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 6 UNITED STATES DISTRICT COURT
 7 SOUTHERN DISTRICT OF CALIFORNIA

8 July 2021 Grand Jury

9 Case No. '22 CR2701 BAS

10 UNITED STATES OF AMERICA,

11 Plaintiff,

12 v.

13 DAVID STEPHENS (1),
 14 DONALD DANKS (2),
 JONATHAN DESTLER (3),
 ROBERT LAZERUS (4),

15 Defendants.

Case No. _____

I N D I C T M E N T

Title 18, U.S.C., Sec. 371 -
 Conspiracy to Commit Securities
 Fraud; Title 15, U.S.C.,
 Secs. 78j(b), 78ff, and Title 17,
 C.F.R., Sec. 240.10b-5 -
 Securities Fraud; Title 18,
 U.S.C., Sec. 1956(a)(1)(B) - Money
 Laundering; Title 18, U.S.C.,
 Secs. 981(a)(1)(C), 982(a)(1), and
 Title 28, U.S.C., Sec. 2461(c) -
 Criminal Forfeiture

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 17
 18 The grand jury charges, at all times material:

19 INTRODUCTORY ALLEGATIONS

20 Relevant Individuals and Entities

21 1. Defendant DAVID STEPHENS, a resident of Canada, participated
 22 in the control of Loop Industries, Inc. ("Loop"), and in the management
 23 and control of certain offshore nominee entities that held tradeable
 24 shares of Loop stock that he controlled.

25 2. Defendant DONALD DANKS, a resident of Newport Beach,
 26 California, was a director and direct and indirect controlling
 27 shareholder of Loop, who directly and indirectly controlled and marketed
 28 Loop stock.

1 3. Defendant JONATHAN DESTLER, a resident of Los Angeles,
2 California, was a direct and indirect controlling shareholder of Loop,
3 who directly and indirectly controlled and marketed Loop stock.

4 4. Defendant ROBERT LAZERUS, a resident of Solana Beach,
5 California, solicited investments in various stocks, including Loop
6 stock. LAZERUS solicited investments in Loop stock from, among others,
7 both PERSON A and UCE-1 in the Southern District of California.

8 5. PERSON A, a resident of Carlsbad, California, was a purchaser
9 of Loop stock and a victim of the crimes alleged herein. At the time
10 PERSON A was a purchaser of Loop stock, PERSON A was in his mid-eighties
11 and vulnerable to undue influence in making purchases of stock.

12 6. UCE-1 is a federal law enforcement officer who posed, in an
13 undercover capacity, as a potential investor in Loop stock in the
14 Southern District of California.

15 7. Loop Industries, Inc. was an entity incorporated in Nevada,
16 and headquartered in Quebec, Canada. It was formerly known as Loop
17 Holdings, Inc. until on or about June 29, 2015, when it merged with
18 First American Group, Inc. ("FAMG"), a shell entity, and was renamed
19 Loop Industries, Inc. Loop purported to be a company developing
20 technologies for the recycling of polyethylene terephthalate plastic and
21 polyresin fibers. Loop's shares have traded on the Nasdaq Global Market
22 exchange since November 20, 2017 under the symbol "LOOP". From November
23 2015 until its uplisting to Nasdaq, Loop stock traded on the OTC Link
24 (operated by OTC Markets Group, Inc.) under the symbol "LLPP". Since
25 2012, Loop's common stock has been registered with the United States
26 Securities and Exchange Commission ("S.E.C.") pursuant to Section 12(g)
27 of the Securities Exchange Act of 1934.

1 considering buying, and about the people from whom they would be
2 purchasing the stock. Here, the term "issuer" refers to a company whose
3 shares are traded publicly.

