). The NASDAQ, and NYSE had specific standards that were monitored and enforced for a company to have its stock traded on those exchanges. Additionally, large blocks of these type of stocks were often controlled by a small group of individuals, which enabled those in the group to control and orchestrate manipulative trading in those stocks.

Defendants, Relevant Persons, Entities, and Financial Accounts

9. HUGHE DUWAYNE GRAHAM, was a resident of Riverside, California. GRAHAM also utilized the name MICHAEL STRONG.

10. T.C. was a resident of Weatherford, Texas. On or about October 6, 2016, T.C. opened bank account number x9396 at JP Morgan Chase Bank in the name of T.C.

11. GLOBAL RESOURCE ENERGY, INC. (“GBEN”), was a publicly traded Nevada corporation, and was registered on or about November 6, 2008, with its principal place of business at Fort Worth, Texas. Individual-1 was the Chief Executive Officer and Chief Financial Officer of GBEN. GBEN purported business purpose was focused on the Health and Wellness, Green, and Lifestyle sectors, specifically the manufacturing, and distribution of a ready-to-drink hemp infused cocktails. GLOBAL RESOURCE ENERGY, INC. traded on OTC Markets under the ticker GBEN. On or about October 11, 2019, Individual-1 opened bank account number x7930 at Wells Fargo Bank in the name of GLOBAL RESOURCE ENERGY, Inc.

12. Company-1 was a subsidiary of GBEN, and purportedly produced and sold hemp infused cocktails. On or about October 17, 2019, Individual-1, and another individual opened bank account number x2046 at Wells Fargo Bank in the name of Company-1.

13. HDG GLOBAL MARKETING, LLC (“HDG GLOBAL”), was registered on or about October 11, 2018, as a California limited liability company with its principal place of business in Corona, California. GRAHAM and Individual-2 were listed as the members, and manger of HDG GLOBAL. On or about May 30, 2019, GRAHAM, and Individual-2 opened bank account number x5003 at JP Morgan Chase Bank in the name of HDG GLOBAL MARKETING, LLC.

14. Cooperating Witness, hereinafter referred to as CW-1 previously worked as a stock promoter and a Chief Executive Officer of several publicly traded companies. CW-1 is currently under investigation by the Federal Bureau of Investigation but has not yet been formally charged by the United States Attorney’s Office for securities fraud related offenses. CW-1 has provided information to the Federal Bureau of Investigation from approximately April

2019 to the present. CW-1's information has never been found to be false or misleading and has been corroborated by independent investigation conducted by the Federal Bureau of Investigation. Based on the aforementioned information, your affiant considers CW-1's information to be reliable, and truthful.

The Fraudulent Scheme

15. On or about October 9, 2019, CW-1, was introduced to GRAHAM through an independent mutual acquaintance.

16. On or about October 11, 2019, CW-1 had a consensually recorded interstate telephone call with GRAHAM, who informed CW-1 that GRAHAM sold free trading, and restricted shares of stock to investors, which included GBEN. GRAHAM offered to pay CW-1 a twenty-five percent kickback or undisclosed commission if CW-1 sold restricted shares of GBEN to investors. GRAHAM informed CW-1 that, along with GBEN, GRAHAM was involved with other stocks, and referred to the stocks as "pump and dumps."

17. On or about October 22, 2019, CW-1 had several consensually recorded interstate telephone conversations with GRAHAM. GRAHAM stated he (GRAHAM) was owed \$20,000 for selling free trading shares of GBEN to investors. GRAHAM informed CW-1 that they had investors keeping the price of GBEN inflated. GRAHAM reiterated the offer to pay CW-1 a twenty-five percent kickback to sell restricted shares of GBEN. Later on the same date CW-1 had another call with GRAHAM and T.C. T.C. identified himself as the head of investor relations for GBEN, and Individual-1 was the Chief Executive Officer of GBEN. Subsequent investigation determined that Individual-1 was T.C.'s spouse.

