DECLARATION OF MATTHEW S. EDELSTEIN
PURSUANT TO 28 U.S.C. § 1746

I, Matthew S. Edelstein, hereby make the following declaration based upon my personal knowledge:

1. I am employed as an Investigator by the Commodity Futures Trading Commission (the "Commission") in the Division of Enforcement ("the Division").

2. My primary responsibilities include conducting investigations to determine whether there have been violations of the Commodity Exchange Act and Commission Regulations. In connection with these responsibilities, I analyze bank records, documents related to trading, account opening documents, and customer records for commodity futures, commodity options, swaps, and off-exchange foreign currency accounts; trace the flow of funds through bank, commodity futures, commodity options, and foreign currency trading accounts; review corporate formation documents filed with various state and federal agencies; and, review applicable registration information for entities and individuals in the U.S. future industry, among other activities.

3. I have worked for the Commission since July 2019. Prior to joining the Commission, I held the position of Senior Trader at International Trading Group, LLC, and HC Technologies, LLC, from 2003-2018. I have a Bachelor of Arts degree in Economics from Northwestern University.

SCOPE OF INVESTIGATION

4. From December 2022 to the present, I have participated in an investigation initiated by the Division involving Rene Larralde ("Larralde"), Juan Pablo Valcarce ("Valcarce"), Brian Early ("Early"), Alisha Ann Kingrey ("Kingrey"), and Fundsz ("Fundsz").

5. I have personal knowledge of the facts set forth herein based on my participation

in the investigation, including, among other things, my review of documents obtained by the Division. During the course of the investigation, I have, among other things:

a) Obtained and reviewed account agreements, account statements and other documents associated with the trading accounts maintained by Larralde, Valcarce, and Early;

b) Obtained and reviewed registration records from the National Futures Association "(NFA") for Larralde, Valcarce, Early, Kingrey, and Fundsz;

c) Completed various internet and computer database searches for information regarding Larralde, Valcarce, Early, Kingrey, and Fundsz;

d) Reviewed the Fundsz website and other publicly available Fundsz social media content.

BACKGROUND INFORMATION

6. Rene Larralde resides in West Melbourne, Florida. Larralde has never been registered with the CFTC in any capacity. See NFA certification of no registration, attached hereto as **Exhibit 1**. Larralde has served as a member of the Fundsz Advisory Board throughout the Relevant Period.

7. Juan Pablo Valcarce resides in Melbourne, Florida. Valcarce has never been registered with the CFTC in any capacity. See NFA certification of no registration, attached hereto as **Exhibit 2**. Valcarce has served as the Chairman of the Fundsz Advisory Board throughout the Relevant Period.

8. Brian Early resides in New Orleans, Louisiana. Early has never been registered with the CFTC in any capacity. See NFA certification of no registration, attached hereto as **Exhibit 3**. Early has served as a member of the Fundsz Advisory Board throughout the Relevant

Period.

9. Alisha Ann Kingrey resides in Franklin, Arkansas. Kingrey has never been registered with the CFTC in any capacity. See NFA certification of no registration, attached hereto as **Exhibit 4**. Kingrey has served as a member of the Fundsz Advisory Board throughout the Relevant Period.

10. Fundsz is an unincorporated entity that began operation in or about October 2020. Fundsz has never been registered with the CFTC in any capacity. See NFA certification of no registration, attached hereto as **Exhibit 5**.

<u>REPRESENTATIONS AND SOLICITATIONS MADE BY LARRALDE, VALCARCE, EARLY, KINGREY, AND FUNDSZ</u>

11. Between at least October 2020 and continuing through the present ("Relevant Period"), Fundsz maintained a company website that was used to solicit investors to manage their funds, www.fundsz.com.

12. The website describes Fundsz as a "platform [that] utilizes revolutionary blockchain technology that empowers individuals, charities and organizations to raise recurring, unrestricted and sustainable income. The platform is decentralized." Just below that caption, the website states "Trusted by 14,092." See pages 1-2 of web capture of Fundsz website, attached hereto as **Exhibit 6**.

13. The website goes on to say, "Charitable donations are one way that companies, owners and individuals give back. Fundraising brings like-minded passionate people together to support and raise awareness of a common cause. Together we can help millions of people across the globe improve their finances and their quality of life!" See page 2 of **Exhibit 6**.

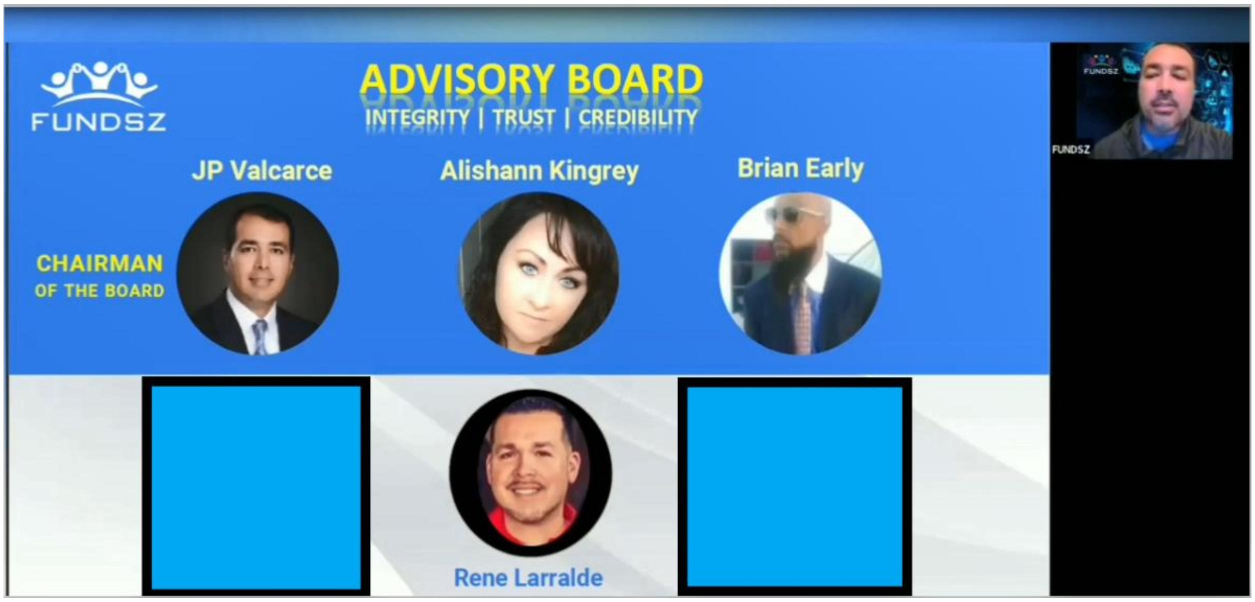
14. Visitors to the website could download a presentation containing slides with promotional material. See Fundsz presentation, attached hereto as **Exhibit 7.**