4 13. An "affiliate" of an issuer is a person or entity that,
5 directly or indirectly through one or more intermediaries, controls, is
6 controlled by, or is under common control with, such issuer. "Control"
7 means the power, directly or indirectly, to direct management and
8 policies of the issuer. Affiliates include officers, directors, and
9 controlling shareholders, as well as any person who is under "common
10 control" with or has common control of an issuer. Here, the term "control
11 group" refers to a group that collectively is an "affiliate" of an
12 issuer.

13 14. Before making an offering of stock, control persons are
14 required to (i) register the offering with the S.E.C. pursuant to
15 Section 5 of the Securities Act of 1933 (15 U.S.C. § 77e), (ii) sell
16 the stock pursuant to an exemption from registration, or (iii) sell the
17 stock pursuant to conditions set forth in SEC Rule 144 (17 C.F.R.
18 § 240.144), which includes limitations on the amount of stock a control
19 person may sell. Further, investors in certain public companies are
20 required to disclose publicly any ownership interest in excess of
21 5 percent of the company's publicly traded stock.

22 15. Here, the term "restricted stock" includes stock of an issuer
23 that has been acquired from the issuer, or an affiliate of the issuer,
24 in a private transaction that is not registered with the S.E.C. The
25 term "unrestricted stock" (also known as "free-trading stock") refers
26 to stock that may be legally offered and sold in the public marketplace
27 by a non-affiliate, typically after having been subject to a registration
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1 statement filed with the S.E.C. A "beneficial owner" of stock is a
2 person who, directly or indirectly (including by a nominee), has or
3 shares voting power and/or investment power over such stock, including
4 the power to dispose of such stock.

5 Count 1 - Conspiracy

6 (18 U.S.C. § 371)

7 16. Paragraphs 1 through 15 of the Introductory Allegations above
8 are re-alleged as if fully set forth herein.

9 17. Beginning on a date unknown to the grand jury but no later
10 than October 3, 2014, and continuing until on or about February 3, 2022,
11 within the Southern District of California and elsewhere, defendants
12 DAVID STEPHENS, DONALD DANKS, JONATHAN DESTLER, and ROBERT LAZERUS, and
13 other individuals and entities known and unknown to the grand jury, did
14 knowingly and intentionally conspire to commit an offense against the
15 United States, that is, securities fraud, namely, to knowingly and
16 willfully, directly and indirectly, by the use of the means and
17 instrumentalities of interstate commerce and of the mails, use and employ
18 manipulative and deceptive devices and contrivances in connection with
19 the purchase and sale of securities by (a) employing devices, schemes
20 and artifices to defraud, (b) making and causing to be made untrue
21 statements of material fact, and omitting to state material facts
22 necessary in order to make the statements made, in light of the
23 circumstances under which they were made, not misleading, and (c)
24 engaging in acts, practices, and courses of business which operated and
25 would operate as a fraud and deceit upon any persons, including members
26 of the investing public and sellers and purchasers of Loop's securities,

1 in violation of Title 15, United States Code, Sections 78j(b), 78ff, and
2 Title 17, Code of Federal Regulations, Section 240.10b-5.

3 MANNER AND MEANS

4 18. It was part of the conspiracy that defendants, and each of
5 them, along with others known and unknown to the grand jury, participated
6 in a pump-and-dump scheme surrounding Loop and its stock.

7 19. It was further part of the conspiracy that defendants, and
8 each of them, along with others known and unknown to the grand jury,
9 engaged in a scheme to conceal their status as a control group of
10 unrestricted Loop stock, brokering sales of Loop stock to investors.

11 20. It was further part of the conspiracy that defendants would
12 surreptitiously sell Loop stock to investors without disclosing their
13 control over Loop and its stock. These sales included sales to PERSON
14 A, an elderly, vulnerable investor who invested millions of dollars in
15 Loop stock in conjunction with the covert sales.

16 21. It was further part of the conspiracy that in 2014, STEPHENS
17 acquired control over FAMG, whose free-trading shares were held in
18 offshore nominee entities, for the purpose of arranging a merger with a
19 privately held company and generating free-trading shares of the new
20 entity.

