

STATE OF NEW YORK: CLIFTON PARK TOWN COURT
COUNTY OF SARATOGA: TOWN OF CLIFTON PARK

THE PEOPLE OF THE STATE OF NEW YORK

-against-

MICHAEL T. MANN (DOB 04/28/1970),

Defendant.

FELONY COMPLAINT

CASE NO. 2008 0335

Philip V. Apruzzese
Assistant Attorney General
(518) 776-2364

John R. Healy
Assistant Attorney General
(518) 776-2363

STATE OF NEW YORK)
COUNTY OF SARATOGA) ss.:

Investigator Mark J. Terra of the New York State Office of the Attorney General
("OAG"), Shield Number 2426, deposes and states the following:

On or about the dates specified below, in Town of Clifton Park, County of Saratoga, State
of New York, and elsewhere, the defendant MICHAEL T. MANN, committed the following
offense:

FIRST COUNT – MONEY LAUNDERING IN THE FIRST DEGREE

From at least on or about January 1, 2016 through on or about September 6, 2019, in the
Town of Clifton Park, County of Saratoga, State of New York, and elsewhere, the defendant
MICHAEL T. MANN, personally and acting in concert with others, committed the crime of
Money Laundering in the First Degree, in violation of § 470.20(1)(b)(i)(A)(iii) of the Penal
Law of the State of New York (a class B felony) when, knowing that the property involved in
one or more financial transactions represented the proceeds of a class B or C felony, he
conducted one or more financial transactions which in fact involved the proceeds of a class B or
C felony, with intent to promote the carrying on of specified criminal conduct, and the total
value of the property involved in such financial transaction or transactions exceeded one million
dollars (\$1,000,000.00).

The defendant committed the above crimes in the following manner:

1. This felony complaint is based upon information and belief, with the sources of my information and the grounds for my belief being: the investigation conducted by the Office of the New York State Attorney General; my conversations with OAG Attorneys, OAG Investigators and New York State Police Investigators assigned to this investigation; my review of certified bank records, including account opening documents and signature cards for the following bank accounts: Pioneer Bank accounts ending 3614 in the name of ValueWise Corporation (“Pioneer ValueWise Account”), Pioneer Bank account ending 4018 in the name of ValueWise Corporation d/b/a Apogee (“Pioneer Apogee Account”), Pioneer Bank accounts ending 2473 and 3622 in the name of ValueWise Corporation d/b/a Optix Consulting (collectively, “Pioneer Optix Accounts”), Pioneer Bank accounts ending 2481 and 3648 in the name of ValueWise Corporation d/b/a Primacy Search Group (“Pioneer PSG Accounts”), Pioneer Bank accounts ending 2499 and 4000 in the name of ValueWise Corporation DBA Viverant (collectively, “Pioneer Viverant Accounts”), Pioneer Bank accounts ending 0212 in the name of MyPayrollHR.com, LLC Client Account (“Pioneer Client Account”), Pioneer Bank accounts ending 0204 and 0428 in the name of MyPayrollHR.com, LLC (collectively, “Pioneer MyPayrollHR Accounts”), Pioneer Bank account ending 2440 in the name of Cloud Payroll, LLC (“Pioneer Tax Account”), Pioneer Bank accounts ending 2382, 1640, and 2366 in the name of Cloud Payroll, LLC (collectively, “Pioneer Cloud Payroll Accounts”), Pioneer Bank account ending 1988 in the name of Pro Data Payroll Services, Inc. (“Pioneer Pro Data Payroll Account”), Pioneer Bank accounts ending 1996 in the name of Southwestern Payroll Services, Inc. (“Pioneer Southwestern Payroll Account”), Pioneer Bank accounts ending 3630 and 4838 in the name of Ross Personnel Consultants, Inc. (collectively, “Pioneer Ross Personnel Accounts”),