15. Page 13 of the Fundsz presentation states, "We do the work, you share the earnings:

16. Page 14 of the presentation states, "Celebrating 7 years of on time and accurate payments, thank you to our amazing community":

17. In a publicly-available promotional video presentation on November 21, 2022, titled "Fundsz – Introduction – Earnings Potential, by Chairman JP Valcarce & Brian 'Coach BE' Early," posted to the YouTube channel "Trajectory of Wealth" on November 29, 2022, Valcarce stated "I want to introduce to you the group of people behind Fundsz [that] I work with on a weekly basis," and displayed a slide with the title "Fundsz - Advisory Board," and the name and picture of Valcarce (text: "Chairman of the Board"), Kingrey, Early, and Larralde (Time 4:33 of **Exhibit 8**[1])

[1] All video exhibits and Exhibit 18 (a very large PDF document) will be sent on an encrypted flash drive to the clerk of court via overnight mail.



18. Later in the same promotional video, Valcarce stated "Let's get into how this works. What this is, so the passive component that we were mentioning earlier, we also call it staking, it's nothing else but you bringing your crypto assets or digital currency, right, that you probably have in a wallet somewhere and depositing it into your Fundsz account, you let us take care of it, we do the work, zero effort on your part, you literally make money while you sleep, and we're averaging three percent a week. Three percent a week, absolutely, you heard correctly. And we pay that every Friday." (Time 5:51 of Exhibit 8) While making this statement, Valcarce displayed the following slide:

19. Later in the same promotional video, Early (using the title "Coach BE" (Brian Early)) described the multi-level-marketing component of Fundsz, stating "When you tell your people about the staking, you're going to get 10% of whatever they put in." Early went on to say, "By telling a minimum of four people, that's when you open up the unlimited potential, once you qualify with four people at the gold level and you begin to help them do the same, and so folks it's not very hard to maximize your earning potential here in this community, because we have plenty of people making a lot of money with not very many people on their team." (Time 12:11 of **Exhibit 8**). While making this statement, Early displayed the following slide:

20. Later in the same promotional video, Early displayed a slide with a line graph and bar chart detailing the weekly return that Fundsz purports to have generated since late 2021. The chart showed weekly returns for 31 weeks, each of which was between 2.9% and 3.57%. Returns in 29 of the 31 weeks were purportedly above 3% (Time 14:06 of **Exhibit 8**):

21. Though Valcarce is labeled "Chairman of the Board" in Fundsz promotional material, as cited above, Kingrey explained in a publicly-available promotional video titled "Fundsz – How it all started," posted to the YouTube channel "Fund Your Happy Place" on February 14th, 2022, that Larralde was in fact the founder of Fundsz and that he was in control of its capital. Kingrey stated, "Rene started building Fundsz over two years ago. Rene built the program, not Rene solely – Rene is a programmer but he also hired programmers to help him build the program from the ground up…. Rene is the one who is in control of our money. Rene is an American, he lives in Florida, and that's where the company is owned and operated, out of Florida. (Time 12:27 of **Exhibit 9**)

22. In a publicly-available promotional video presentation titled "GFXTC Meets FUNDSZ," posted to the YouTube channel "Global FX Trade Club, LLC" on December 4, 2022, Valcarce stated, "We average about 3% every week, just from the passive income component. So, if you don't want to do anything at all, 3% is the minimum you're gonna make, right." (Time

1:49 of web capture of Fundsz promotional video, attached hereto as **Exhibit 10**).

23. Later in the same promotional video presentation, Valcarce stated, "The passive income component is basically where you deposit your cryptocurrency in your account and then we do the work for you, okay. We call it staking, but that's what it is, it's passive income at its best, so zero effort on your part. Literally, you make money while you sleep." (Time 3:59 of **Exhibit 10**)

24. Later in the same promotional video representation, Early made similar representations: "What Fundsz has done is it has created a liquidity, and this liquidity pool not only uses the volatility in cryptocurrency but we also use precious metals, we also use a proprietary algorithm where we've been doing profit sharing for over six years now. And in conjunction with the cryptocurrency trading and arbitrage and all of the things that go on in there…our members are able to tap into and receive on average three percent a week." (Time 7:43 of **Exhibit 10**)