18. In and around October 23, 2019 and October 24, 2019, CW-1, and GRAHAM had a series of consensually recorded interstate telephone conversations to schedule a conference call

with T.C., GRAHAM, and Undercover Employee-1, hereinafter referred to as UCE-1, who portrayed an investor interested in obtaining shares of GBEN stock.

19. On or about October 24, 2019, UCE-1 had a consensually recorded interstate telephone conversation with CW-1, T.C., and GRAHAM. GRAHAM utilized the fictitious name MIKE STRONG during this conversation, and in future communications with UCE-1. T.C. provided UCE-1 with an overview of GBEN which was in the business of manufacturing, and distribution of hemp wine for sale. T.C. informed UCE-1 that T.C. was an affiliate and head of investor relations of GBEN, and his T.C.'s spouse was the temporary Chief Financial Officer of GBEN. T.C. informed UCE-1 T.C could refer UCE-1 to other shareholders, if UCE-1 wanted to purchase free trading shares of GBEN

20. On or about October 24, 2019, after the aforementioned conversation, CW-1 had a series of consensually recorded interstate telephone conversations with GRAHAM. GRAHAM informed CW-1 that he (GRAHAM) utilized several different names when "pitching stocks" over the telephone to investors. GRAHAM informed CW-1 that he (GRAHAM) utilized the name John Morgan in the past, and currently utilized the name MICHEAL STRONG. GRAHAM used a "burner phone" when "pitching stocks" to investors.

21. On or about October 24, 2019, UCE-1 received an e-mail from Individual-1, e-mail address "info@gbeneficial.com." The e-mail contained a GBEN subscription agreement, presentation on Hemp Haze, and links to GBEN press releases. The e-mail was signed by T.C.

22. On or about October 25, 2019, CW-1 had a series of consensually recorded interstate telephone conversations with GRAHAM who inquired about the status of the paperwork ("subscription agreement") for the restricted shares of GBEN (UCE-1's GBEN

investment). GRAHAM reiterated to CW-1 that GRAHAM used an alias when selling stock, which also included the name Luke Matthews.

23. On or about October 28, 2019, CW-1 had a series of consensually recorded interstate telephone conversations with GRAHAM who asked for bank account wire instructions for GRAHAM to send CW-1's kickback or undisclosed commission to, one day after GBEN received the wire transfer for the purchase of GBEN restricted shares from UCE-1. GRAHAM instructed CW-1 to begin utilizing the encrypted application, Telegram, for text messages and to start using Facetime Audio to call him because those applications cannot be "eavesdropped." On or about the same date, CW-1 had another consensually recorded interstate telephone conversation with GRAHAM, whereby, GRAHAM further informed CW-1 that the kickback would be paid from GRAHAM's business, HD Global Marketing, since GRAHAM had a contract with GBEN, and confirmed that GBEN had received UCE-1's wire transfer for the purchase of GBEN restricted stock

24. On or about October 28, 2019, the FBI sent an interstate wire transfer of \$10,000 from an FBI controlled bank account located in Cleveland, Ohio to Wells Fargo bank account ending in x7930 in the name of Global Resource Energy, Inc which was located in Benbrook, Texas, for the purchase of 40,000 shares of GBEN restricted stock (UCE-1's first investment in GBEN).

25. An analysis of bank account ending in x7930 from October 28, 2019 to November 8, 2019 determined that, subsequent to the \$10,000 wire transfer, the following expenditures were made: (a) \$2,500 transfer to account number ending in x9396 in the name of T.C. at JP Morgan Chase; (b) \$4,000 transfer to account number ending in x5003 in the name of HDG Global Marketing LLC at JP Morgan Chase. The HDG Global Marketing LLC account was



controlled by GRAHAM; (c) \$4,500 transfer to account ending x2046 in the name of Company-1 at Wells Fargo Bank. The Company-1 account was controlled by Individual-1, and another individual.