Pioneer Bank account ending 3945 in the name of Weitz & Associates, Inc. (“Pioneer Weitz & Associates Account”), Pioneer Bank account ending 1657 in the name of Kaningo, LLC (“Pioneer Kaningo Account”), Pioneer Bank account ending 1632 in the name of Hire Flux, LLC (“Pioneer Hire Flux Account”), Pioneer Bank accounts ending 1236 and 1251 in the name of Trueconsulting Corp. (collectively, “Pioneer Trueconsulting Accounts”), Pioneer Bank account ending 1244 in the name of TrueHR LLC (“Pioneer TrueHR Account”), Pioneer Bank account ending 1699 in the name of Create Force LLC (“Pioneer Create Force Account”), Pioneer Bank accounts ending 4820 and 2267 in the name of Create Force LLC d/b/a AlwaysLive (collectively, “Pioneer AlwaysLive Accounts”), Pioneer Bank account ending 1962 in the name of Lincoln Academy (“Pioneer Lincoln Account”), Pioneer Bank accounts ending 5437 and 2192 in the name of Focalpointe Group, LLC (collectively, “Pioneer Focalpointe Accounts”), and additional Pioneer Bank records; Bank of America (“BOA”) account ending 4559 in the name of ValueWise Corporation (“BOA ValueWise Account”), BOA account ending 6843 in the name of ValueWise Corporation d/b/a Optix Consulting (“BOA Optix Account”), BOA account ending 9506 in the name of ValueWise Corporation d/b/a Primacy Search Group (“BOA PSG Account”), BOA account ending 6103 in the name of Heutmaker Business Advisors, LLC (“BOA Heutmaker Account”), BOA account ending 6116 in the name of Viverant, LLC (“BOA Viverant Account”), and additional BOA records; Berkshire Bank records; Chemung Canal Trust Company d/b/a Capital Bank records; KeyBank, N.A. records; records of Financing Company #1, whose identity is known to me; records of Financing Company #2, whose identity is known to me; Cachet Financial Services records; Wells Fargo, N.A. records; my discussions with OAG Principal Auditor Investigator Meaghan E. Scotellaro (“Auditor Scotellaro”) regarding the same, and my review of audit charts prepared by her; my interview of defendant MICHAEL T. MANN

("MANN"); my review of interviews of MANN by the OAG and/or the Federal Bureau of Investigations ("FBI"); my discussions with the FBI; my review of certain documents from the New York State Department of State ("NYSDOS"); my discussions with representatives of clients of MANN's entities, whose identities are known to me; and my discussions with employees of MANN's entities, whose identities are known to me. .

I. NYSDOS Records and Bank Records Related to Entities Controlled by MANN

2. During my review of records from the NYSDOS, I observed that MANN filed paperwork related to the following business entities. On September 12, 2017, MANN filed an Application for Authority to Conduct Business on behalf of Delaware corporation Cloud Payroll, LLC, with a mailing address of Clifton Park, New York. On September 13, 2017 MANN filed an Application for Authority to Conduct Business on behalf of Delaware corporation Create Force, LLC, with a mailing address of Clifton Park, New York; on October 3, 2018, a Certificate of Assumed Name was filed by MANN, declaring that Create Force, LLC will operate under the assumed name AlwaysLive. On August 28, 2017 MANN, filed an Application for Authority to Conduct Business on behalf of Delaware corporation Hire Flux, LLC, with a mailing address of Clifton Park, New York. On October 16, 2012, Articles of Organization forming Focalpointe Group, LLC with a mailing address in Clifton Park, New York were filed by counsel, and an associated Biennial Statement was filed for the October 2016 filing period by MANN. On December 19, 2005, an Application for Authority to Conduct Business was filed on behalf of Delaware Corporation ValueWise Corporation by MANN; the Biennial Statement filed on behalf of ValueWise Corporation for the period December 2013 list MANN as President. Certificates of Assumed Name filed with NYDOS between November 2008 and July 2018 further indicate

that ValueWise Corporation would operate under the following names: Primacy Search Group with a mailing address in Clifton Park, New York; Optix Consulting with a mailing address in Clifton Park, New York; Apogee with a mailing address in Clifton Park, New York; Optum with a mailing address in Clifton Park, New York; and Viverant with a mailing address in Clifton Park, New York.

3. I have reviewed account opening documents and signature cards contained in the certified records of Pioneer Bank, and observed the following accounts for which MANN is a signatory and for which the mailing address is Clifton Park, New York: four accounts ending 1640, 2366, 2382, and 2440 in the name of Cloud Payroll, LLC; an account in the name of Kaningo, LLC ending 1657; four accounts ending 0204, 0212, 0428, and 2002 in the name of MyPayrollHR; two accounts ending 2267 and 4820 for Create Force, LLC d/b/a AlwaysLive; an account ending 2340 for Heutmaker Business Advisor, LLC; an account ending 2340 for Hire Flux Holdings, LLC; an account ending 1632 for Hire Flux, LLC; two accounts ending 3630 and 4838 for Ross Personnel Consultants, Inc.; an account ending 3614 for ValueWise Corporation; two accounts ending 4000 and 2499 for ValueWise Corporation d/b/a Viverant; an account ending 4018 for ValueWise Corporation d/b/a Apogee; two accounts ending 3622 and 2473 for ValueWise Corporation d/b/a Optix Consulting; and two accounts ending 2481 and 3648 for ValueWise Corporation d/b/a Primary Search Group.