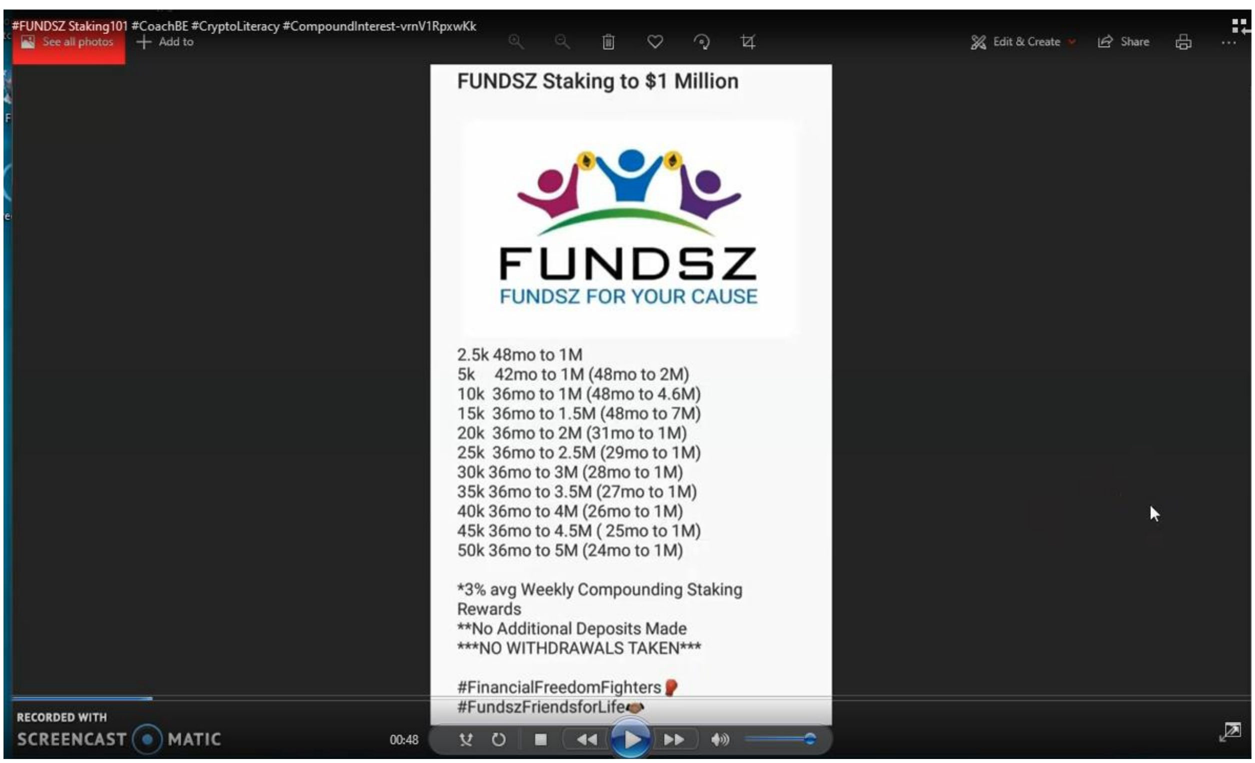
25. Early later displayed a slide which stated "Bitcoin increased 700% past 12 months!" "Ethereum increased 400% past 12 months!" and "Tron increased 1,600% past 12 months!" (Time 20:20 of **Exhibit 10**) In fact, between November 1, 2021 and October 31, 2022, the price of bitcoin had decreased 66%, the price of Ethereum had decreased 64%, and the price of Tron had decreased 37% (see historical price data from Investing.com, attached hereto as **Exhibit 11)**.

26. In a publicly-available promotional video presentation on August 3, 2022, titled "Answer to your question, how do we make our money?" posted to the YouTube channel "Fund your Happy Place," Early again explained that Fundsz operates a "pool" that trades investors' money. He stated, "So the pool is actually being traded. And so, there is a variety of different methods that are employed in that trading. And so, it's a proprietary algorithm that is put together. And so, it's actually not just trading, it's arbitrage, it's forex, it's long term, it's short term, it's a lot of different characteristics are put into this proprietary algorithm. And so, a lot of people want to know the secret to the sauce. And folks, on this video I'm letting you know right now that that's just not something we're going to give up, the secret to our sauce. It's one of the reasons we have been able to be sustainable for six plus years (Time 1:08:27 of **Exhibit 12**)

27. In a publicly-available promotional video presentation on September 9, 2022, titled "Fundsz.com – Interview with JP Valcarce the Chairman of the Board of Fundsz," posted to the YouTube channel "RLG Trading – Ryan Lomax Glover," Valcarce explained that Fundsz

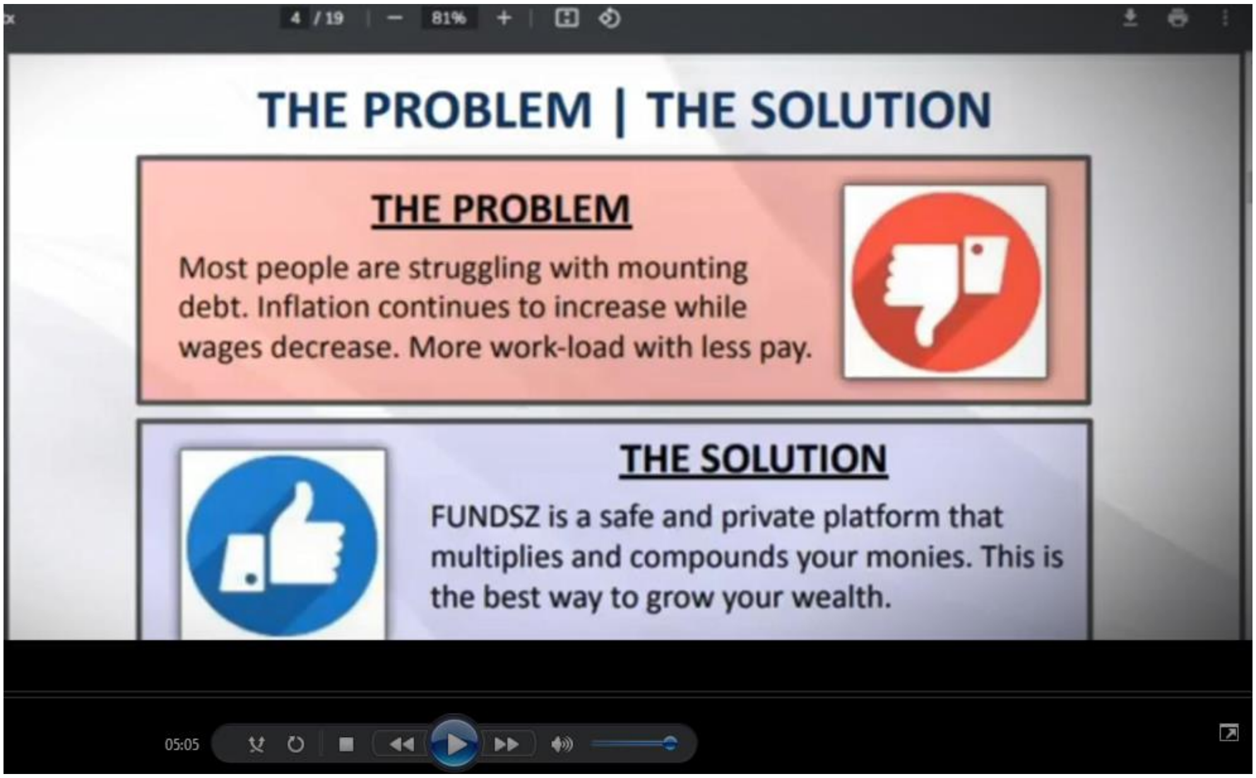
would begin instituting a new policy whereby investors could withdraw their investment after a period of 180 days, a change from the previous policy whereby investors' deposits were "vested" for 90 days. He stated, "We recently implemented a change where we made a 90-day, now 180-day vesting period for any stakes started September 1st or after." (Time 13:10 of **Exhibit 13**)

