

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
Norfolk Division

UNITED STATES OF AMERICA

v.

MICHAEL LEE HADDOCK,

Defendant.

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Criminal No. 2:12cr151

Sentencing Date: March 7, 2013

POSITION OF THE UNITED STATES WITH RESPECT TO SENTENCING AND
MOTION TO GRANT DEFENDANT ADDITIONAL ONE-LEVEL DECREASE FOR
ACCEPTANCE OF RESPONSIBILITY

The United States of America, through its attorneys, Neil H. MacBride, United States Attorney, and Amy E. Cross, Special Assistant United States Attorney, hereby submits its position with respect to Defendant Michael Lee Haddock's sentencing factors. In the Presentence Investigation Report (PSR) prepared in this matter, the United States Probation Office determined the applicable Guidelines Range to be a restricted term of 240 months imprisonment, based upon an Offense Level Total of 39 and a Criminal History Category of I. In accordance with Section 6A1.2 of the Sentencing Guidelines Manual and this Court's policy regarding sentencing, the United States represents that it has reviewed the PSR and does not dispute any of the sentencing factors set forth therein nor the Guidelines range calculation.

There are three outstanding objections to the PSR. The Defendant objected to the following: (1) the weight of drugs attributed to the Defendant in calculating the advisory sentencing guidelines; (2) the two-level enhancement of the Defendant's guidelines for possessing a dangerous weapon with drugs under U.S.S.G. § 2D1.1(b)(1); and (3) the two-level enhancement of the Defendant's guidelines for maintaining a drug premises under U.S.S.G. §

2D1.1(b)(12). If any of these objections are sustained, the Defendant's advisory guideline range may be altered.

For the reasons outlined below, the United States respectfully submits that the defendant's objections should be overruled and that a term of 240 months imprisonment, which represents the restricted applicable guidelines range, would be sufficient, but not greater than necessary, to accomplish the goals of 18 U.S.C. § 3553(a).

I. Motion

The United States moves this Court, pursuant to U.S.S.G. § 3E1.1(b), to grant an additional one-level reduction in the offense level for acceptance of responsibility. The defendant assisted authorities in the investigation and prosecution of his own misconduct by timely notifying the United States of his intention to enter a plea of guilty, thereby allowing the United States to avoid preparing for trial and permitting the United States and the Court to allocate their resources efficiently.

II. Outstanding Objections

A. Enhancement for Dangerous Weapon under U.S.S.G. §2D1.1(b)(1)

U.S.S.G. §2D1.1 establishes the base level for sentencing a defendant for narcotics offenses, including violation of 18 U.S.C. §§ 841 and 846, of which the Defendant has been found guilty. After a finding of the base level, certain specific offense characteristics are considered in enhancement or mitigation. One such consideration, the "weapon enhancement" under U.S.S.G. § 2D1.1(b)(1), increases the base offense level by two levels if a "dangerous weapon (including a firearm) was possessed, unless it is clearly improbable that the weapon was connected with the offense." *Commentary to U.S.S.G. §2D1.1, Application Note 11*. In determining whether this enhancement applies, the District Court must determine by a

preponderance of the evidence that the weapon was connected with drug activity or in the same course of conduct¹. *United States v. Manigan*, 592 F.3d 621, 628-629 (4th Cir. 2010).

It is well decided that a handgun, as opposed to a rifle or other long gun, is a drug dealer's weapon of choice, due to its ability to be concealed and its deadly force if needed. *Mangin*, *supra* at 629. The purpose for a firearm in close proximity to where narcotics are prepared for distribution is for protection of the product or the dealer. This is not a new concept. As the Fourth Circuit adopted in *United States v. Mangin*, "'so long as a firearm's location makes it readily available to protect either the participants themselves during the commission of the illegal activity or the drugs and cash involved in the drug business, there will be sufficient evidence to connect the weapon to the offense conduct.'" 529 F.3d at 629, *citing United States v. Corcimiglia*, 967 F.2d 724, 727 (1st Cir. 1992). In addition, the Fourth Circuit has held that when making a factual determination as to whether a firearm is connected to drug activities, "the fact finder is free to consider the numerous ways in which a firearm might further or advance drug trafficking. For example, a gun could provide a defense against someone trying to steal drugs or drug profits, or it might lessen the chance that a robbery would even be attempted. ... Furthermore, a firearm could help a drug trafficker defend his turf by deterring others from operating in the same area." *United States v. Lomax*, 293 F.3d 701, 706 (4th Cir. 2002).