21 22. It was further part of the conspiracy that in 2015, defendants
22 STEPHENS, DANKS, and DESTLER collectively arranged a reverse merger of
23 FAMG with Loop Holdings, thereby creating Loop. At the time of Loop's
24 creation as a publicly traded entity, STEPHENS controlled all of the
25 approximately 6.5 million outstanding tradable shares, held in offshore
26 nominee entities that appeared to be independent of each other and him.

1 23. It was further part of the conspiracy that STEPHENS did not
2 disclose, including in reports filed with the S.E.C., his actual control
3 over all or almost all outstanding freely tradable shares of Loop stock,
4 and further that he sought to ensure each of the offshore nominees held
5 less than 5 percent of the freely tradeable shares of Loop stock. In
6 doing so, STEPHENS concealed his beneficial ownership and control of the
7 Loop stock, and meant to avoid statutory and regulatory requirements
8 surrounding disclosure of his control.

9 24. It was further part of the conspiracy that upon arranging for
10 the transfer of blocks of Loop stock into other accounts, STEPHENS
11 directed sales of Loop stock without disclosing, including in reports
12 filed with the S.E.C., his controlling interest in Loop stock, and
13 obtained the proceeds from the sales.

14 25. It was further part of the conspiracy that STEPHENS arranged
15 transfers of significant blocks of Loop stock to DANKS and DESTLER for
16 little to no consideration. At the time of the reverse merger, DANKS
17 was a Loop board member and DESTLER a consultant to Loop. STEPHENS,
18 DANKS, and DESTLER collectively sought to conceal their beneficial
19 ownership and controlling interests in the stock.

20 26. It was further part of the conspiracy that DANKS and DESTLER
21 held and sold shares of Loop stock provided to them by STEPHENS without
22 disclosing their controlling interests in the stock, and distributed the
23 proceeds of these sales between themselves, STEPHENS, and LAZERUS.

24 27. It was further part of the conspiracy that DANKS both did not
25 disclose his status as a Loop board member and made false statements
26 disguising his status, and DESTLER did not disclose his status as a
27 member of the control group of Loop stock and made false statements
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1 disguising his status, while they held Loop stock and directed and
2 conducted transactions in Loop stock.

3 28. It was further part of the conspiracy that DANKS, DESTLER, and
4 LAZERUS promoted Loop stock to PERSON A and sold Loop stock to PERSON
5 A, an elderly and vulnerable investor, for the purpose of generating
6 artificial trading volume and artificially raising and maintaining the
7 price of Loop stock.

8 29. It was further part of the conspiracy that DANKS, DESTLER, and
9 LAZERUS artificially supported Loop stock by disseminating material non-
10 public information about Loop to specific investors, to encourage
11 purchases of free-trading shares of Loop and discourage investors from
12 selling off shares of Loop.

13 30. It was further part of the conspiracy that DESTLER and DANKS,
14 directly and indirectly, would use Loop stock as collateral to obtain
15 margin loans.

16 OVERT ACTS

17 31. In furtherance of the conspiracy and to effect and accomplish
18 the objects thereof, the following overt acts, among others, were
19 committed within the Southern District of California and elsewhere:

20 a. In 2014, STEPHENS acquired FAMG, whose outstanding shares
21 were held in approximately eleven offshore nominee entities.
22 Subsequently, on or about October 3, 2014, DESTLER and DANKS introduced
23 STEPHENS via e-mail to D.S., CEO of Loop Holdings. In the introductory
24 email, DESTLER described STEPHENS as "a close contact of ours and the
25 principal representing a public shell candidate we are looking to
26 secure."

1 b. In June 2015, FAMG completed a reverse merger with Loop
2 Holdings, creating Loop. As a result, the unrestricted (or free-trading
3 or tradeable) FAMG shares held by the eleven offshore nominee entities,
4 covertly controlled by STEPHENS, comprised all, or virtually all, of
5 Loop's outstanding tradeable shares. In total, STEPHENS controlled about
6 6.5 million tradeable shares of Loop stock.