28. In a publicly-available promotional video presentation on October 25, 2021, titled "FUNDSZ Staking 101," posted to the YouTube channel "Coach BE", Early stated, "I've put together what I call the Fundsz staking to a million plan. It allows you to take a look at the different time periods and the amounts that you would be able to place at stake and work your way up to a million. While making that statement, Early displayed the following slide indicating that, for instance, $2,500 invested with Fundsz would become $1 million in only 48 months (Time 0:48 of **Exhibit 14**):



29. In a publicly-available promotional video presentation on March 24, 2022, titled "Coach A's Webinar March 16th, How to Become a Millionaire in 4 years," posted to the

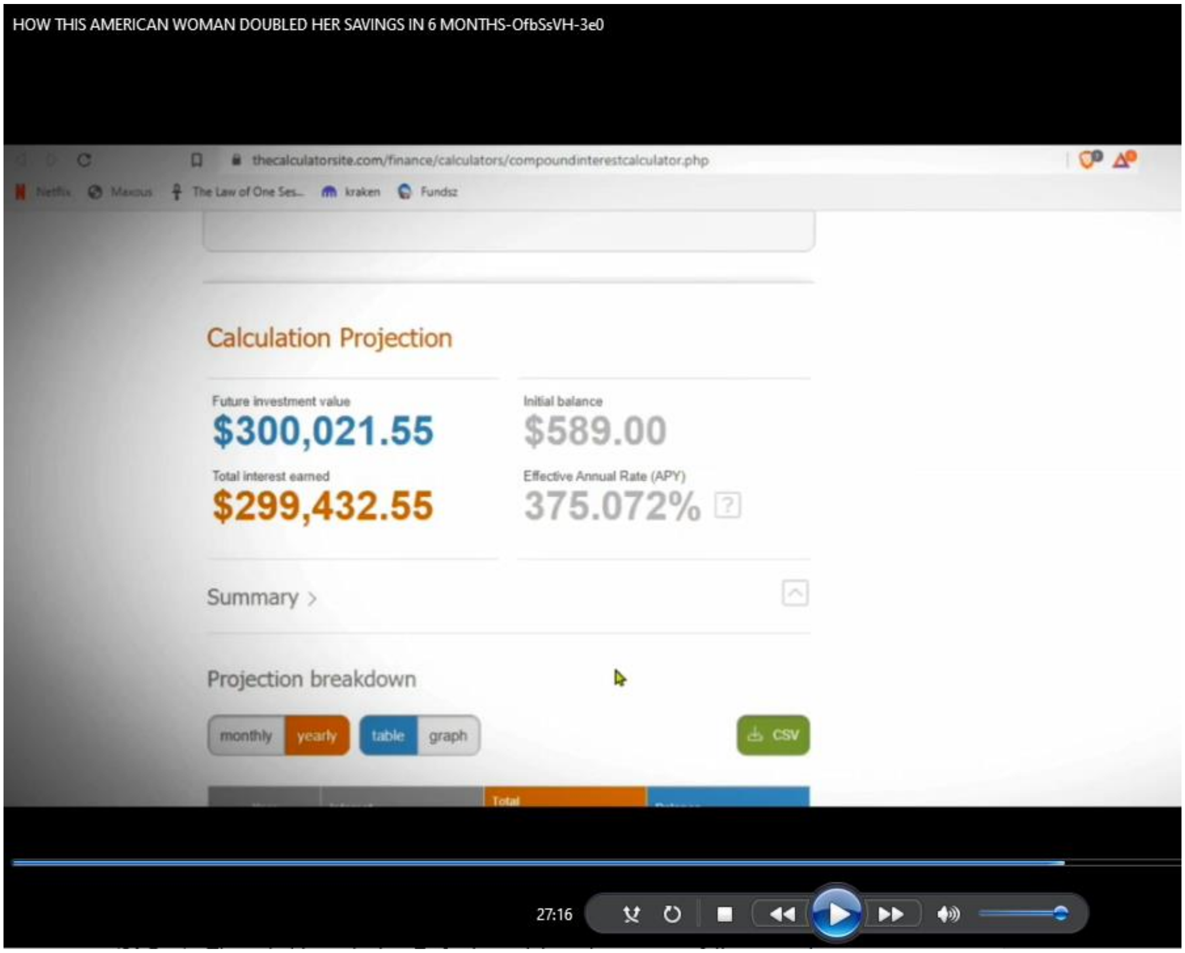
YouTube channel “Fund Your Happy Place,” Kingrey (Coach A) stated “Fundsz is a very, very safe and private platform that not only you can store your money in, but when you store your money with us it compounds every single week. There is a not a bank anywhere that can offer you what Fundsz offers you.” (Time 5:05 of **Exhibit 15**). While making that statement, Kingrey displayed the following slide:



30. In a publicly-available promotional video presentation on March 30, 2022, titled “How to Raise Funds with Fundsz,” posted to the YouTube channel Team Believers, Valcarce stated, “We come to stake, right? Stake is that we do the trading for you when you bring your crypto assets, number one, right?” (Time 21:12 of **Exhibit 16**)