26. A review of bank account ending in x9396 (T.C. controlled account) and bank account ending in x5003 (GRAHAM controlled account) determined that \$6,500 of the \$10,000 invested by UCE-1 into GBEN was utilized by T.C. and GRAHAM for personal expenses, and payment of undisclosed commission to CW-1. T.C. and GRAHAM misrepresented to UCE-1 the purported use of UCE-1's investment in GBEN.

27. On or about October 29, 2019, CW-1 had a series of consensually recorded interstate telephone conversations with GRAHAM who informed CW-1 that GRAHAM would wire transfer CW-1's kickback the next day. GRAHAM admitted to CW-1 that he (GRAHAM) previously worked in the mortgage industry and did not have any securities licenses.

28. On or about October 30, 2019, CW-1 had a series of consensually recorded interstate telephone conversations with GRAHAM who GRAHAM informed CW-1 that GRAHAM was sending CW-1's undisclosed commission through a wire transfer. During the conversation, CW-1 overheard GRAHAM's spouse, Individual-2 processing the wire transaction to CW-1. GRAHAM informed CW-1 that GRAHAM had "clients" purchase 10,000 shares of GBEN stock near the time the market opened in order to bring the stock price back up.

29. On or about October 30, 2019, a wire transfer transaction in the amount of \$2,475 was received into an FBI controlled bank account located in Cleveland, Ohio from HDG Global Marketing, LLC. This wire transfer represents CW-1's undisclosed commission payment from GRAHAM for the sale of GBEN stock to UCE-1.

30. On or about November 1, 2019, UCE-1 received an e-mail from T.C., e-mail address: info@gbeneficial.com. The e-mail contained a subscription agreement in the name of a covert UCE-1 controlled business for an investment in GBEN. T.C. thanked UCE-1 for the investment in GBEN and confirmed that UCE-1 received samples of GBEN's hemp wine.

31. On or about November 5, 2019, CW-1 had a series of consensually recorded interstate telephone conversations with GRAHAM who inquired about the status of UCE-1's wire for a second investment of GBEN restricted shares. GRAHAM informed CW-1 that GBEN would be promoted in three or four weeks and that GRAHAM expected GBEN to trade at \$1.50 to \$1.75 per share. GRAHAM informed CW-1 that GRAHAM embellished what he (GRAHAM) told investors on the telephone in order to sell GBEN stock and told investors what they needed to hear for them to write a bigger check.

32. From in and around November 6, 2019, to in and around November 7, 2019, CW-1 had a series of consensually recorded interstate telephone conversations with GRAHAM who continued to inquire about the status of UCE-1's wire for the second investment of GBEN restricted shares, and the subscription agreement.

33. On or about November 8, 2019, the FBI sent an interstate wire transfer of \$10,000 from an FBI controlled bank account located in Cleveland, Ohio to Wells Fargo bank account ending in x7930 in the name of Global Resource Energy, Inc with located in Benbrook, Texas, for the purchase of 40,000 shares of GBEN restricted stock (UCE-1's second investment in GBEN).

34. An analysis of bank account ending in x7930 from November 8, 2019 to November 13, 2019 determined that, subsequent to the \$10,000 wire transfer, the following expenditures were made: (a) \$5,000 transfer to account number ending in x9396 in the name of

T.C. at JP Morgan Chase; (b) \$4,000 transfer to account number ending in x5003 in the name of HDG Global Marketing LLC at JP Morgan Chase. The HDG Global Marketing LLC account was controlled by GRAHAM; (c) \$1,000 transfer to account ending x2046 in the name of Company-1 at Wells Fargo Bank. The Company-1 account was controlled by Individual-1, and another individual.

35. A review of bank account ending in x9396 (T.C. controlled account) and bank account ending in x5003 (GRAHAM controlled account) determined that \$9,000 of the \$10,000 invested by UCE-1 into GBEN was utilized by T.C. and GRAHAM for personal expenses, and payment of undisclosed commission to CW-1. T.C. and GRAHAM misrepresented to UCE-1 the purported use of UCE-1's investment in GBEN.

