

**UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF NEW YORK**

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<b>SECURITIES AND EXCHANGE COMMISSION,</b>	:	
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<b>Plaintiff,</b>	:	<b>19 Civ.</b>
	:	
<b>- against -</b>	:	<b>ECF Case</b>
	:	
<b>REGINALD (“REGGIE”) MIDDLETON,</b>	:	
<b>VERITASEUM, INC., and</b>	:	
<b>VERITASEUM, LLC,</b>	:	
	:	
<b>Defendants,</b>	:	
	:	
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**DECLARATION OF ROSEANN DANIELLO**

I, Roseann Daniello, pursuant to 28 U.S.C. § 1746, declare as follows:

1. I am over 18 years of age and am employed as a Staff Accountant in the Investigations Unit of the Division of Enforcement at the New York Regional Office of Plaintiff Securities and Exchange Commission (“Commission”). I have been employed by the Commission for over 27 years. My duties include, but are not limited to, assisting in the investigation of possible violations of the federal securities laws.

2. I make this Declaration in support of the Commission’s Emergency Application for a Temporary Restraining Order Freezing Assets and Granting Other Relief.

3. I am familiar with the facts and circumstances herein. I make this Declaration based upon, among other things, my review and analysis of bank records produced by financial institutions holding accounts in the name of Reginald Middleton (“Middleton”), Veritaseum, Inc., Veritaseum LLC, 221 Washington Avenue LLC, 281 Cumberland Street LLC, and Lefferts Place LLC, and my own professional training, experience, and judgment.

4. Attached hereto as Exhibit 1 are true and correct copies of Chase bank statements for the Veritaseum LLC account ending in 5610 for the period July 31, 2017, through October 31, 2018.

5. Attached hereto as Exhibit 2 are true and correct copies of Citibank bank statements for the Reggie Middleton LLC account ending in 1201 for the period March 7, 2017, through December 6, 2017.

6. Attached hereto as Exhibit 3 are true and correct copies of Citibank bank statements for Lefferts Place LLC account ending in 1404 for the period March 7, 2017, through December 6, 2017.

7. Attached hereto as Exhibit 4 are true and correct copies of Citibank bank statements for the Middleton account ending in 1630 for the period March 30, 2017, through May 31, 2018.

8. Attached hereto as Exhibit 5 are true and correct copies of Citibank bank statements for the 281 Cumberland Street LLC account ending in 1711 for the period March 7, 2017, through June 6, 2018.

9. Attached hereto as Exhibit 6 are true and correct copies of Citibank bank statements for the Veritaseum LLC account ending in 2142 for the period April 28, 2017, through May 25, 2018.

10. Attached hereto as Exhibit 7 are true and correct copies of Citibank bank statements for the Veritaseum, Inc. account ending in 4865 for the period March 13, 2018, through June 12, 2018.

11. Attached hereto as Exhibit 8 are true and correct copies of Bank of America bank statements for the Middleton account ending in 3904 for the period May 11, 2018, through May 29, 2018.

12. Attached hereto as Exhibit 9 are true and correct copies of Bank of America bank statements for the Middleton account ending in 3917 for the period May 11, 2018, through June 7, 2018.

13. Attached hereto as Exhibit 10 are true and correct copies of Bank of America bank statements for the Veritaseum Holdings LLC account ending in 1142 for the period May 10, 2018, through June 30, 2018.

14. Attached hereto as Exhibit 11 are true and correct copies of international wires for the Citibank Veritaseum LLC account ending in 2142 for the period December 22, 2017, through May 23, 2018.

**Cash Raised By Middleton**

15. Attached hereto as Exhibit 12 is a chart that I prepared totaling the deposits into the Citibank Veritaseum, Inc. account ending 4865 from individuals identified for me by the investigative staff. As reflected in Exhibit 12, between May 2014 and October 2016, Middleton and Veritaseum, Inc. raised approximately \$470,473 based on deposits to a bank account in the name of Veritaseum, Inc.

16. Attached hereto as Exhibit 13 is a chart that I prepared totaling deposits into Citibank accounts for Middleton, Veritaseum, Inc., and Veritaseum LLC.

17. Between April 3, 2017, and May 7, 2018, Middleton deposited approximately \$1,527,458.19 into Citibank accounts for Middleton, Veritaseum, Inc., and Veritaseum LLC

from Coinbase.com, Gemini Trust Company LLC, and Synapse Financial Technologies. (Exhibit 13). The chart below shows the transfers broken out by the source of funds and account holder.

	Veritaseum Inc.	Veritaseum LLC	Middleton
Coinbase.com	\$3,879.00	\$285,858.47	\$24,419.09
Gemini Trust Company LLC	\$0.00	\$0.00	\$215,580.62
Synapse Financial Technologies	\$0.00	\$997,721.01	\$0.00

18. I traced the use of the funds deposited into the Veritaseum LLC account from Coinbase, which totaled \$285,858.47 between May 12, 2017,<sup>1</sup> and July 19, 2017, the date of the last Coinbase deposit (the “Coinbase Funds”).

19. In tracing the use of the Coinbase Funds, I utilized a first-in, first-out methodology to determine how they were utilized. Specifically, I tracked the debits and expenses first against the balance existing as of the date of the first Coinbase deposit (*see* Exhibit 6 at 1) until the pre-existing balance was exhausted. I then itemized the debits and expenses (which appear in Exhibit 6 at 1 – 13, 37 and 43) until the balance of the Coinbase Funds was exhausted.

20. In conformity with the first-in, first out methodology, when there were interim non-Coinbase deposits into the Veritaseum LLC account between Coinbase deposits, I would not continue tracing the Coinbase Funds until I had exhausted the prior deposited non-Coinbase amounts. This occurred twice during the period in which there were Coinbase deposits.