4. I have reviewed account opening documents and signature cards contained in the certified records of Bank of America and observed the following accounts for which MANN is a signatory and for which the mailing address is Clifton Park, New York: two accounts ending 4559 and 9506 in the name of ValueWise Corporation; an account ending 1164 in the name of

MyPayrollHR.Com, LLC; an account ending 6103 in the name of Heutmacher Business Advisors, LLC; and an account ending 6116 in the name of Viverant, LLC.

II. Admissions by MANN

5. I am thoroughly familiar with interviews conducted with MANN on September 19, 2019, October 11, 2019 and December 26, 2019. For each interview, I was either personally present, or have spoken with the investigators who were present. I have additionally reviewed the contemporaneous records created on the day of each interview and am fully familiar with the content of each interview. During those interviews, MANN, stated, in sum and substance that he is the CEO and 100% owner of the ValueWise Corporation, a consulting company that he started in Clifton Park, New York in approximately 2007 or 2008. MANN further stated that in approximately 2010 or 2011, he began experiencing business financial pressure and started to engage in a multi-level scheme involving fictitious companies and falsified assets, emails, audits and bank exams to exploit the “float” between the time payroll and tax monies were funded and when the monies had to be disbursed. According to MANN, he did this in order to allow ValueWise to meet financial obligations and to create or purchase additional companies, including physical therapy chain Viverant and payroll services company MyPayrollHR. Additionally, MANN admitted his ownership of following companies: Weitz & Associates; Alwayslive also known as Create Force LLC; Lincoln Academy; Focalpointe Group; Cloud Payroll, LLC; Hire Flux, LLC; Heutmacher Business Advisors; Feldmann, CPA; Pro Data Payroll Services; Southwestern Payroll; Always Live Holdings; Hire Flux Holdings; Focalpointe NY, LLC; Primacy Search Group; and Kaningo.

6. During the course of these interviews, MANN explained the operation of his payroll servicing companies. He stated that when client-employers ran their payroll, two files

would be created: one for employee payments and one for taxes. The payroll files were used to initiate a funds transfer that would pull the funds from the employer's account and deposit it into a settlement account held by the payroll payment processor—Cachet Financial Services (“Cachet”). The funds were supposed to remain in this settlement account until payday, at which time a second funds transfers would be made by the processor to pull the funds from the settlement account and disburse the funds to employees. A similar process was used for taxes; the funds were transferred to a dedicated settlement account where it was to remain until a second transfer disbursed the funds to the appropriate taxing authority. MANN stated that different payment processors and different settlement accounts were to be used for payroll and for taxes.

7. MANN further explained that a feature of his software, which was utilized by his payroll servicing companies, allowed him to change the destination of the payroll funds transfers. As a result, instead of depositing payroll with Cachet, MANN could divert the payments so that they were deposited into a payroll trust account he had set up at Pioneer Bank. Similarly, MANN could divert the funds representing tax payments from the settlement account with the tax payment processor to a tax trust account controlled by MANN at Pioneer. MANN admitted that, over the course of several years, he diverted funds from the respective payment processors to two accounts he controlled at Pioneer. The “Pioneer Client Account” was used to receive payroll deposits, while the “Pioneer Tax Account” was used to receive the tax deposits. MANN admitted that he did this so that he could use those monies for other purposes during the “float” period between when it was received from employers and when it was to have been disbursed to employees. As an example, MANN explained that a large number of client-employers would run payroll on a Wednesday in advance of a Friday payday. In preparation,

MANN would divert the fund transfers from the Cachet account to the Pioneer Client Account he controlled. Once in that account, MANN would move the funds out of the payroll account and use them for other purposes, primarily to cover deficits in other accounts or to reduce the interest on his line of credit. When payroll was due to employees, typically that Friday, MANN would kite checks, draw from the line of credit, or take whatever action available to cover the payroll obligation. MANN stated he would similarly use the tax monies, which were supposed to remain in the Pioneer Tax Account, to satisfy other obligations. MANN admitted that he was repeatedly told by Cachet that payroll funds were required to be settled into Cachet's account and that he could not settle payroll funds into his own accounts at Pioneer.