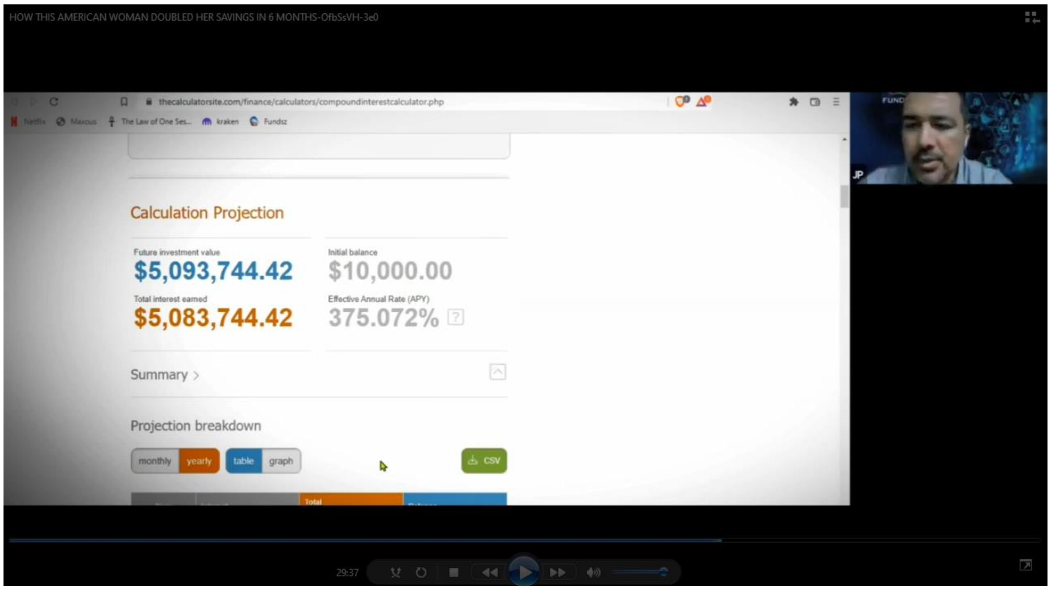
31. In a publicly-available promotional video presentation on July 26, 2022, titled “How this American Woman Doubled Her Savings in 6 Months,” posted to the YouTube channel “Fund Your Happy Place,” Kingrey used an online compound-interest calculator to show the growth of various deposit amounts using a weekly return of 3.2%. She stated, “589,

we're talking risk-free money here, approximately 3.2% earnings a week, we're young, we're patient, we want to buy a house, we have goals, we don't touch this money for four years, how much money is that! What could you do with $300,000?" (Time 27:16 of **Exhibit 17**)



32. Later in the same promotional video presentation, Valcarce stated, "This is all 100% real. I wanted to explain the 12% [monthly return], some of you might be questioning, is this legitimate, is this too good to be true? Well, it is true. The 12%, you've seen the performance reports if you have an account with Fundsz and you've started staking with us, you've seen them every month. Now, what Coach A was showing here is the power of compounding. Compounding is nothing else but earning interest on the interest and the principal, and you get there by basically not withdrawing anything, or minimizing your

withdrawing." (Time 29:30 of **Exhibit 17**) As Valcarce made this statement, Kingrey adjusted the compound interest calculator to show that an initial deposit of $10,000, when compounded weekly at 3.2%, would be worth over $5,093,744 in four years:



<u>THE "FUNDSZ OFFICIAL" TELEGRAM CHAT GROUP</u>

33. Beginning in or around January 2023, a Telegram chat group, named "Fundsz Official," was used to communicate with both existing and potential investors. Telegram is an instant messaging service that allows end-to-end encrypted chats, video calling, and file sharing, among other features.

34. Early and Kingrey frequently posted to the Fundsz Official chat group, using similar or identical marketing materials as were used in the YouTube video presentations cited above. For example, on February 6th, 2023, Early, again using the name "Coach BE," made the following post (page 110 of web capture of "Fundsz Official" Telegram chat group, attached hereto as **Exhibit 18**):

35. On June 24, 2023, Kingrey, again using the name "Coach A," made the following post, which describes the ways in which Fundsz generates income in order to "payout the 3% average weekly" (page 600 of **Exhibit 18**):

FUNDSZ OFFICIAL

CA

Coach A 17:03

How is Fundsz able to payout the 3% average weekly?

✴️Fundsz never uses more than 20% of the liquidity pool which allows consistency

✴️Fundsz does not rely solely on the cryptocurrency market due to its volatility

✴️Fundsz has developed a proprietary algorithm to participate in the crypto industry

✴️Fundsz also buys precious metals that generate income

✴️Fundsz has multiple healthy and sustainable sources of income

✴️Monthly membership fees generate a steady injection of cash

✴️Monthly Membership fees support the operational costs

✴️Automated membership fees pay most of the bonuses instantly

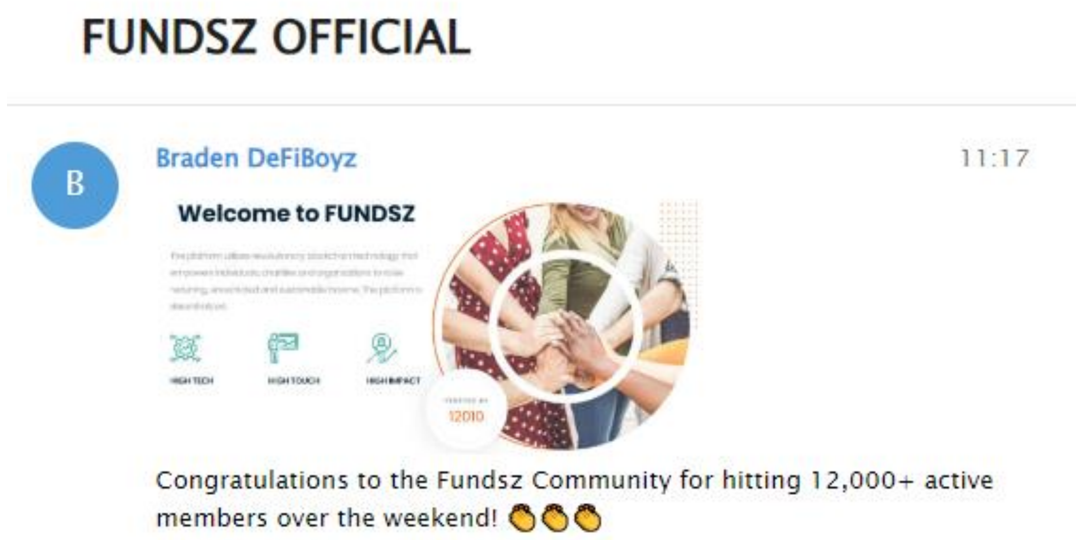
✴️Participating in Future services (upcoming technology and industries) provides income