36. On or about November 8, 2019, GRAHAM sent a text message to UCE-1 utilizing telephone number (312) 810-2328. GRAHAM confirmed the wire transfer and asked UCE-1 to send the subscription agreement. On the same date, CW-1 had a series of consensually recorded interstate telephone conversations with GRAHAM who informed CW-1 that GBEN received UCE-1's wire for the second investment of GBEN restricted shares. GRAHAM told CW-1 that he (GRAHAM) would wire CW-1's undisclosed commission the following week.

37. On or about November 13, 2019, CW-1 had consensually recorded interstate telephone conversation with GRAHAM who informed CW-1 that GRAHAM would send the wire transfer for CW-1's kickback, but CW-1 would not likely receive it until the next day. GRAHAM sent CW-1 a text message that the stated "monies sent."

38. On or about November 13, 2019, a wire transfer transaction in the amount of \$2,475.00 was received into an FBI controlled bank account located in Cleveland, Ohio from

HDG Global Marketing, LLC. This wire transfer represents CW-1's undisclosed commission or kickback payment from GRAHAM for the sale of GBEN stock to UCE-1.

39. Based on my training, experience and discussions with other law enforcement agents, the payments GRAHAM directed into the FBI controlled bank account on or about October 30, 2019 and November 13, 2019 represented kickbacks or undisclosed commissions to CW-1 for the sale of shares of GBEN to UCE-1. The failure to disclose these commissions are omissions of a material fact as part of a securities transactions and provide probable cause that GRAHAM committed violations of 15 U.S.C. §§ 78j(b), 78ff; 17 C.F.R. § 240.10b-5.

40. On or about November 14, 2019, CW-1 had a series of consensually recorded interstate telephone conversations with GRAHAM regarding the status of the subscription agreement for the second investment of GBEN restricted shares purchased by UCE-1.

41. On or about November 15, 2019, UCE-1 received an e-mail from Individual-1, e-mail address info@gbeneficial.com. The e-mail contained a signed subscription agreement in the name of UCE-1's covert business, and UCE-3, UCE-1's business partner.

42. On or about November 18, 2019, CW-1 had a consensually recorded interstate telephone conversation with GRAHAM who confirmed receipt of UCE-1's signed subscription agreement.

43. On or about November 26, 2019, the FBI received, via federal express, a stock certificate for 40,000 shares of GBEN stock in the name of UCE-1's covert company, from the transfer agent for the purchase of GBEN shares.

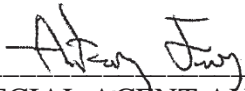
44. On or about November 27, 2019, the FBI received, via federal express, a stock certificate, for 40,000 shares of GBEN stock in the name of UCE-3, from transfer agent for the purchase of GBEN shares.

**CONCLUSION**

45. Based on the totality of the facts and circumstances set forth herein, and based upon my training and experience, there is probable cause to believe, and I do believe, HUGHE DUWAYNE GRAHAM, T.C., and others engaged in a scheme or artifice to defraud in violation of Title 15, United States Code, Sections 78j(b), 78ff; and Title 17, Code of Federal Regulations, Section 240-10b-5. Accordingly, I respectfully request that the Court issue a Federal Criminal Complaint authorizing the arrests of HUGHE DUWAYNE GRAHAM.

**REQUEST TO SEAL THIS AFFIDAVIT**

46. Finally, in my judgement and based on my training and experience, as well as conversations with other law enforcement agents, it is my belief that the disclosure of this affidavit, at this time, will jeopardize the governments ongoing investigation, and ability to arrest HUGHE DUWAYNE GRAHAM in the Northern District of Ohio and elsewhere. Accordingly, it is requested that this affidavit and arrest warrant be sealed until further order of the Court.

  
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SPECIAL AGENT ANTHONY FRY  
FEDERAL BUREAU OF INVESTIGATION

Subscribed and sworn to via telephone after submission by reliable electronic means (CrimRules. 4.1; 41(d)(3)) this 14th day of August, 2020



  
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UNITED STATES MAGISTRATE JUDGE