8. MANN further admitted that, as a result of buying entities, business losses and other setbacks, MANN's companies began running up multi-million-dollar losses each year. MANN initially attempted to bridge these losses with asset-based borrowing from lending institutions and by selling accounts receivables to factoring companies. MANN explained that the initial financing agreements were based upon genuine receivables. The primary receivables were from Optum, a division of United Health Group. However, over time, MANN increasingly included fictitious receivables as his legitimate businesses faltered. At some point in or around 2013, the assets underlying his borrowing were entirely fictitious. According to MANN, this occurred after United Health Group terminated his contract with Optum. MANN admitted he would regularly create false documents, including: borrowing base certificates; invoices; invoice and receivable verifications; payment records; emails; and other records to submit to finance companies in order to continue receiving advance funding. For example, MANN admitted he did the following after his business relationship with Optum and United Health Group terminated: created an email domain intended to appear to belong to Optum, which was used to verify

receivables; created DBAs under ValueWise such as Optum and Optix Consulting, which were used for its appearance as related to Optum; and used Cachet to process ACH transactions moving payroll funds from the Pioneer Client Account to other accounts Mann controlled at Pioneer and BOA, and subsequently conducted transactions from the BOA Optix Account to pay down debt appearing to be from Optum.

9. MANN further admitted that he utilized two sets of accounts, one at BOA and one at Pioneer Bank, in order to write checks and conduct ACH transactions. According to MANN, he would write checks from the BOA and Pioneer accounts and use ACH transactions to move funds back and forth between the institutions in order to make it look like there was money coming in to his businesses, even though there was not. According to MANN, by the end of his scheme he could not estimate his number of daily transactions, because the number increased exponentially. MANN estimated spending several hours a day conducting these transactions and falsifying documents.

III. Larcenies from Client-Employers in Furtherance of MANN's Scheme to Defraud

10. The joint investigation between the OAG and New York State Police revealed that on or about and between January 1, 2016 and September 6, 2019, MANN's entities handled the payroll and taxes for hundreds of client-employers and thousands of employees in New York State and across the country. During the aforementioned time period, as noted above, MANN admitted to having diverted funds from the Pioneer Client Account and Pioneer Tax Account in an effort to fraudulently obtain financing.

11. I am informed by Auditor Scotellaro that she reviewed records of transactions in the Pioneer Accounts through September 2019. These records revealed that the Pioneer Client

Account received millions of dollars during the aforementioned time period. By way of example, Auditor Scotellaro informs me that during the month of August 2019, leading up to the collapse of MANN's scheme, the Pioneer Client Account received in excess of \$28 million from client-employers in New York State and across the country.¹

12. Auditor Scotellaro further informs me that MANN consistently conducted hundreds of financial transactions out of the Pioneer Client Account and Pioneer Tax Account on a near-daily basis, moving the money throughout his dozen plus entities. As further detailed below, following MANN's misappropriation of employer and employee funds, he would ultimately repay the stolen monies with victims' own money, as well as newly obtained funds from employers and employees and fraudulently obtained funds from financial institutions.

13. The investigation further revealed that following the collapse of MANN's scheme, many employees in New York State and across the country had the deposit of their paychecks reversed out of their accounts. I have had an opportunity to discuss these matters with employees and client-employers in New York State and across the country. In sum and substance, below are a few of the client-employers from which MANN stole payroll and tax money intended for the benefit of employees, and subsequently laundered in furtherance of his scheme:

A. Larceny from Client-Employer #1

14. I have spoken with a representative from Client-Employer #1, whose identity is known to me. Client-Employer #1 informs me that they engaged MANN's payroll and tax services on behalf of their business, which has over 100 employees. Client-Employer #1 informs

¹ The audit revealed that the Pioneer Client Account received payroll from over 800 employers of varying sizes during the month of August 2019 intended for employee payroll, including ambulance corps and health care providers, religious institutions, pre-schools, restaurants and hotels.

me that the business provided MANN significant money during the course of the business relationship, including more than \$1,000,000.00 in August 2019, for the purposes of payroll and taxes.

15. Client-Employer #1 further informs me that they would not have given MANN or his entities any money, had they known that the funds would not be solely used for the intended purpose of making payroll and paying taxes. I am informed by Client-Employer #1 that they suffered a loss in excess of \$200,000.00.

B. Larceny from Client-Employer #2

16. I have spoken with a representative from Client-Employer #2, whose identity is known to me. Client-Employer #2 informs me that they engaged MANN's payroll and tax services on behalf of their business, which has approximately 20 employees. Additionally, Client-Employer #10 informs me that they represent approximately 60 clients, totaling approximately an additional 475 employees. Client-Employer #10 informs me that the business directly, and on behalf of its clients, provided MANN in excess of \$50,000 during the course of the business relationship, for the purposes of payroll and taxes.

17. Client-Employer #2 further informs me that they would not have given MANN or his entities any money, had they known that the funds would not be solely used for the intended purpose of making payroll and paying taxes. I am informed by Client-Employer #2 that they suffered a loss in excess of \$170,000.00.