✴️Selling Fundsz Swag and apparel in the store also generates income

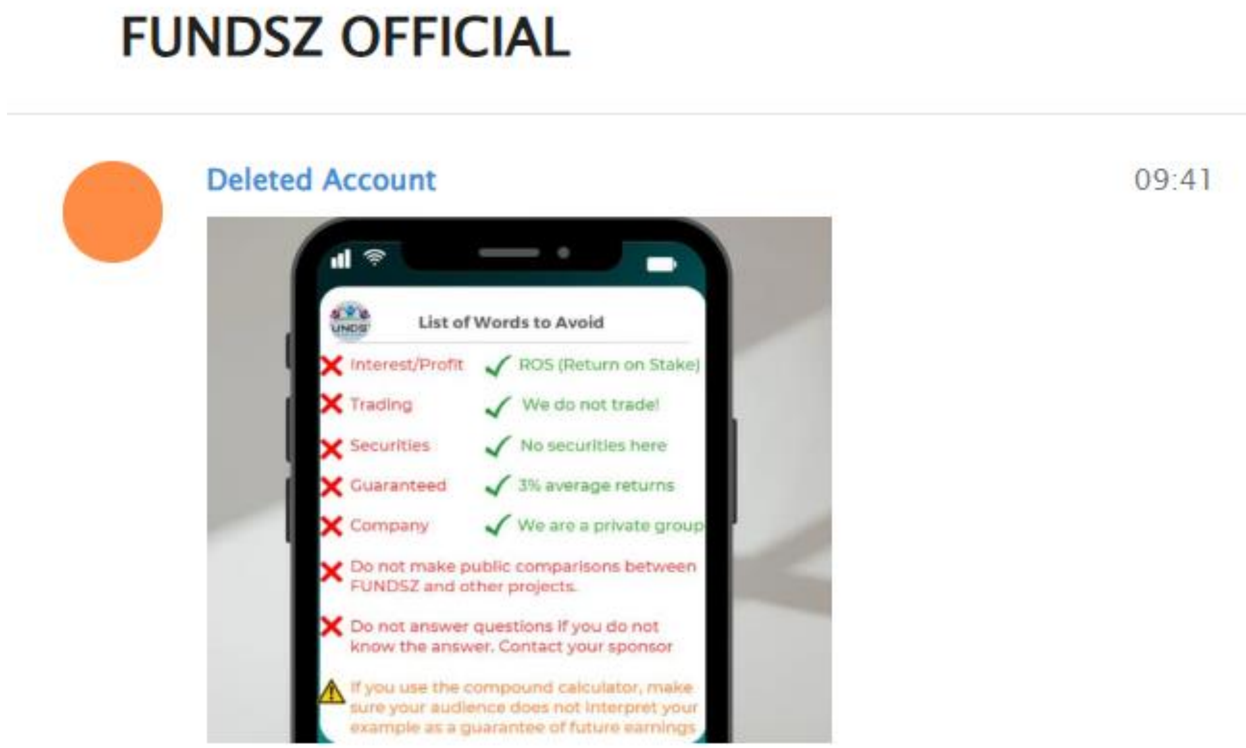
✴️The e-commerce marketplace provides 100% profit to the members that advertise

✴️All of these pieces of the proprietary algorithm provides a strong combination of the wealth building ecosystem in Fundsz!

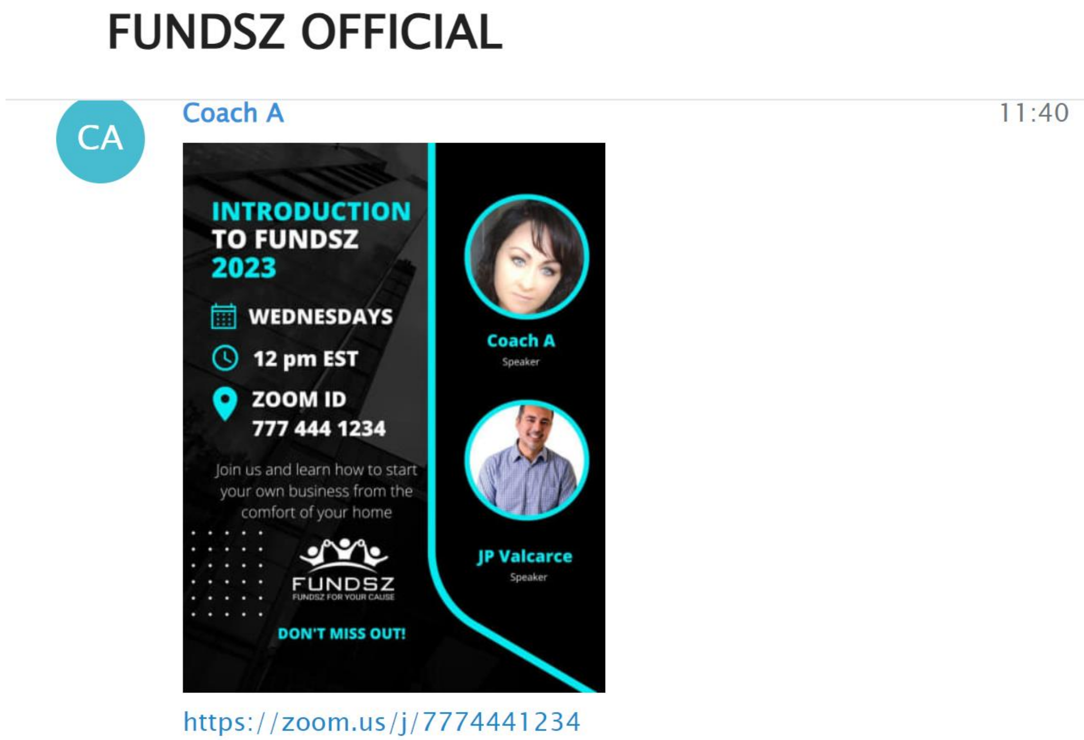
36. On May 1, 2023, a Telegram user with the name "Braden DeFiBoyz," posted a message which stated that Fundsz had in excess of 12,000 "active members," with a caption of the Fundsz.com website that included the words "Trusted by 12010" (page 405 of **Exhibit 18**):



37. At times, marketing materials were posted to the Fundsz Official chat group that contradicted representations that were repeatedly made in publicly-available video presentations posted to YouTube, as cited above. For example, on May 9, 2023, a since-deleted account made the following post, claiming that Fundsz does not trade and that the 3% return is not guaranteed (page 439 of **Exhibit 18**):



38. Early and Kingrey also used the Fundsz Official chat group to advise existing and potential investors of upcoming Zoom webinars in which they or other Fundsz representatives would present information concerning Fundsz. For example, on April 12, 2023, Kingrey, using the name "Coach A," made the following post (page 330 of **Exhibit 18**):



<u>THE CFTC SUBPOENAS</u>

39. On June 12th, 2023, the CFTC issued subpoenas to Larralde, Valcarce, Early, and Kingrey, requesting, among other things, all documents, communications, and financial records related to the operation of Fundsz. Copies of those subpoenas are attached as **Exhibit 19**.