7 c. In July 2015, DESTLER opened two brokerage accounts with
8 Wilson-Davis & Company, Inc., a securities broker-dealer, in the name
9 of Vertical Leap Advisors, listing himself and DANKS as members, and
10 another in the name of Touchstone Advisors. In December 2015, DESTLER
11 transferred 150,000 shares of Loop into the Touchstone Advisors
12 brokerage account, which he had received from STEPHENS for less than
13 1 cent per share. When making this deposit, DESTLER made several material
14 false representations:

15 i. DESTLER reported that Touchstone Advisors owned 1,300,000
16 shares, when in fact it owned 1,800,000 shares; the
17 misrepresentation suggested that Touchstone Advisors
18 owned 4.4 percent of Loop's outstanding shares, when in
19 fact it owned 6.1 percent of the outstanding shares. This
20 misrepresentation enabled DESTLER to avoid reporting
21 requirements triggered when a person owns 5 percent or
22 more of a company's outstanding stock.

23 ii. DESTLER answered "no" when asked, "At the time of
24 Customer's acquisition, was the Transferor an 'affiliate'
25 of the Issuer or had the Transferor been an 'affiliate'
26 at any time during the preceding 90 days." In fact,
27 DESTLER understood that STEPHENS was the transferor
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1 through one of the offshore nominee entities, and part
2 of a control group with STEPHENS and DANKS.

3 iii. DESTLER supplied Wilson-Davis with a letter from an
4 attorney denying that DESTLER had ever been an affiliate
5 of Loop, knowing that this was not the case.

6 d. Between October 2015 and March 2016, STEPHENS directed
7 transfers of 575,000 shares of Loop stock from offshore nominee entities
8 to Vertical Leap Advisors LLC, controlled by DANKS and DESTLER, 800,000
9 shares to Touchstone Advisors, 1,075,000 shares to Ventanas Capital, and
10 750,000 shares from offshore nominee entities to the Danks Family Trust.
11 Contemporaneously, STEPHENS directed transfers of 135,800 shares of Loop
12 stock from the offshore nominee entities to Island Fortune Global Ltd.

13 e. Between November 2016 and February 2017, STEPHENS
14 directed sales of unrestricted Loop stock through the open market, for
15 about \$214,541, without ever disclosing his control of the stock. Sales
16 of these shares funded a payment of about \$70,000 to a medical
17 professional in California who provided services to a family member of
18 STEPHENS, and a payment of about \$137,000 to an attorney, Andrew
19 Coldicutt, who is indicted elsewhere in this District on charges of
20 securities fraud.

21 f. Between March and November 2017, Touchstone Advisors sold
22 26,900 shares of Loop stock through the open market for \$215,602.

23 g. Between approximately June 22 and August 4, 2017,
24 STEPHENS directed the sales of 135,800 shares of Loop stock held in the
25 Island Fortune Global Ltd. account through the open market, for about
26 \$1,092,837. After paying commissions on the sales, STEPHENS received the
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1 net proceeds of over \$1 million in his personal bank account at Canadian
2 Western Bank located in Canada.

3 h. On or about June 22, 2017, PERSON A paid \$400,000 to
4 Touchstone Advisors for 57,143 unrestricted shares of Loop stock, which
5 STEPHENS had provided to Touchstone Advisors. Following the sale,
6 Touchstone Advisors wired \$380,900 from its Wells Fargo account in the
7 United States to STEPHENS's Canadian Western Bank account, and sent a
8 \$9,524 check to the Danks Family Trust labeled, "Loop - Stephens /
9 [PERSON A]." Contemporaneously, Touchstone Advisors transferred 1,457
10 shares to LAZERUS.