C. Larceny from Client-Employer #3

18. I have spoken with a representative from Client-Employer #3, whose identity is known to me. Client-Employer #3 informs me that they engaged MANN's payroll and tax services on behalf of their business, which has over 250 employees. Client-Employer #3 informs

me that the business provided MANN significant money during the course of the business relationship, including more than \$50,000.00 in August 2019, for the purposes of payroll and taxes.

19. Client-Employer #3 further informs me that they would not have given MANN or his entities any money, had they known that the funds would not be solely used for the intended purpose of making payroll and paying taxes. I am informed by Client-Employer #3 that they suffered a loss in excess of \$100,000.00.

D. Larceny from Client-Employer #4

20. A representative from Client-Employer #4, whose identity is known to me, informs me that they engaged MANN's payroll and tax services on behalf of their business, which has approximately 90 employees. Client-Employer #4 informs me that the business provided MANN significant money during the course of the business relationship, including more than \$50,000.00 in August 2019, for the purposes of payroll and taxes.

21. Client-Employer #4 further informs me that they would not have given MANN or his entities any money, had they known that the funds would not be solely used for the intended purpose of making payroll and paying taxes. I am informed by Client-Employer #4 that they suffered a loss of approximately \$98,000.00.

E. Larceny from Client-Employer #5

22. I am further informed by a representative from Client-Employer #5, whose identity is known to me, that they engaged MANN's payroll and tax services on behalf of their business, which has over 125 employees. Client-Employer #5 informs me that the business provided MANN significant money during the course of the business relationship, including more than \$50,000.00 in August 2019, for the purposes of payroll and taxes.

23. Client-Employer #5 further informs me that they would not have given MANN or his entities any money, had they known that the funds would not be solely used for the intended purpose of making payroll and paying taxes. I am informed by Client-Employer #4 that they suffered a loss of approximately \$60,000.00.

F. Larceny from Client-Employer #6

24. Moreover, I have spoken with a representative from Client-Employer #6, whose identity is known to me. Client-Employer #5 informs me that they engaged MANN's payroll and tax services on behalf of their business, which has approximately a dozen employees. Client-Employer #6 informs me that the business provided MANN significant money during the course of the business relationship, including more than \$50,000.00 in August 2019, for the purposes of payroll and taxes.

25. Client-Employer #6 further informs me that they would not have given MANN or his entities any money, had they known that the funds would not be solely used for the intended purpose of making payroll and paying taxes. I am informed by Client-Employer #6 that they suffered a loss of approximately \$35,000.00.

G. Larceny from Client-Employer #7

26. Furthermore, a representative from Client-Employer #7, whose identity is known to me, informs me that they engaged MANN's payroll and tax services on behalf of their businesses, which has approximately 120 employees. Client-Employer #7 informs me that the businesses provided MANN significant money during the course of the business relationship, including more than \$50,000.00 in August 2019, for the purposes of payroll and taxes.

27. Client-Employer #7 further informs me that they would not have given MANN or his entities any money, had they known that the funds would not be solely used for the intended

purpose of making payroll and paying taxes. I am informed by Client-Employer #7 that they suffered a loss of over \$28,000.00.

H. Larceny from Client-Employer #8

28. A representative from Client-Employer #8, whose identity is known to me, informs me that they engaged MANN's payroll and tax services on behalf of their business. Client-Employer #8 informs me that the business provided MANN significant money during the course of the business relationship, including more than \$50,000.00 in August 2019, for the purposes of payroll and taxes.

29. Client-Employer #8 further informs me that they would not have given MANN or his entities any money, had they known that the funds would not be solely used for the intended purpose of making payroll and paying taxes. I am informed by Client-Employer #8 that they suffered a loss of over \$19,000.00.

I. Larceny from Client-Employer #9

30. Additionally, a representative from Client-Employer #9, whose identity is known to me, informs me that they engaged MANN's payroll and tax services on behalf of their business. Client-Employer #9 informs me that the business provided MANN significant money during the course of the business relationship, including more than \$50,000.00 in August 2019, for the purposes of payroll and taxes.

31. Client-Employer #9 further informs me that they would not have given MANN or his entities any money, had they known that the funds would not be solely used for the intended purpose of making payroll and paying taxes. I am informed by Client-Employer #9 that they suffered a loss of approximately \$10,000.00.

J. Larceny from Client-Employer #10

32. A representative from Client-Employer #10, whose identity is known to me, informs me that they engaged MANN's payroll and tax services on behalf of their business. Client-Employer #10 informs me that the business provided MANN significant money during the course of the business relationship, including more than \$50,000.00 in August 2019, for the purposes of payroll and taxes.