In this case, the Defendant purchased two firearms between 2010 and 2011. On May 1, 2010, the Defendant purchased a Smith & Wesson .40 caliber handgun, Model SW40VE. On December 30, 2011, the Defendant purchased a Taurus .38 caliber revolver. *See Government's Sentencing Exhibits S-1, S-2 (redacted)*. The earliest relevant conduct date from the PSR is November 26, 2010, about seven months after the purchase of the first firearm. The

¹ To find a preponderance of the evidence, the District Court must only find "that the fact is more probable than its non-existence." *United States v. Manigan*, 592 F.3d 621, 631 (4th Cir. 2010)(internal citations and punctuation omitted).

second firearm was purchased during the conspiracy, mere weeks before the Defendant was deployed to Guam with the Military Sealift Command causing him to leave his co-conspirator wife in charge of the “business,” as the Defendant called their drug distribution. *See Government’s Sentencing Exhibit S-3 (redacted).*

These two firearms were recovered by law enforcement officers on February 15, 2012, during a consent search of the Defendant’s home on Green Street in the City of Portsmouth. PSR ¶ 7-4. While the Defendant was not present at that time, he was the owner of the guns. Further he knew about the guns and the drugs that were in the home, having left his co-conspirator/wife a cheat sheet on how to run the drug “business” during his absence. PSR ¶ 7-7, *Gov’t Exh. S-3*. When these weapons were recovered, the Smith & Wesson was fully loaded with fourteen rounds in the magazine. The revolver was unloaded. The guns were in the top of a closet where the Defendant had stored the recovered analogue drugs and Methylone, a Schedule I controlled substance. PSR ¶ 7-4. *See Government’s Exhibit S-4*. The guns were readily accessible when the closet was opened and were kept in the same area of the narcotics, the drug paraphernalia, packaging materials, scales, and other indicia of distribution. Further, it was in the same room where the Defendant conducted his on-line sales of the narcotics and filled the orders.² Clearly, the drugs and the guns were in close proximity providing protection for the drugs and their dealers.

It should also be noted that in the three bedroom apartment, the bedroom used for the drug storage and packaging was next to the bedroom of their four-year old child. The United States respectfully submits that the probation officer’s two-level enhancement for the presence of a dangerous weapon was appropriate and supported by the evidence in this case.

² The United States intends to call Special Agent B.R. Lewis regarding the layout of the house, the location of the drugs, guns and other drug paraphernalia within the same.

B. Weight of Drugs Attributed to the Defendant as Relevant Conduct

On December 5, 2012, the Defendant entered a guilty plea and signed a Statement of Facts which was accepted and filed by the Court. As part of that Statement of Facts, the parties stipulated that the facts contained therein were both true and correct. These same facts were made part of the PSR prepared by the United States Probation Office. *See* PSR ¶ 7. “The Defendant imported various substances from China over the year-long conspiracy, including Methylone, 4-FA, MXE, 2C-E, 2C-I, 4-MEC, Ethylone, 2C-C, 2C-P, Butylone, AM-2233, AM-1248, 25I-NBOME, Pentylone, 4-FMA, and other synthetic drugs.” PSR ¶ 7-7. The Statement of Facts specified a low-end and high-end of amounts imported by the Defendant.³ At the low-end of the range of imported drugs, the Defendant imported the following: 7,100 grams of Methylone; 1,650 grams of 4-FMA; 2,000 grams of MXE; 50 grams of 2C-C; 150 grams of 2C-E; 250 grams of 2C-I; 50 grams of 2C-P; 5,000 grams of 4-MEC; 2,250 grams of Ethylone; 4,000 grams of Butylone; 250 grams of AM-2233; 350 grams of AM-1248; 50 grams of 25I-NBOME; 250 grams of Pentylone; 4,200 grams of 4-FA; 100 grams of UR-144; 20 grams of 4-MEO-PCP; 50 grams of 4-MEO-MIPT; 50 grams of 4-ACO-DET; 2 grams of 4-ACO-DMT; and 653 tablets of Diazepam. PSR ¶¶ 7, 11.

Using these amounts, the Defendant is attributed with 23,448.758125 kilograms of marijuana, resulting in a base offense level of 36. Even though the independent investigation of the Probation Office lead to a finding of additional amounts of drugs being distributed or

³ The amounts reflected in the Probation Office’s comparison of the drug amounts in the Statement of Facts and the drug amounts attributed to the Defendant pursuant to their independent investigation use the *low*-end of the drug amounts as opposed to the high-end estimates. *See* PSR ¶¶ 7-7, 11.

possessed with the intent to distribute during the conspiracy⁴, the base offense level was still 36. PSR ¶ 12, U.S.S.G §2D1.1(c)(2).

If the Defendant contests the amounts of drugs that he has previously agreed to be true and correct, he may not be taking full responsibility for his criminal acts. A “defendant who falsely denies, or frivolously contests, relevant conduct that the Court determines to be true, has acted in a manner inconsistent with acceptance of responsibility.” U.S.S.G. § 3E1.1, *Application Note 1(A)*. There is no allegation that the conversion of the drug amounts to marijuana for the purposes of the sentencing guidelines is inaccurate, only that the amount of drugs attributed is too high. The facts agreed to by the Defendant and the independent investigation by probation support a finding that the Defendant should be attributed with approximately 23,448 kilograms of marijuana, at a minimum, which would give him a base offense level of 36.