40. On June 23, 2023, a message was posted to the Fundsz Official chat group indicating that all withdrawals from Fundsz had been halted "until we are able to address our compliance obligation" (page 596 of **Exhibit 18**):

FUNDSZ OFFICIAL

Leader 11:45

!!!!! ANNOUNCEMENT !!!!!

Dear Members,

We want to thank you for entrusting Fundsz over the years and during the pre-launch phase of the FUNDSZ platform. We ensure you all that we are committed to continuing to thrive and prosper in this ever-changing environment. Our goal has always been to keep the communication lines open and to be forthcoming with you, our members.

With that said, we would like to update you on the pending withdrawals this week, which has gone pending beyond our normal schedule. Unfortunately, there has been a lot of real time happenings at Fundsz that require our undivided attention and resources.

Therefore, effective immediately all withdrawals have been placed on hold until we are able to address our compliance obligation.

The goal is for our team to work through this expeditiously and get back to you all by mid next week.

As you know we take every matter including paying you very seriously. Rest assured our intentions are always to move forward while we must remain in compliance with our legal and regulatory obligations.

While we know this communication was not what you would have expected, but we strongly believe we must adapt in order to ensure we continue to strive as a community.

We again appreciate everyone's patience and value your trust.

FUNDSZ

41. On June 23rd, 2023, a message was posted to the Fundsz Official chat group by Kingrey, using the name "Coach A," directing Fundsz investors to remove any public YouTube videos about Fundsz (page 595 of **Exhibit 18**):

FUNDSZ OFFICIAL

23 June 2023

Coach A 07:01

First of all, watch how you talk to me. Fundsz is my Company and FUD will not be tolerated. Second, instead of complaining, be part of the solution. We are a PRIVATE MEMBER ASSOCIATION and we're supposed to be PRIVATE but ya'll still making YouTube videos that are public. Do you understand the meaning of PRIVATE?! If you're a member of Fundsz, it's your responsibility to help us out. If you find a Fundsz video and you know the person who owns it, contact them and tell them to unlist it. They're in violation of the Terms And Conditions. Tell them to contact me if they have a problem! (I'll have my spanking spoon ready) FUNDSZ IS ALL OF OUR RESPONSIBILITY!!! Stop whining and find out what you can do to help!

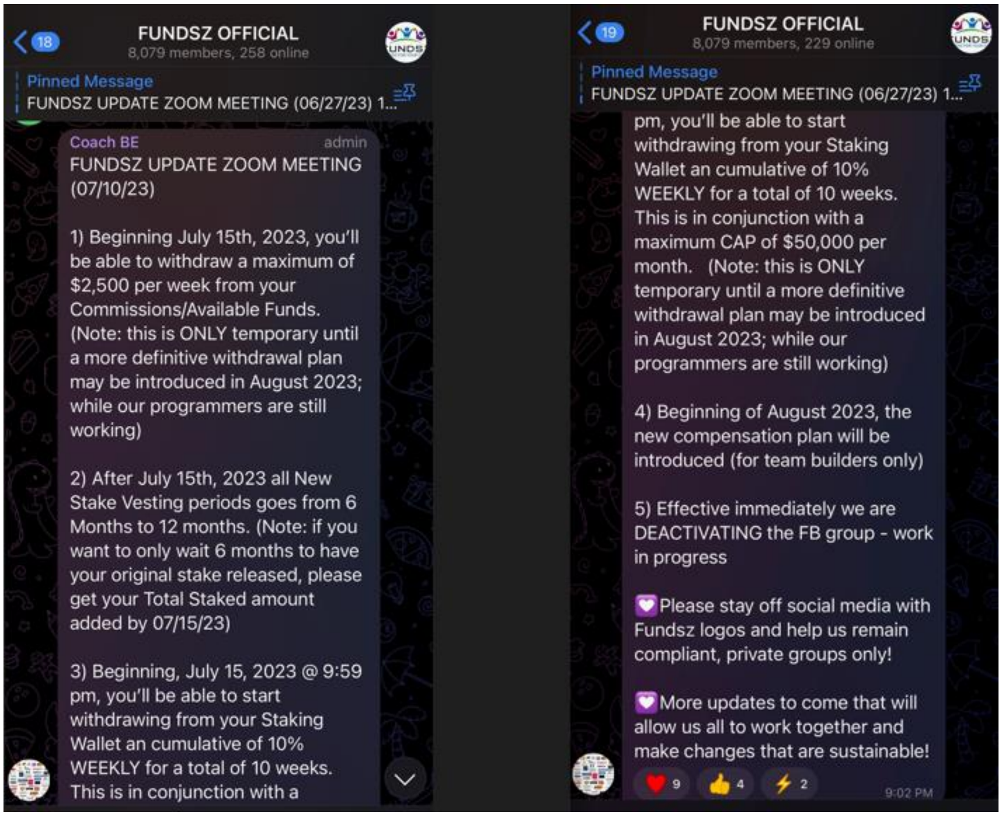
42. On June 23, 2023, a message was posted to the Fundsz Official chat group by Kingrey, using the name "Coach A," directing Fundsz investors to remove any Facebook posts with the Fundsz logo (page 595 of **Exhibit 18**):

FUNDSZ OFFICIAL

Coach A 08:19

ALL FACEBOOK POSTS WITH THE FUNDSZ LOGO HAVE TO BE DELETED IMMEDIATELY! YOU ARE IN DIRECT VIOLATION OF THE TERMS AND CONDITIONS!!!

43. On July 10, 2023, Early, using the username "Coach BE," posted a message to the Fundsz Official chat group which detailed a series of restrictions that would be placed on investors' ability to withdraw their money beginning July 15th, 2023, including an increase in the "vesting" period from six months to twelve months. The message also indicated that Fundsz would be deactivating its Facebook page, effective immediately (pages 626-627 of **Exhibit 18**):



44. As of July 13, 2023, only Valcarce, through his counsel, has responded to the CFTC subpoena. Valcarce's response is attached as **Exhibit 20**.