33. Client-Employer #10 further informs me that they would not have given MANN or his entities any money, had they known that the funds would not be solely used for the intended purpose of making payroll and paying taxes. I am informed by Client-Employer #10 that they suffered a loss of approximately \$10,000.00.

K. Larceny from Client-Employer #11

34. I have spoken with a representative from Client-Employer #11, whose identity is known to me. Client-Employer #11 informs me that they engaged MANN's payroll and tax services on behalf of their businesses, which has over a dozen employees. Client-Employer #11 informs me that the business provided MANN in excess of \$50,000 during the course of the business relationship, for the purposes of payroll and taxes.

35. Client-Employer #11 further informs me that they would not have given MANN or his entities any money, had they known that the funds would not be solely used for the intended purpose of making payroll and paying taxes. I am informed by Client-Employer #11 that they suffered a loss of over \$8,000.

IV. Analysis of Financial Transactions Evidencing Money Laundering

36. I am informed by Auditor Scotellaro that she reviewed in excess of 35 bank accounts controlled by MANN at Pioneer Bank and BOA, including the accounts listed above in paragraph 1, in addition to records held by the various financial institutions and financing companies listed above. Auditor Scotellaro informs me that her review of the records revealed that from at least January 2016 through the collapse of MANN's entities on or about September 2019, his *modus operandi* was the same – MANN conducted millions of dollars in financial transactions on a near-daily basis between his accounts that diverted stolen money from employers, employees, financial intuitions and financing companies. Her audit revealed that MANN misappropriated these funds by taking them from the Pioneer Client Account and using them for purposes other than employee payroll. A review of the financial records, and MANN's admissions, show that the purpose of these transactions was to artificially inflate assets and accounts receivable in order to fraudulently obtain additional financing, pay down loans and lines of credit, and pay back wrongfully obtained employee payroll and taxes.

37. By way of example, Auditor Scotellaro's audit revealed that in the month of August 2019, he conducted over 100 transactions on a near-daily basis between accounts under his control at Pioneer Bank and BOA. As noted above, MANN admitted that he knew the payroll funds should have gone directly to Cachet's settlement account, but instead diverted money entrusted to him by client-employers and then conducted financial transactions to cover the resulting deficits in his accounts and to pay down loans and lines of credit. Furthermore, as noted above, MANN admitted to having fraudulently obtained millions of dollars in funding from financial institutions and financing companies. Auditor Scotellaro informs me that a review of the certified financial records shows funds from the Pioneer Client Account, the

financial institutions, and the financing companies as the almost-exclusive source of money in MANN's other accounts.

38. I am further informed by Auditor Scotellaro that her review of financial records showed that MANN conducted financial transactions between his Pioneer Accounts to artificially inflate his assets and allow him to continue to fraudulently obtain financing. MANN further would conduct financial transactions from his Pioneer Accounts through Cachet and back to accounts in his control. MANN also conducted financial transactions from his Pioneer Accounts to his BOA Accounts. Thereafter, MANN conducted financial transactions between his BOA Accounts, again to create the false appearance of additional assets and obtain funding. MANN would then conduct financial transactions to move money from his BOA Accounts either 1) directly back to his Pioneer Accounts, or 2) through an additional set of financial transactions in which he would first send money to Cachet purporting to be from Optum, and then pay down debt. As noted above, MANN did not have a business relationship with Optum, when he conducted these financial transactions.

39. Auditor Scotellaro's audit further revealed that MANN would send payments through his BOA Optix Account with notations to disguise the funds as if they originated from Optum, when in fact they were the proceeds of MANN's various thefts. Eventually, MANN would move monies back through his Pioneer Client Account and elsewhere to fund employee payrolls and taxes, including New York State taxes, in order to further his scheme. Auditor Scotellaro informs me that the vast majority of the funds in MANN's Pioneer Accounts can ultimately be traced to the Pioneer Client Account and fraudulently obtained funding from financial institutions and financing companies.

A. Laundering by MANN within his Pioneer Accounts

40. Auditor Scotellaro informs me that during the month of August 2019, leading up to the collapse of MANN’s businesses, MANN conducted over \$500 million in financial transactions between the Pioneer Accounts in his control with the proceeds of various larcenies. Specifically, Auditor Scotellaro informs me that excluding the settlements from employers and payments for employee payroll in the Pioneer Client Account, MANN conducted financial transactions resulting in credits to the other Pioneer Accounts in excess of \$258 million. Additionally, Auditor Scotellaro informs me that excluding those same transactions in the Pioneer Client Account, MANN conducted financial transactions resulting in debits from other Pioneer Accounts he controlled in excess of \$246 million. Credits and debits were made in the following amounts between MANN’s Pioneer Accounts during the month of August 2019:²