Further, it should be noted that the “probation officer relies on emails sent by the defendant and his wife, supplied by the Government, to obtain the amount of drugs attributed to the defendant.” PSR *Unresolved Objections – By Defense*, See A-1,A-2. As explained in the Statement of Facts and restated in the PSR, “HR-BEST’s investigation recovered email correspondence from the Chinese laboratory used by HADDOCK.” PSR ¶ 7-9. It is clear that the calculation of drugs ordered and distributed (or possessed with the intent to distribute) by the Defendant was using email information from *one* Chinese laboratory and the Defendant’s gmail accounts. From the Defendant’s “TIPS, TRICKS, AND TIDBITS FROM YOUR HUSBAND: “MR. MIKE,” it is apparent that the Defendant used *three* Chinese laboratories as of February 15, 2012 and had used at least one other laboratory during the conspiracy. It could be argued that the orders reflected were a portion of the drugs that the Defendant ordered and conspired to distribute during the conspiracy. The Defendant was given a benefit of not having the remaining

⁴ Probation’s independent investigation attributed 26,778.758125 kilograms of marijuana to the Defendant.

laboratory orders fully investigated and attributed to him by way of his plea and acceptance of responsibility in this case. The calculations by the Probation Office, whether based on their independent investigation or the minimum drug amounts agreed upon by the Defendant at the time of his guilty plea, render the same base offense level of 36. As such, the United States respectfully requests that the Court make a factual finding that the drug amounts, as stated in the PSR and its attached Sentencing Guidelines, are accurate and represent the correct offense base level.

C. Enhancement for Maintaining a Drug Premises

The Defendant objects to the two-point (2) enhancement under Section 2D1.1(b)(12) for maintaining a premises for the purpose of drug distribution or manufacturing. The United States agrees with Probation that the enhancement is correct. Under the *Commentary* to U.S.S.G. § 2D1.1(b)(12), the enhancement should apply if a defendant “knowingly maintains a premises (i.e. a building, room, or enclosure) for the purpose of manufacturing or distributing a controlled substance, including storage of a controlled substance for the purpose of distribution.” *See Note* 17. Further, the factors that the District Court should consider including the following: (1) whether the defendant held a possessory interest in the premises, and (B) the extent to which the defendant controlled access to, or activities at, the premises. *Id.* The manufacturing or distributing need not be the sole purpose of the location, but does need to be a primary or principal use for the premise.

In this case, Michael Haddock and his co-conspirator/wife, Michelle Haddock, lived in the three bedroom apartment on Green Street in the City of Portsmouth. Haddock used one room of the apartment to store the drugs he received, package them, and prepare them for shipping. In the same room, Haddock had the tools of his trade – his computer with internet accessibility,

hundreds of United States Postal Service shipping boxes, packaging materials, and a large Rubbermaid container with various analogue and scheduled drugs which were labeled. The room was used for Haddock to conduct his on-line business – taking orders, filling orders and placing the orders in their USPS shipping boxes for distribution.

The two-level enhancement for maintaining the residence as a drug premises for the purposes of manufacturing or redistributing should be allocated to the Defendant as proposed by Probation.

III. Background

On December 5, 2012, the Defendant entered a guilty plea pursuant to a written plea agreement to one count of Conspiracy to Distribute Analogues of Controlled Substances, in violation of 21 U.S.C. §§ 841 (a)(1) and (b)(1)(c), 846, and 813. The information also contained a forfeiture count. The Defendant was charged under a criminal information and waived his right to indictment by a federal grand jury in writing on December 5, 2012. The matter was taken under advisement and continued pending the completion of a PSR.

IV. Position on Sentencing and Argument

“[I]n imposing a sentence after *Booker*, the district court must engage in a multi-step process. First, the court must correctly determine, after making appropriate findings of fact, the applicable guideline range.” *United States v. Moreland*, 437 F.3d 424, 432 (4th Cir. 2006).

“Next, the court must ‘determine whether a sentence within that range serves the factors set forth in § 3553(a) and, if not, select a sentence [within statutory limits] that does serve those factors.’”

Id. (quoting *United States v. Green*, 436 F.3d 449, 455 (4th Cir. 2006)). In making this determination,

a sentencing court must consider “the nature and circumstances of the offense and the history and characteristics of the defendant” and the need “to reflect the seriousness of the offense,” provide “just punishment,” “afford adequate deterrence,” “protect the public,” and “avoid unwarranted sentence disparities among defendants with similar records who have been found guilty of similar conduct.”

United States v. Hampton, 441 F.3d 284, 287 (4th Cir. 2006) (quoting 18 U.S.C. § 3553(a)).

The government respectfully submits that a sentence of 240 months incarceration is appropriate and reasonable in light of the Section 3553(a) factors.

A. Nature and Circumstances of the Offense

The nature and circumstances of this offense are very serious and represent a new and emerging trend in drug trafficking. No longer are narcotics available only on street corners or in clandestine hand-to-hand transactions. The new era of drug dealing has taken to the internet. The Defendant Michael Haddock capitalized on this new method of ordering drugs on-line, having them delivered, packaging them and sending them through the United States Postal Service. During the year-long conspiracy, the Defendant made \$250,000 from this new form of drug dealing. PSR ¶ 7-8.