11 i. On or about October 12, 2017, PERSON A paid about
12 \$1,410,475 to Touchstone Advisors for 122,650 unrestricted shares of
13 Loop stock, which STEPHENS had provided to Touchstone Advisors.
14 Following the sale, Touchstone Advisors wired about \$1,318,487 to
15 STEPHENS. Simultaneously, Touchstone Advisors gave a check for about
16 \$30,662, with the note, "[PERSON A] Loop Trade" to LAZERUS, and gave a
17 check, with a reference to PERSON A, for a similar amount to the Danks
18 Family Trust.

19 j. In April 2017, Loop applied to be listed on the Nasdaq
20 stock exchange. In connection with that application, DANKS denied having
21 any contact with PERSON A between April 3 and September 15, 2017. Between
22 March through December 2017, PERSON A purchased approximately \$3,249,660
23 of Loop stock. During this same time period, STEPHENS sold approximately
24 \$2,090,742 of Loop stock, Ventanas Capital sold approximately \$201,159
25 of Loop stock, and Touchstone Advisors sold approximately \$215,602 of
26 Loop stock.

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1 k. Between March and December 2017, PERSON A bought
2 approximately \$3.2 million of Loop stock on the open market, and
3 approximately \$1.8 million of Loop stock in private transactions
4 brokered by LAZERUS with DANKS and DESTLER.

5 1. DANKS worked with LAZERUS to have PERSON A buy shares of
6 Loop stock, without ever disclosing the control interests that STEPHENS,
7 DANKS, and DESTLER had in the stock. For example:

8 i. on November 30, 2016, DANKS and LAZERUS discussed having
9 PERSON A buy shares:

10 DANKS: They have 5200 free trading shares available for sale at
11 three dollars. Let me know if [PERSON A] wants them. Did
12 you connect with Jon about lunch tomorrow?

13 LAZERUS: Don, I'm having dinner with [PERSON A] at 6 o'clock
14 tonight will text you if he takes the 5200 shares? Need
15 to know how payment should be made and when?

16 DANKS: Sorry just saw this. For sure make check out to Ventanas
17 Capital !! See u tomorrow.

18 LAZERUS: He wants the paperwork first for the purchase of the 5200
19 shares so I told him I will get together with him to sign
20 the paperwork, he will give me the check over the weekend.
21 I will make a deposit to whatever Account you designate
22 Monday morning so talk to you tomorrow.

23 ii. On November 1, 2017, DANKS asked LAZERUS via text
24 message, "Robert, Can u get [PERSON A] to buy 4-5k shares
25 a day for the next week or so? Thx. Call u around noon
26 with some updates."
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1 iii. On November 2, 2017, DANKS asked LAZERUS, "Any luck with
2 [PERSON A] in the market . . . We need the stock to firm
3 up at about \$13-\$14." DANKS added, "??? We're negotiating
4 with the lender and need price up to set warrant prices.
5 Let me know if [PERSON A] can help, and if you can't,
6 that's OK, I'll just need to find somebody else. . . ."

7 iv. On November 7, 2017, DANKS instructed LAZERUS, "Today
8 Have [PERSON A] only go to 13 and then sit on bid and
9 wait. Will call u in about an hour.'

10 v. On August 7, 2018, DANKS texted LAZERUS, "I'm working on
11 not letting this go below \$9. On with an investor from
12 Montreal who has a big position and is going to add to
13 it. Can u get [PERSON A] to sit on bid at \$9? I'll Give
14 you the timing on News when I call you."

15 vi. On November 8, 2018, DANKS asked LAZERUS, "Roberto, is
16 there anyway you can get [PERSON A] to come into this
17 market today? Somebody's hitting us hard with long
18 selling. Let us know. Thanks brother[.]"

19 m. LAZERUS successfully sold Loop stock to PERSON A and
20 other investors, and received commissions from DANKS and DESTLER for the
21 sales, in the form of money or Loop shares. At no point was LAZERUS a
22 registered broker-dealer with the S.E.C.