Pioneer Bank Account Name	Debits	Credits
ValueWise Account ³	\$26,537,147.65	\$25,448,185.32
Apogee Account	\$23,420,816.72	\$26,970,600.00
Optix Accounts	\$15,577,461.20	\$20,750,700.00
PSG Accounts	\$17,443,893.98	\$25,986,932.45
Viverant Accounts	\$394,114.04	\$1,714,000.00
MyPayrollHR Accounts	\$100,000.00	\$674,843.27
Tax Account	\$47,544,000.00	\$45,367,400.32
Cloud Payroll Accounts	\$22,900,494.35	\$865,000.00
Pro Data Payroll Account	\$ -	\$2,289,000.00
Southwestern Payroll Account	\$ -	\$2,754,000.00
Ross Personnel Accounts	\$16,678,062.85	\$25,213,981.39
Weitz & Associates Account	\$57,076,900.00	\$50,831,579.54
Kaningo Account	\$ -	\$59,000.00
Hire Flux Account	\$493,624.07	\$267,622.11

² This chart does not reflect an additional layer of laundering by which MANN conducted financial transactions utilizing Cachet.

³ I am informed by Auditor Scotellaro that included within the Credits to the Pioneer ValueWise Account are \$14,800,000.00 from a line of credit at Pioneer Bank account ending 2340. Auditor Scotellaro further informs me that included within the Debits to the Pioneer ValueWise Account are \$8,248,077.47 used to pay down the aforementioned line of credit at Pioneer Bank. As noted above, MANN admitted that he obtained this financing by fictitiously inflating assets in his entities.

Trueconsulting Accounts	\$11,875,147.96	\$19,157,395.20
TrueHR Account	\$ -	\$2,259,000.00
Create Force Account	\$4,734,932.62	\$1,561,000.00
Alwayslive Accounts	\$46,871.56	\$3,038,000.00
Lincoln Account	\$17,582.50	\$6,300.00
Focalpointe Accounts	\$1,402,451.65	\$2,928,000.00
TOTAL	\$246,243,501.20	\$258,142,539.60

B. Laundering by MANN between his Pioneer Accounts and his BOA Accounts

41. Moreover, Auditor Scotellaro informs me that during the month of August 2019, MANN conducted over \$890 million in financial transactions between his Pioneer Accounts and BOA Accounts with the proceeds of various larcenies. Specifically, Auditor Scotellaro informs me that excluding those same transactions in the Pioneer Client Account, MANN conducted financial transactions resulting in debits to the other Pioneer Accounts in excess of \$459 million, which were credited to his BOA Accounts. Additionally, Auditor Scotellaro informs me that excluding those same transactions in the Pioneer Client Account, MANN conducted financial transactions resulting in credits from his BOA Accounts back to other Pioneer Accounts he controlled in excess of \$432 million. The below chart details the debits from MANN's Pioneer Accounts to his BOA Accounts, and credits back to his Pioneer Accounts from his BOA Accounts during the month of August 2019:

Pioneer Bank Account Name	Debits	Credits
Apogee Account	\$27,736,000.00	\$24,235,634.05
Optix Accounts	\$56,063,000.00	\$48,059,000.00
PSG Accounts	\$57,997,000.00	\$48,953,000.00
Viverant Account ⁴	\$28,835,000.00	\$27,241,000.00
Tax Account	\$ -	\$518,509.73
Cloud Payroll Accounts ⁵	\$ -	\$22,035,000.00

⁴ Only Pioneer Bank account ending 2499 conducted financial transactions to and from MANN's BOA Accounts during the specified time period.

⁵ Only Pioneer Bank account ending 2382 in the name of Cloud Payroll LLC conducted financial transactions from MANN's BOA Accounts during the specified time period.

Pro Data Payroll Account	\$29,160,000.00	\$26,871,000.00
Southwestern Payroll Services Inc	\$29,619,000.00	\$26,865,000.00
Ross Personnel Accounts	\$59,843,000.00	\$51,307,000.00
Weitz & Associates Account	\$ -	\$532,170.97
Trueconsulting Accounts	\$58,464,000.00	\$50,303,000.00
TrueHR Account	\$29,147,000.00	\$26,453,000.00
Create Force Account	\$23,703,000.00	\$26,877,000.00
Alwayslive Account ⁶	\$29,848,000.00	\$27,239,000.00
Focalpointe Account ⁷	\$29,401,000.00	\$25,456,000.00
TOTAL	\$459,816,000.00	\$432,945,314.75