In February 2012, special agents of the Department of Homeland Security, assigned to the Hampton Roads Border Enforcement Security Taskforce began investigating a drug trafficking organization suspected of importing, possessing and distributing Methylone, a Schedule I controlled substance, into the Hampton Roads area from China. PSR ¶ 7-1. The United States Postal Inspection Service notified HR-BEST of multiple packages originating in China being shipped to a MIKE or MICHAEL HADDOCK. On February 15, 2012, agents did an extended border search of one such package, recovering almost a kilogram of Butylone, an analogue of Methylone. PSR ¶¶ 7-1, 7-2, 7-5. The agents went to the Sampson Place address to

conduct an interview of the occupants but learned that the Defendant's parents resided at that location, not the Defendant. The Defendant was using his father William Haddock, who believed he was receiving computer parts, to receive the drug packages from China. Agents learned that the Defendant resided on Green Street in Portsmouth, Virginia and went to his home. PSR ¶¶ 7-2, 7-3, and 18.

Upon arrival, agents met the Defendant's wife and co-defendant Michelle Haddock. Mrs. Haddock immediately admitted to the conspiracy and allowed agents to search her home and car. She admitted that she knew the agents were at her home due to the packages sent to Sampson Place and she further stated that she knew that the package the officers had intercepted contained Butylone, an analogue of Methylone and MDMA. ¶¶ 7-3, and 7- FN1. During the consent search of the apartment, officers recovered a large clear plastic container containing large quantities of white powders in multiple bags, several hundred United States Postal Service shipping envelopes and boxes, two firearms (a Taurus .38 revolver and a Smith & Wesson .40 caliber handgun). The officers also recovered a parcel containing a money order from a drug customer in California that Mrs. Haddock had just picked up. PSR ¶ 7-4.

The Defendant and his wife began selling analogues in March 2011, although there are emails of orders from the lab dating back to November 2010. Initially the Defendant used websites such as www.alteredstates.com and www.euphoricknowledge.com to market synthetic drugs including Methylone, under the business name "Happy Scrappy Catnip." The drugs were labeled "not for human consumption" to prevent legal issues; however, the Defendant knew that drugs were for human use to get high. PSR ¶ 7-6. The Defendant and his wife received thirty packages from Chinese laboratories which were repackaged by them and then mailed throughout the United States. The Defendant sold Butylone, Pentylone, 5-MEO-MIPT, 4-ACO-NBOME,

25I-NBOME, MXE, 4-FA, 4-FMA, 4-MEO-PCP, AM-1248 and other synthetic drugs using two primary email addresses, hscblends@gmail.com and tropicalfishlabs@gmail.com. Payments were received via cash in mail, using Greendot, Moneybags, PaybyWeb, PayPal, and money orders. The Defendant handled all the day-to-day operations of the drug dealings generally, but allowed his wife to take over in early 2012 when he was deployed. PSR ¶¶ 7-7.

Conservatively, during the conspiracy, the Defendant distributed or possessed with intent to distribute over 27 kilograms of various synthetic drugs and over 650 non-FDA approved prescription tablets. PSR ¶¶ 7-10, 11, 12. These drugs were mailed to drug buyers throughout the United States, creating \$250,000 of revenue to the Defendant, a man who claims to have no drug dependency issues. PSR ¶¶ 7-8, 34.

B. History and Characteristics of the Defendant

This thirty-two year old defendant's history and characteristics paint a portrait of an unlikely criminal defendant. He was born and raised in Portsmouth, Virginia, to his parents William and Nancy Haddock. He enjoyed a close family relationship, suffered no physical or mental abuse, and had no exposure to illegal substances in the family home. PSR ¶26. The Defendant has no criminal history, juvenile or adult. PSR ¶¶ 20, 21.

The Defendant earned his General Educational Development Diploma in October 2011 after dropping out of his senior year of high school in 2000. PSR ¶¶ 36, 37. At the time of the offense, the Defendant was employed full-time with Military Sealift Command, a job he had maintained for approximately three years. Prior to his employment with Military Sealift Command, the Defendant had worked consistently, though changing jobs roughly every two years from 2000 to 2009. The Defendant had worked as a security guard, a deckhand, a heavy

equipment operator and a marine construction specialist, all without a high school degree. PSR ¶¶ 40-45.

In July 2006, the Defendant married his co-defendant Michelle Haddock in Virginia Beach, Virginia. They adopted their son in 2008 at the time of his birth. PSR ¶ 28. The parties were living together at their Green Street apartment at the time of the offense. Since that time, the Defendant has moved back to his parents' home on Sampson Place and his wife and child live in Norfolk with the wife's sister. PSR ¶29.

The defendant has some health concerns. In September, 2011, he had laparoscopic sleeve gastronomy, after being diagnosed with morbid obesity.⁵ PSR ¶ 30. He had been previously diagnosed with a pituitary tumor in 2007, which was treated with medication. PSR ¶31. The Defendant has been diagnosed with Depression, Alcohol Abuse and Panic Disorder as recently as December 2012. PSR ¶33.

The Defendant denied any history of substance abuse, but admitted that he started drinking alcohol approximately five times per week after the instant offense. PSR ¶34.

Overall, the Defendant appears to be the antithesis of a drug dealer. At the time of the offense, he was married, had a family, a job, suffered from no drug or alcohol dependency issues, and had never been in trouble with the law. However, his activities since November 2010 paint a very different picture – one of man who had been ordering large quantities of synthetic drugs from laboratories in China, repackaging the drugs in the bedroom next to his four-year old son's room, and mailing the drugs through the United States Postal Service to whomever paid the requested price, generating \$250,000 in profits for the Defendant and his co-defendant wife.