21. After I determined the debits and expenses attributable to the Coinbase Funds, I assigned expenses categories (for example, rent, electronics, etc.) to them based on my personal knowledge of certain payees or through research I had performed, or I grouped them by a payee account (e.g., Lefferts Place LLC or Veritaseum, Inc.). Attached hereto as Exhibit 14 is a list of category totals to which I attributed the Coinbase Funds.

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<sup>1</sup> I disregarded four deposits on May 10, 2017 for \$0.04, \$0.12, \$0.15, and \$0.017.

22. For example, \$75,000 of the Coinbase Funds were sent to Middleton's personal Citibank account. (Exhibit 4 at 15 (entry showing \$7000 deposit on June 16, 2017), 21 (entry showing \$10,000 deposit on July 10, 2017), 28 (entry showing \$8000 deposit on July 31, 2017), 30 (entry showing \$40,000 deposit on August 11, 2017) and 34 (entry showing \$10,000 deposit on August 21, 2017).) \$6,599.10 of the Coinbase Funds were spent at retailers such as Ikea, Guitar Center, and Louis Vuitton. (Exhibit 6 at 4, 5, 9, and 12 (showing retail expenditures.) Another \$1,803 was withdrawn in cash from ATMs. (Exhibit 6 at 5 (entry showing \$1000 withdrawal on June 12, 2017) and 13 (entry showing \$803 withdrawal on August 21, 2017).)

23. On July 5, 2017, the Veritaseum LLC Citibank account received a wire for \$1,000,000 from an account in the name of Lorna Mae Johnson Revocable Trust at Bank of America (the "Johnson Funds"). (Exhibit 6 at 8.)

24. I traced the use of the Johnson Funds using the first-in, first-out methodology described above in Paragraphs 19-20. In addition, I categorized the expenses for these funds using the same methodology described above in Paragraph 21. The category totals attributable to the Johnson Funds appears in Exhibit 15 of this declaration (and the underlying statements appear at Exhibit 6 at 13-37.)

25. Of the Johnson Funds, I noted that \$40,000 was returned to Johnson on November 17, 2017. (Exhibit 6 at 23.) \$55,929.50 was used for meals, travel and entertainment. (Exhibit 6 at 13 – 37.) \$3,313.65 was used at retailers such as Boss Stores, Eredi Pisano USA and Suitsupply. (Exhibit 6 at 16 (\$400.50 charge on September 18, 2017), 17 (\$473.76 charge on September 27, 2017, and \$1,828.22 charge on September 28, 2017), 19 (\$121.61 charge on October 2, 2017), 20 (\$65.33 charge on October 16, 2017), 23 (\$129.98 charge on November 10, 2017), and 30 (\$294.25 charge on January 23, 2018).)

26. \$448,000 of the Johnson Funds were sent to the Middleton Citibank account. (Exhibit 6 at 16, 17, 20, 22, 23, 25, 29, 30, 33, 34, 36, and 37 (recorded as “Transfer Debits” and “Transfer to Checking”).) I continued to trace those funds within the Middleton Citibank account using the same first-in, first-out methodology and the same categorization methodology described above.<sup>2</sup> A list of the category totals in Middleton’s Citibank account attributable to the Johnson Funds can be found in Exhibit 16.

27. Of the funds sent to the Middleton Citibank account, \$88,367.56 was withdrawn in cash. (Exhibit 4 at 41, 53, 54, 56, 60, 62, 70, 83, 95, 103, 104, 105, and 110.) \$101,000 was used for political donations. (Exhibit 4 at 42 (\$100,000 wire on September 26, 2017 recorded as “Donation to the DNC”) and 63 (\$1,000 charge on December 5, 2107 recorded as “Clarke for Con”).) \$63,138.43 was spent on meals, travel, and entertainment. (Exhibit 4 at 37-116 (showing large numbers of meals, travel, and entertainment vendors.) \$14,006.72 was spent at retail establishments. (Exhibit 4 at 37-115 (showing large numbers of retail expenses.) \$13,209.49 was used at a car dealership. (Exhibit 4 at 113 (\$13,209.49 wire to “Tynan’s Nissan Dealership”).)

28. In addition, I identified a number of wires from the Veritaseum LLC Citibank account to international banks. The payments varied from \$9,500 to \$43,985 between December 22, 2017, and May 23, 2018, and totaled \$202,547.

29. Attached hereto as Exhibit 11 is a true and correct copy of outgoing international wires redacted to remove other wires and sensitive account information.

30. There were further wires from the Veritaseum LLC Chase account to international recipients, including Kanalysis Consultant Private Limited, First Gulf Bank Abu Dhabi UAE,

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<sup>2</sup> I was unable to trace \$24,755.22 of the total \$448,000 in Johnson Funds sent to the Middleton Citibank account, as we did not have the additional bank statements.

Inkwell Services Ltd., Hancock Media Private Ltd., Trott Duncan Limited, Anex Management Services, and Mmaks Advocates Kampala. (Exhibits 1, 17). The payments varied from \$547.50 to \$35,470 between June 5, 2018, and July 12, 2019, and totaled \$269,626.97.

31. Attached hereto as Exhibit 17 are true and correct copies of Chase bank statements for the Veritaseum LLC account ending in 5610 for the period November 1, 2018, through July 31, 2019.

32. Attached hereto as Exhibit 18 are true and correct copies of Citibank bank statements for the Veritaseum LLC account ending in 2142 for the period May 26, 2018, through April 25, 2019. I analyzed those statements and noted the following:

- a. There were payments totaling \$610,589.83 to Dillon Gage.
- b. There were international wire transfers to unknown parties totaling \$477,845.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on August 12, 2019, New York, New York.

  
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Roseann Daniello