C. Laundering by MANN within his BOA Accounts

42. Furthermore, Auditor Scotellaro informs me that during the month of August 2019, MANN conducted over \$890 million in financial transactions between BOA Accounts he controlled, exclusively with stolen proceeds. Specifically, Auditor Scotellaro informs me that the BOA ValueWise Account received credits from MANN's other BOA Accounts totaling nearly \$200 million, with debits to his other BOA Accounts totaling in excess of \$16 million during the month of August 2019, as further detailed below:

Bank of America Account Name	BOA ValueWise Account	
	Debit	Credit
Heutmaker Account	\$8,684,000.00	\$31,367,000.00
Viverant Account	\$7,881,000.00	\$49,948,800.00
Optix Account	\$ -	\$54,836,002.00
PSG Account	\$ -	\$63,436,000.00
TOTAL	\$16,565,000.00	\$199,587,802.00

43. Auditor Scotellaro informs me that the BOA Heutmaker Account received credits from MANN's other BOA Accounts totaling nearly \$130 million, with debits to his other BOA

⁶ Only Pioneer Bank account ending 4820 in the name of Create Force LLC d/b/a Alwayslive conducted financial transactions to and from MANN's BOA Accounts during the specified time period.

⁷ Only Pioneer Bank account ending 2192 in the name of Focalpointe Group, LLC conducted financial transactions to and from MANN's BOA Accounts during the specified time period.

Accounts totaling in excess of \$60 million during the month of August 2019, as further detailed below:

Bank of America Account Name	BOA Heutmaker Account	
	Debit	Credit
ValueWise Account	\$31,367,000.00	\$8,684,000.00
Viverant Account	\$14,288,000.00	\$38,596,000.00
Optix Account	\$14,458,000.00	\$47,191,100.00
PSG Account	\$10,000.00	\$35,360,000.00
TOTAL	\$60,123,000.00	\$129,831,100.00

44. Additionally, Auditor Scotellaro informs me that the BOA Viverant Account received credits from MANN's other BOA Accounts totaling over \$83 million, with debits to his other BOA Accounts totaling in excess of \$102 million during the month of August 2019 as further detailed below:

Bank of America Account Name	BOA Viverant Account	
	Debit	Credit
ValueWise Account	\$49,948,800.00	\$7,881,000.00
Heutmaker Account	\$38,596,000.00	\$19,398,000.00
Optix Account	\$14,092,000.00	\$29,454,000.00
PSG Account	\$ -	\$26,667,100.00
TOTAL	\$102,636,800.00	\$83,400,100.00

45. Moreover, Auditor Scotellaro informs me that the BOA PSG Account had debits to MANN's other BOA Accounts totaling in excess of \$134 million during the month of August 2019, as further detailed below:

Bank of America Account Name	BOA PSG Account	
	Debit	Credit
ValueWise Account	\$63,436,000.00	\$ -
Heutmaker Account	\$35,360,000.00	\$10,000.00
Viverant Account	\$21,407,100.00	\$ -
Optix Account	\$14,211,000.00	\$10,000.00
TOTAL	\$134,414,100.00	\$20,000.00

46. Furthermore, Auditor Scotellaro informs me that the BOA Optix Account received credits from MANN's other BOA Accounts totaling over \$40 million, with debits to his other BOA Accounts totaling in excess of \$123 million during the month of August 2019, as further detailed below:

Bank of America Account Name	BOA Optix Account	
	Debit	Credit
ValueWise Account	\$54,836,002.00	\$ -
Heutmaker Account	\$47,191,100.00	\$14,458,000.00
Viverant Account	\$21,698,000.00	\$14,092,000.00
PSG Account	\$10,000.00	\$14,211,000.00
TOTAL	\$123,735,102.00	\$42,761,000.00

47. Auditor Scotellaro additionally informs me that the audit revealed that MANN transferred in excess of \$9 million from the BOA Optix Account to Cachet in a series of transactions on each of the following dates, which he disguised to be from Optum August 2, August 9, August 16, and August 23, 2019. Thereafter, as MANN admitted, these funds were moved back to accounts he controlled at Pioneer and elsewhere, including the Pioneer Client Account and Pioneer Tax Account, and to pay down debt.

48. Based on my review of the aforementioned financial records, interviews with the defendant, and discussions with various witnesses, victims, and Auditor Scotellaro, Attorneys, OAG Investigators and New York State Police Investigators assigned to this investigation,

throughout the above-specified time period, the defendant utilized stolen funds from employers, employees, financial institutions, and financing companies to promote his ongoing larcenies and scheme to defraud the same.

False statements made herein are punishable as a class A Misdemeanor pursuant to Penal Law §210.45.



Mark J. Terra
Investigator
New York State Office of the Attorney General

Dated: August 25, 2020
Clifton Park, New York