⁵ Other than the gastrostomy, it is unclear what other surgeries the Defendant required during the time of the conspiracy that would have caused him to undertake the distribution of narcotics to make money, especially as the earliest orders of synthetic drugs date back to November 2011, nearly a year before the surgery. See PSR ¶¶ 18, 30.

CERTIFICATE OF SERVICE

I hereby certify that on the 28th day of February, 2013, I electronically filed the foregoing with the Clerk of Court using the CM/ECF system, which will send a notification to the following:

Shannon L. Hadeed, Esquire
2101 Parks Avenue, Suite 801
Virginia Beach, Virginia 23451

I HEREBY CERTIFY that on this 28th day of February, 2013, I mailed and emailed a true and correct copy of the foregoing to the following:

Jeffrey Noll, Senior U.S. Probation Officer
1001 Omni Boulevard, Suite 300
Newport News, Virginia 23606

_____/s/_____
Amy E. Cross
Special Assistant United States Attorney
Virginia State Bar No. 45289
Attorney for the United States
United States Attorney's Office
101 West Main Street, Suite 8000
Norfolk, VA 23510
Office Number: 757-441-6331
Facsimile Number: 757-441-6689
Email: amy.cross@usdoj.gov

DEPARTMENT OF JUSTICE
BUREAU OF ALCOHOL, TOBACCO, FIREARMS AND EXPLOSIVES
NATIONAL TRACING CENTER

Phone:(800) 788-7133 Fax:(800) 578-7223

Print Date: March 30, 2012



FIREARMS TRACE SUMMARY

Trace Number: T20120069273 Request Date: March 06, 2012 Completion Date: March 07, 2012

TIM MCANDREW
PORTSMOUTH POLICE DEPT/RECORDS
711 CRAWFORD STREET
PORTSMOUTH, VA 23704-0000
PHONE: (757) 393-8605 Ext:
FAX (757) 391-3160

Badge No:
Investigation No: 2012-002032

FIREARM INFORMATION

Manufacturer: SMITH & WESSON
Model: SW40VE
Caliber: 40
Serial Number: PBT6718
Type: PISTOL
Country: UNITED STATES
Importer:
Obliterated:
Identifying Marks:
NIBIN:
Gang Name:

RECOVERY INFORMATION

Recovery Date: 02/15/2012
Time to Crime: 655 days

PORTSMOUTH, VA
Possessor:
DOB:
POB:

PURCHASER INFORMATION

Purchase Date: 05/01/2010

MICHAEL LEE HADDOCK
SAMPSON PL
PORTSMOUTH, VA

DOB: '1980
POB: PORTSMOUTH, VA UNITED STATES
Race:
Sex: Male
ID 1: VA DRIVER'S LICENSE:
ID 2: :

Contact the local ATF office for additional information.

ADMINISTRATIVE INFORMATION

DEALER INFORMATION

FFL:

SUPERIOR PAWN COMPANY

VIRGINIA BEACH, VA
Phone: ()
Ext:

Ship-To-Date: 04/29/2010

SUMMARY OF RESULTS

THIS FIREARM WAS TRACED TO A PURCHASER. THE PURCHASER WAS DERIVED FROM THE RECORDS OF A FEDERAL FIREARMS LICENSEE (FFL) WHO WAS REQUIRED TO SUBMIT THEIR ACQUISITION RECORDS FOR USED FIREARMS TO ATF UNDER THE DEMAND 2 PROGRAM. THIS FIREARM WAS PRE-OWNED AND OBTAINED FROM AN UNLICENSED INDIVIDUAL ON THE SECONDARY MARKET BY THIS FFL. THIS RESULT MAY NOT REPRESENT THE ENTIRE CHAIN OF DISTRIBUTION FOR THIS FIREARM. FOR ANY QUESTIONS, PLEASE CONTACT ATF NATIONAL TRACING CENTER, INDUSTRY RECORDS BRANCH AT 1-800-788-7133.

Additional Remarks:

The information in this report must be validated prior to use in any criminal proceedings.

EXHIBIT

Gov't S-1

Trace: T20120069273
FOR OFFICIAL USE ONLY

DEPARTMENT OF JUSTICE
BUREAU OF ALCOHOL, TOBACCO, FIREARMS AND EXPLOSIVES
NATIONAL TRACING CENTER
Phone:(800) 788-7133 Fax:(800) 578-7223



Print Date: March 30, 2012

FIREARMS TRACE SUMMARY

Trace Number: T20120069287 Request Date: March 06, 2012 Completion Date: March 07, 2012

TIM MCANDREW
PORTSMOUTH POLICE DEPT/RECORDS
711 CRAWFORD STREET
PORTSMOUTH, VA 23704-0000
PHONE: (757) 393-8605 Ext:
FAX (757) 391-3160

Badge No:
Investigation No: 2012002032

FIREARM INFORMATION

Manufacturer: TAURUS
Model: 85
Caliber: 38
Serial Number: CY57526
Type: REVOLVER
Country: BRAZIL
Importer: TAURUS INTERNATIONAL MANUFA...
Obliterated:
Identifying Marks:
NIBIN:
Gang Name:

RECOVERY INFORMATION

Recovery Date: 02/15/2012
Time to Crime: 47 days

301 GREEN ST APT 7F
PORTSMOUTH, VA 23704
Possessor:
DOB:
POB:

PURCHASER INFORMATION

Purchase Date: 12/30/2011

MICHAEL LEE HADDOCK
EFFINGHAM ST
PORTSMOUTH, VA:

DOB: 1980**POB: PORTSMOUTH, VA UNITED STATES****Race:****Sex: Male****ID 1: VA DRIVER'S LICENSE:****ID 2: SOCIAL SECURITY:**

Contact the local ATF office for additional information.