45. The CFTC subpoena requested, among other things, statements relating to any trading accounts held by or under the control of each individual respondent and/or Fundsz. Valcarce responded "None" to that request (page 4 of **Exhibit 20**). The CFTC subpoena also requested documents for each account at a digital asset exchange held or used by Fundsz, holding Fundsz funds or holding funds belonging to Fundsz customers. Valcarce also responded "None" to that request. (page 3 of **Exhibit 20.)**

<u>TRADING ACCOUNTS – DIGITAL ASSETS</u>

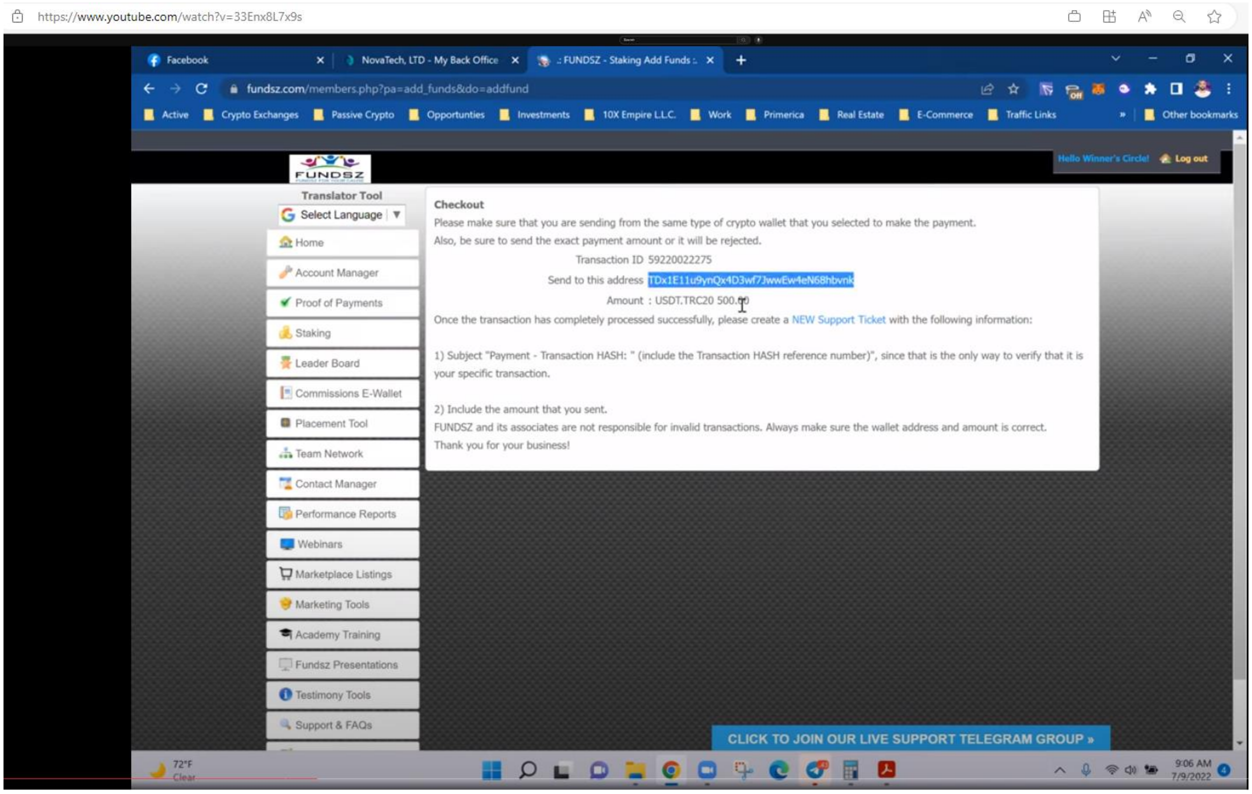
46. In January 2023, the Division sent a subpoena to Binance Holdings Limited ("Binance"), a digital asset trading platform, seeking information related to any digital asset

trading accounts in the name of, and/or controlled by Defendants.

47. Based on Binance's response to the aforementioned subpoena, in August 2021 Larralde opened a trading account in his own name at Binance (the "Binance #9500 Account"). See account opening documentation, attached hereto as **Exhibit 21**.

48. Binance produced detailed transaction records for the Binance #9500 Account. Based on my review of the transaction records, between approximately September 21, 2022 and October 5, 2022, the Binance #9500 Account received 5 deposits of a digital asset commodity, USDT-TRON (a "stable coin" that is pegged 1:1 to the US Dollar), valued at $71,974 from a digital asset wallet with the address TDx1E11u9ynQx4D3wf7JwwEw4eN68hbvnk (the "TDx1E Address").

49. The TDx1E Address is used by Fundsz to receive investor deposits. In a publicly available YouTube video titled "*FUNDSZ* How to Make a Deposit," posted to the YouTube channel "Jackson Armstrong (KryptoKingJack)" on July 9, 2022, a Fundsz investor logged into his Fundsz account on the Fundsz website and walked through the steps involved in making a deposit with Fundsz. During the "Checkout" step, the Fundsz website directed the investor to send USDT-TRON to the TDx1E Address (Time 1:20 of **Exhibit 22**):



50. Between approximately September 21, 2022 and October 5, 2022, the Binance #9500 Account made 6 trades that resulted in the conversion of approximately $90,254 USDT-TRON into US Dollars. Between approximately September 21, 2022 and October 5, 2022, the Binance #9500 Account made 8 transfers of US Dollars totaling $79,865 to an account at Bank of America in the name of Larralde.

51. On October 6, 2022, Binance informed Larralde that his account would be closed due to a violation of Binance's terms of service. See account closing message, attached hereto as **Exhibit 23**.

52. On a live webinar presentation on July 20, 2023, during a discussion of pending participant requests to withdraw funds, Early stated: "We've gone up to 3,000 pending withdrawals that are currently in the system. All right? So what that means folks is if all the withdrawals were being paid out, there wouldn't be any money left for the people that are not

making withdrawals, not trying to run away from the platform. And so that's why we stopped withdrawals in the first place, to be able to protect everybody's money." (Time 0:08 of **Exhibit 24**) Early went on to say "in order for us to maintain stability in the business, we've got to get back to work." (Time 1:24 of **Exhibit 24**)

On this 21st day of July 2023, in Chicago, IL I declare under the penalty of perjury that the foregoing is true and correct to the best of my knowledge.

Matthew S. Edelstein

Matthew S. Edelstein
Investigator