23 n. In May 2017, DANKS was granted power over the Ventanas
24 Capital brokerage account by virtue of a Limited Power of Attorney. When
25 he was given power over the account, DANKS falsely represented to Charles
26 Schwab, the securities broker-dealer, that he was not a director of a
27 publicly held company, when in fact he was a member of the Loop board
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1 of directors. At that time, the Ventanas Capital brokerage account held
2 only Loop stock.

3 o. On May 26, 2018, LAZERUS asked DANKS via text, "Did you
4 talk to [D.S.]? Regarding news release[.]" DANKS responded, "Briefly
5 I reminded him how thirsty everyone is for news and he said he
6 understood but he's moving as fast as he could. We're going to talk
7 again tomorrow. . . ."

8 p. On June 21, 2018, DANKS wrote to LAZERUS, "I have an
9 early call with Loop tomorrow. I think they're putting out some news
10 about the new technology and the decrease in operating expenses etc.
11 Next week I think there's going to be something about our ways to resin
12 plants and the 8K about the joint venture will be out July 9. Talk to
13 you in the morning[.]"

14 q. On November 14, 2019, LAZERUS brought PERSON A to PERSON
15 A's brokerage branch office in Carlsbad, California, in the Southern
16 District of California, and demanded that the brokerage personnel send
17 a \$330,000 wire from PERSON A's brokerage account. PERSON A's investment
18 advisor was present in the branch at the time this occurred. At this
19 time, PERSON A was in his mid-eighties. PERSON A signed the paperwork
20 for the wire and left, but when the brokerage personnel needed additional
21 paperwork, LAZERUS brought PERSON A and PERSON A's spouse back to the
22 branch office. LAZERUS's conduct prompted PERSON A's investment advisor
23 and brokerage personnel to both contact the brokerage's Elder Abuse Team
24 and to require the involvement of PERSON A's adult child for any future
25 dealings.

26 r. In June 2020, LAZERUS advised UCE-1 to buy shares of Loop
27 stock because the company was going to announce a new contract in two
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1 months. LAZERUS told UCE-1, "Well look, I mean I trust you, if you want
2 more, I'll have more information for you down the road." He added, "If
3 you want to keep making money, you're just going to keep coming back.
4 All I ask is that maybe we just do like ten percent of your profits."
5 The next day, LAZERUS told UCE-1 that Loop was going to sign a \$2 million
6 with Coca-Cola in six weeks. Subsequently, in November 2018, Loop issued
7 a press release announcing an agreement with Coca-Cola (which was
8 terminated when Loop did not meet its first production milestone).

9 s. In May through June 2021, LAZERUS advised UCE-1 to buy
10 shares of Loop stock because the company was going to announce a new
11 agreement with SK Group where SK Group would be buying \$56 million of
12 equity in Loop at \$12 per share. LAZERUS told UCE-1 that he obtained
13 this information from DESTLER, who was in regular communication with the
14 CEO of Loop. Subsequently, on June 23, 2021, Loop issued a press release
15 announcing that SK Global Chemical was purchasing \$56.5 million in stock
16 in Loop for a price of \$12 per share.

17 t. On or about December 9, 2021, LAZERUS told UCE-1 that
18 more Loop news was expected, Loop expected to "break ground" on a new
19 processing facility in Canada, Loop was in discussions about financing
20 this new facility, and Loop would issue a press release about this new
21 processing facility, and perhaps the financing, but the timing was
22 uncertain. LAZERUS provided this information after calling DESTLER in
23 UCE-1's presence and asking for the information, telling DESTLER that
24 UCE-1 was sitting with him.

25 All in violation of Title 18, United States Code, Section 371.

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1 All in violation of Title 15, United States Code, Sections 78j(b), 78ff,
2 and Title 17, Code of Federal Regulations, Section 240.10b-5.