ADMINISTRATIVE INFORMATION**DEALER INFORMATION****FFL:****BOB'S GUN SHOP****NORFOLK, VA****Phone:****Ext:****Ship-To-Date: 10/14/2011****SUMMARY OF RESULTS**

THIS FIREARM WAS TRACED TO A PURCHASER. FOR ANY QUESTIONS, PLEASE CONTACT ATF NATIONAL TRACING CENTER, FIREARMS TRACING BRANCH AT 1-800-788-7133.

Additional Remarks:

PER TAURUS THE MODEL IS 85.

The information in this report must be validated prior to use in any criminal proceedings.

EXHIBIT

Gov't S-2

Trace: T20120069287
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Page 1 of 1

TIPS TRICKS AND TIDBITS FROM YOUR HUSBAND: "MR.MIKE"

Well hello baby! I hope whenever you read this it brings a smile to your face and now a frown, as much as you hate all of this its worth it, just like its worth putting up with me haha! *ducks iron*

These are just a few things that will be useful to you when deal with the business, I cant remember everything but I will try and put it in here so its as helpful as possible, I will briefly list the common passwords to accounts but I will also try and make a separate list. I will go over some common task such as dealing with a SquareUp (or "Square") charge as we have been calling them, talking about Serve (the silver card, also known as serve.com) and other common things like how to deal with the labs, Custom bulk order requests and how to deal with custom deal requests. The most important thing for you to is RELAX! Don't worry about the little things, most of the customers are just nervous that they are going to get jewed somehow, and a quick email or note on the forum(s) will smooth things over greatly.

Lets get the passwords for the most common accounts listed real quick:

- Navy federal
main account number " 83" user id: " " password: " "
this account links to everything but the business, you can send Amanda money from here, transfer funds to the business account and see all the other accounts including your personal account and that separate account that you wanted me to use.
- Navy federal –Business
main account number " 37" user id: " " password: " "
this is the "business" account, this is where all the main business transactions should be done from and all the western unions, there is a linked "savings" account that is used to send the western unions to the labs, just transfer the funds plus the 14.50 western union fee into there, unless you forget or have cash to deposit. Just remember you have to have the money in there first or you will have to have a bank agent do it for you, not a big deal but to me it was frustrating when I forgot. If you do a private custom order you will have to deposit the funds in here yourself anyway.
- Navy federal – "michelles"
main account number " 80" user id: " " password: " "
this is your personal checking account, and we have never conducted any business with it, you are welcome of course to use this as you please but this is unrelated to the business so it was just

EXHIBIT

Gov't S-3

put in to cover all the bases, I will not discuss the BOA accounts either as they are not involved in any transaction's with us.

- EMAIL: the only thing I want to discuss about email is to tell you to make sure when dealing with a "SQUARE" credit card order, to make sure you print out the customers order request before you even click on the privnote.com link, sometimes they include all the order information in the privnote, but sometimes they are dumb and only put the payment info in the privnote, if you get mixed up and ahead of yourself you will get all fucked up and will get mad, avoid the confusion and print print PRINT! I found it better to have a million copies or something, or paper everywhere- at least I have a point of reference if I don't finish something or get distracted. Also I really don't care how you manage the emails, you can use thunderbird, or you can just log in and out of the two main emails (hscblends@gmail.com and tropicalfishlabs@gmail.com) I am very sorry to have two different emails but we have a lot of old and new business that only knows us by hscblends, so to stop using that email we would loose a lot of business. I will include the current email passwords in this instruction set as well but they should already be set up for you. Please try and check them once a day, but one time in the morning and one time at night if you have time would be super great. People get crazy when they don't hear from someone in a day or two, I guess they have the right, its there money, I know most people who have ordered should just be more trusting, but we get a lot of single orders and we also deal with sketchy people, so it comes with the trade.' The program you need to click on is called Mozilla thunderbird, it should be on your desktop, but if you get all fucked up you can always just log into gmail.com. no worries.
- hscblends@gmail.com password: " " ***the in the password is a Cap.
- tropicalfishlabs@gmail.com password: " "
- Paypal account: finishfish@gmail.com password " " -this email address is also a stand alone email account used with the paypal, you are setup to take paypal payments, but leave that as a last resort. There is money in this account, I think, maybe 100 or less. Check this account on occasion to see what's going on, if anything.
- Michael.l.haddock@gmail.com ' " -this is my personal email account, I don't do any real business with it, at least not in the past several months, there are a lot of real account info and important non-RC people who contact me, like the CPA dude, people with the bank and other people that are important but not involved directly with our business, please keep this account safe and separated from any "business". Square receipt's will show up here, but you can always log into those accounts to see what's up.