3 Count 3 - Money Laundering

4 (Title 18, U.S.C., Sec. 1956(a)(1)(B)(i))

5 35. On or about February 6, 2019, within the Southern District of
6 California and elsewhere, defendant DONALD DANKS, did knowingly and
7 intentionally conduct and attempt to conduct financial transactions
8 affecting interstate commerce, which transactions involved the proceeds
9 of specified unlawful activity, that is, securities fraud in violation
10 of Title 15, U.S.C., Secs. 78j(b), 78ff, and Title 17, C.F.R.,
11 Sec. 240.10b-5, knowing that the transaction was designed in whole and
12 in part to conceal and disguise the nature, location, source, ownership,
13 and control of the proceeds of said specified unlawful activity, and
14 while conducting and attempting to conduct such financial transactions
15 knew the property involved in the financial transaction represented the
16 proceeds of some form of unlawful activity; in violation of Title 18,
17 United States Code, Section 1956(a)(1)(B)(i).

18 FORFEITURE ALLEGATIONS

19 36. The allegations contained in paragraphs 1 through 16 and
20 Counts 1 through 3 of this Indictment are re-alleged and incorporated
21 by reference for the purpose of alleging forfeiture to the United States
22 pursuant to Title 18, United States Code, Sections 981(a)(1)(C) and
23 982(a)(1), and Title 28, United States Code, Section 2461(c).

24 37. Upon conviction of one and more of the offenses set forth in
25 Counts 1 and 2, defendants DAVID STEPHENS, DONALD DANKS, JONATHAN
26 DESTLER, and ROBERT LAZERUS shall forfeit to the United States any
27 property, real and personal, constituting and derived from proceeds
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1 traceable to such offenses. The property to be forfeited shall include
2 but is not limited to, a money judgment in favor of the United States
3 in an amount equal to the total amount of proceeds obtained directly or
4 indirectly as a result of the offenses.

5 38. Upon conviction of the offense alleged in Count 3 of this
6 Indictment, and pursuant to Title 18, United States Code,
7 Section 982(a)(1), defendant DONALD DANKS, shall forfeit to the United
8 States all property involved in the offense. The property to be
9 forfeited includes, but is not limited to: The real property located at
10 6 Pacific Winds, Newport Coast, CA 92657, more particularly described
11 as follows: Parcels One (1), Two (2), and (3), Assessor's Parcel
12 Number 478-452-13:

13 THE LAND REFERRED TO HEREIN IS SITUATED IN THE COUNTRY OF ORANGE,
14 STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

15 PARCEL 1:

16 LOT 3 OF THE TRACT NO.16494, IN THE CITY OF NEWPORT BEACH, COUNTY
17 OF ORANGE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 844,
18 PAGES 26 THROUGH 34 INCLUSIVE OF MISCELLANEOUS MAPS, IN THE OFFICE
19 OF THE COUNTY RECORDED OF SAID COUNTY.

20 EXCEPT THEREFROM ALL OIL, OIL RIGHTS, MINERALS, MINERAL RIGHTS,
21 NATURAL GAS, NATURAL GAS RIGHTS, OTHER HYDROCARBONS AND ALL WATER
22 BY WHATSOEVER NAME KNOWN THAT MAY BE WITHIN OR UNDER SAID LAND,
23 TOGETHER WITH THE PERPETUAL RIGHT OF DRILLING, MINING, EXPLORING
24 AND OPERATING THEREFORE AND REMOVING THE SAME FROM SAID LAND OR ANY
25 OTHER LAND, INCLUDING THE RIGHT OF WHIPSTOCK OR DIRECTIONALLY DRILL
26 AND MINE FROM LANDS OTHER THAN SAID LAND, OIL OR GAS WELLS, TUNNELS
27 AND SHAFTS INTO, THROUGH OR ACROSS THE SUBSURFACE OF SAID LAND, AND
28

1 TO BOTTOM SUCH WHIPSTOCKED OR DIRECTIONALLY DRILLD WELLS, TUNNELS
2 AND SHAFT UDNER AND BENEATH OR BEYOND THE EXTERIOR LIMITS THEREOF
3 AND TO REDRILL, RETUNNEL, EQUIP, MAINTAIN, REPAIR, DEEPEN AND
4 OPERATE ANY SUCH WELLS OR MINES, WITHOUT HOWEVER, THE RIGHT TO
5 DRILL, MINE, EXPLORE AND OPERATE THROUGH THE SURFACE OR THE UPPER
6 500 FEET OF THE SUBSURFACE OF SAID LAND OR OTHERWISE IN SUCH MANNER
7 AS TO ENDANGER THE SAFETY OF ANY HIGHWAY THAT BE CONSCTRUCTED ON
8 SAID LANDS, AS RESERVED BY DEED RECORDED APRIL 18, 2003 AS
9 INSTRUMENT NO. 03-434935, OFFICIAL RECORDS.

10 PARCEL 2:

11 NON-EXCLUSIVE BASEMENTS ON, OVER, UNDER, ACROSS AND/OR THROUGH
12 CERTAIN PORTION OF AN ADJOINING LOT FOR COURTYARDS, DRAINAGE,
13 DRIVEWAY MANEUVERING AND/OR PEDESTRAIN ACCESS, AS APPLICABLE, AS
14 MORE PARTICULARLY SET FORTH IN THE SUPPLEMENTAL DECLARATION OF
15 COVENANTS, CONDITIONS AND RESTRICTIONS, AND RESERVATIONS AND
16 GRANTS OF BASEMENTS FOR BELCARA RECORED MAY 17, 2004, AS INSTRUMENT
17 NO. 04-437095, OFFICIAL RECORDS OF ORANGE COUNTY, CALIFORNIA.

18 PARCEL 3:

19 NON-EXCLUSIVE BASEMENTS FOR INGRESS, EGRESS, ACCESS, REPAIRS,
20 DRAINAGE, ENCROACHMENT, USE AND ENJOYMENT AS SET FORTH IN THE MASTER
21 DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS AND
22 RESERVATION OF BASEMENT FOR PACIFIC RIDGE ("THE MASTER
23 DECLARATION")RECORED FEBRUARY 27, 2004 AS INSTRUMENT NO.04-152325,
24 THE NOTICE OF ANNEXATION ("NOTICE OF ANNEXATION") RECORDED
25 AUGUST 3, 2005 AS INSTRUMENT NO. 05-601047, AND THE DECLARATION
26 ESTABLISHING ACCESS BASEMENT RIGHTS RECOREDED FEBRAUARY 27, 2004,
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1 AS INSTRUMENT NO. 04-152324, ALL OF OFFICIAL RECORDS OF ORANGE
2 COUNTY, CALIFORNIA.

3 ASSEROS PARCEL NUMBER:478-452-13.

4 39. Pursuant to Title 28, United States Code, Section 2461(c)
5 which incorporates the provisions of Title 21, United States Code,
6 Section 853(p), the defendants shall forfeit substitute property, up to
7 the value of the amounts described above, if, as a result of any act or
8 omission of the defendants, the property described above, or any portion
9 thereof, cannot be located upon the exercise of due diligence; has been
10 transferred, sold to, or deposited with a Person B; has been placed
11 beyond the jurisdiction of this court; has been substantially diminished
12 in value; or has been commingled with other property which cannot be
13 divided without difficulty.

14 All pursuant to Title 18, United States Code, Sections 981(a)(1)(C), and
15 982(a)(1), and Title 28, United States Code, Section 2461(c).

16 DATED: November 22, 2022.

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20 RANDY S. GROSSMAN
United States Attorney

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23 By: _____

OWEN ROTH
AARON P. ARNZEN
Assistant U.S. Attorneys