PAYMENT ACCOUNTS "AKA" OUR MAIN MONEY

Pretty much how we paid is by tree main ways, Square (which is the credit card thing on your phone) Serve.com, which is like paypal as in the people can send money directly from there own personal serve accounts (which is kinda like paypal, but so far seems way more chill) and moneypacks.

I will discuss Square first, which is the most complicated, then moneypacks which is a good but very delicate way to get money and then serve, which is as easy as me eating 4 crispy crème donuts.

Square is a really cool company that allows you to process credit cards on your phone, they even have a nifty little card reader so you can swipe your customers coffee or donut orders quick and easy, now considering we don't sell donuts let alone have access to our customers physical card, its gets a bit more tricky. Because square is not stupid, they limit you on the weekly amount you can take to \$1000.00 in charges made with just credit card numbers, any charges ran past that are held for 30 days in escrow then released, basically we are in the same situation we were with those other people but we get deposits NIGHTLY vs's every few days, and I think if we do business for awhile, they will raise our limit.

To process a charge is easy, I showed you the other day, the most important thing when taking a square order is making sure when you deal with the email is that you have the order information handy or that everything is in the privnote before you print it, make sure you get everything printed out because once you close the privnote window, its gone forever, and if you screwed up you will have to ask the customer to resend it, and that could look funny, or retarded or both. Just bad karma. If the card wont process with the billing information, and you try it twice, STOP. Email the customer and let them know that the card was declined and they are welcome to provide another form of payment. Most say something like " oh geez that's weird " or "Ill get that fixed right away ill be right back" like they left there wallet in the card..yeah right, likely it was a stolen card or they are a bum, and we like neither kind of folks. If everything goes though then yay! You can type the customers email in the receipt information field on the receipt page or click " no receipt " I don't know if you get in trouble for not giving one but ive done it a bunch and I haven't had my hand slapped yet, the customers might like to know if they got charged though, lol. Pretty much after that your ready to package and ship that badboy, so lets move on to the other payment systems we have.

Moneybags:

Oh the dreaded moneybag card...ill never forget them cutting off that one card at the Alcatraz gift shop.. basically tread carefully with these guys, you really never want to load more then 2-4 a week, and I wouldn't go buck wild either, I would spend a little here and there at walmart, the gas station, try and use it to make its usage look legit. No advice other then go to moneybag.com, there is a window that says "reload a prepaid card" in that window you will type our greendot gold visa number, it starts with 4984- and you will go to another screen that will ask for the greendot moneybag card number, you

type that in, along with the zipcode of where the card was purchased (more on that in a second) and the captcha image phrase. If you did everything right and it was a valid card number, it will confirm the amount to be loaded on our card, you click confirm and bam we just got paid. Its sorta, but not super important to try and get the zipcode that the moneypack was purchased in. I don't know if greendot is tracking loading history, but it seem fishy to not know where your moneypack was purchased, of course its not illegal for your "Aunt" to be giving you money to buy little billy some cereal and cookies at walmart, but if you have a lot of aunties all over the place giving you small money 10-15 times a week, im sure you will raise some eyebrows. Other then that they are very easy to use, I don't really need to explain to you how to do it, just be careful and don't load too many, I know that having 1-3k on a card is no big deal, but if the balance gets mega huge they might freak out too. You can check the card balance by calling the 800 number on the back of the card and following the prompts. This was set up in your name, so it has all your info, so if your ever asked, you know the answers, but you should have no mega issues, if you just watch out for the things I pointed out above.

SERVE.COM

This is the easiest payment system, and unless its like a huge setup I don't see any issues, people will send you a serve.com payment, you just need to confirm they sent it via logging into serve.com, the username is: michael.l.haddock@gmail.com, password is: " " there is one other security question but you know the answer. Once you confirm the payment your good to go!

Cash and money orders and western unions:

Its pretty self explanatory, but don't mail anything until you get paid, and the only info you need to give out for a western union is first and last name, and city and state, nothing else, if they ask for a phone number or complete address they smell like bacon. Give anyone who wants to do a cash or money order payment the po box address address it to MH.

Any bulk customers need to send cash in mail in a express mailer with a sig required to the po box address or western union you the money, do not take credit cards, moneypacks or serve payments for any order over 800-900 or for something you have to order, never ever.

Bulk orders:

From time to time you will have a chance to do bulk orders, this is really a easy way to make 1000-1500 for very little work, all the price lists from the vendors is pretty much the wholesale price of the bulk product, but you can try and talk then down 100-400 dollars for a kilo and they usually cave in. always add at least 1000.00 on top of the price or the trouble and risk is not worth it. Always confirm with the lab before you tell a customer to make payment. If they refuse to send you the funds western union or

cash, politely tell them you don't like paper trails and hit the road, if they aren't a issue they will comply or beat feet. I cant tell you how much to try and make profit wise on a bulk customer, but if they seem dumb to the game then hit em high, if they come back with a remark like I can get it cheaper then drop it some, but never go below 1k in profit, or it's a waste of time. Have it shipped to big daddy or to the po box, but unless big daddy is having mail problems leave the po box alone, only ship to the house or mrs.A if you have too as a emergency, I don't want these addresses exposed. Consult your price lists and try and be super super friendly with the labs. Also if its for a really common or cheap chemical like 4-fa, 4-fma etc go with [redacted], she is the cheapest. Stick with [redacted] for bulk, he is super reliable, [redacted] chemicals is good for other stuff, and has done us right, be nice and you might be able to talk him down, but he is out source for stuff like mipt and stuff, so I don't want to piss him off either.

DEALING WITH THE LABS:

The labs can be a real headache, with the language barrier to cultural differences you can really have issues here, the main labs we deal with is [redacted], [redacted], and [redacted] chemicals. We generally do not do business with k [redacted] at [redacted] anymore, as he has become a sloppy cowboy and is being watched by customs. [redacted] is also having custom issues on the west cost, but for now all packages coming into ny isc are doing ok, this can change, so stay aware. When you talk to them about getting a new product list keep it short, try and act like me, or keep it simple, also when making deals unless it's a really common chemical, don't try and offer a really low price, chances you will not get it and you will just look crazy backpedaling with the vendor. Generally [redacted] will go the lowest, with [redacted] not budging at all and [redacted] somewhere in between. The latest lab, [redacted] has some really rare and neat chemicals, and also has pretty good English, and good packaging so id like to continue to work with him.

SAFE OR SCAM

One of the MOST important sites I use is safeorscam.com you are familiar with it, my username is: "mrmike" and the password is " [redacted] " once you log in you can search for vendors but more importantly, if you click on my blue highlighted username in the upper right of the screen you will get the list of all the vendors I know, have done business with, or know anything about, some vendors I boosted up because they were friends, or need help in getting better ratings, but many of the vendors are companies I watch or actually use, like [redacted] etc...this is how you will keep tabs on a particular lab, to see if they are having shipping issues, or are suddenly ripping people off or sending out bad chemicals. I would try and check this everyday as we are rated on there, and unlike the forums, anyone who means a shit uses safeorscam, if we have bad reviews it can bury us, so keep a eye peeled, and if needed make a post or respond to things as they come up, its important.

STAMPS.COM

You already know how to use this but the username is: "mrmike" and the password is " [redacted] "



Commonwealth of Virginia

DEPARTMENT OF FORENSIC SCIENCE

ORIGINAL

CERTIFICATE OF ANALYSIS

April 13, 2012

Eastern Laboratory
830 Southampton Avenue
Suite 400
Norfolk, VA 23510

Tel. No.: (757) 683-8327
Fax: (757) 683-8830

TO: T. MCANDREW
PORTSMOUTH POLICE DEPARTMENT
711 CRAWFORD STREET
PORTSMOUTH, VA 23704

FS Lab # T12-1553

Your Case #: 2012-002032

Victim(s): ---

Suspect(s): HADDOCK, Michelle

Evidence Submitted By: M. Atkinson

Date Received: 02/29/2012

Sealed packaging containing

Item 3	One ziplock bag containing off-white powder
Item 5	Six hundred and fifty-three blue round tablets
Item 6A	One ziplock bag containing off-white powder
Item 6B	One ziplock bag containing off-white powder
Item 6C	One ziplock bag containing off-white powder
Item 6D	One ziplock bag containing off-white powder
Item 6E	One ziplock bag containing off-white crystalline material
Item 7A	One ziplock bag containing white powder
Item 7B	One ziplock bag containing white powder
Item 7C	One ziplock bag containing white powder

Evidence Submitted By: S. Petty

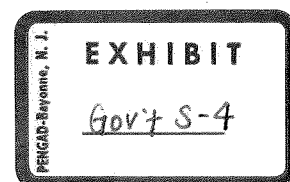
Date Received: 03/07/2012

Sealed packaging containing

Item 4	Numerous ziplock bags containing white powder, one plastic jar containing ziplock bags containing white powder and metal spoons and one plastic bag containing multiple ziplock bags containing white powder
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RESULTS:

Item 3	996.7 grams of powder, found to contain Butylone.
Item 4	Not analyzed.
Item 5	The contents of five tablets were analyzed separately and each was found to contain Diazepam (Schedule IV).
Item 6A	No controlled substances identified.
Item 6B	13.409 grams of powder, found to contain 3,4-Methylenedioxy-N-methylcathinone (Methylone).
Item 6C	No controlled substances identified.
Item 6D	0.116 gram of powder, found to contain 3,4-Methylenedioxy-N-methylcathinone (Methylone).
Item 6E	0.840 gram of powder, found to contain 4-Methylethcathinone.





Commonwealth of Virginia

DEPARTMENT OF FORENSIC SCIENCE

ORIGINAL

CERTIFICATE OF ANALYSIS

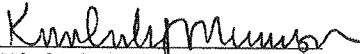
Portsmouth Police Department
FS Lab # T12-1553
Your Case # 2012-002032
April 13, 2012

Item 7A	No controlled substances identified.
Item 7B	No controlled substances identified.
Item 7C	No controlled substances identified.

The results of other requested examinations will be reported separately.

Attest:

I certify that I performed the above analysis or examination as an employee of the Department of Forensic Science and that the above is an accurate record of the results and interpretations of that analysis or examination.


Kimberly Meinweiser
Forensic Scientist

KM
AMC