

SUPERIOR COURT OF CALIFORNIA
COUNTY OF SANTA CLARA
HALL OF JUSTICE

COMPLAINT FOR ARREST WARRANT(S)
BENNIE LEONARD BROWN ECZ257
GAYANE BARAN ECZ256
OLEXANDR FILIPPOV ECZ255
MYKHAILO MALENKOV ECZ254

THE PEOPLE OF THE STATE OF CALIFORNIA,
Plaintiff,

vs.

MYKHAILO MALENKOV (10/17/1987),
128 CANNES CT FAIRFIELD CA 94534
OLEXANDR FILIPPOV (12/29/1983),
128 CANNES CT FAIRFIELD CA 94534
GAYANE BARAN (07/05/1990),
137 LA CROSSE MORGAN HILL CA 95037
BENNIE LEONARD BROWN (12/03/1948),
4343 TERRABELLA PLACE OAKLAND CA 94619

Defendant(s).

C1495473

FELONY COMPLAINT

DA NO: 141025173

CEN

MM WARR
OF WARR
GB WARR
BLB WARR

(ENDORSED)
FILED
OCT 21 2014

DAVID H. YAMASAKI
Chief Executive Officer/Clerk
Superior Court of CA County of Santa Clara
BY: DEPUTY

The undersigned is informed and believes that:

COUNT 1

On or about and between January 8, 2013 and October 10, 2013, in the County of Santa Clara, State of California, the crime of UNLAWFUL PRACTICE OF MEDICINE, in violation of Business & Professions Code, Section 2052(a), a Felony, was committed by **MYKHAILO MALENKOV**, who did practice or attempt to practice, or who did advertise or hold himself out as practicing, any system or mode of treating the sick or afflicted in the State of California, without having a valid, unrevoked, or unsuspended certificate under this chapter and authority to perform the act pursuant to a certificate obtained in accordance with another provision of law.

COUNT 2

On or about and between January 8, 2013 and October 10, 2013, in the County of Santa Clara, State of California, the crime of UNLAWFUL PRACTICE OF MEDICINE, in violation of Business & Professions Code, Section 2052(a), a Felony, was committed by **OLEXANDR FILIPPOV**, who did practice or attempt to practice, or who did advertise or hold himself out as practicing, any system or mode of treating the sick or afflicted in the State of California, without having a valid, unrevoked, or

unsuspended certificate under this chapter and authority to perform the act pursuant to a certificate obtained in accordance with another provision of law.

COUNT 3

On or about and between January 8, 2013 and October 10, 2013, in the County of Santa Clara, State of California, the crime of AIDING AND ABETTING THE UNLAWFUL PRACTICE OF MEDICINE, in violation of Business & Professions Code, Section 2052(b), a Felony, was committed by **GAYANE BARAN**, who did aid and abet another, **MYKHAILO MALENKOV**, in the practice or attempt to practice, advertising, or holding himself out as practicing, any system or mode of treating the sick or afflicted in the State of California, without having a valid, unrevoked, or unsuspended certificate under this chapter and authority to perform the act pursuant to a certificate obtained in accordance with another provision of law.

COUNT 4

On or about and between January 8, 2013 and October 10, 2013, in the County of Santa Clara, State of California, the crime of AIDING AND ABETTING THE UNLAWFUL PRACTICE OF MEDICINE, in violation of Business & Professions Code, Section 2052(b), a Felony, was committed by **BENNIE BROWN**, who did aid and abet another, **MYKHAILO MALENKOV**, in the practice or attempt to practice, advertising, or holding himself out as practicing, any system or mode of treating the sick or afflicted in the State of California, without having a valid, unrevoked, or unsuspended certificate under this chapter and authority to perform the act pursuant to a certificate obtained in accordance with another provision of law.

Any defendant, including a juvenile, who is convicted of and pleads guilty and no contest to any felony offense, including any attempt to commit the offense, charged in this complaint or information is required to provide buccal swab samples, right thumbprints and a full palm print impression of each hand, and any blood specimens or other biological samples required pursuant to the DNA and Forensic Identification Database and Data Bank Act of 1998 and Penal Code section 296, et seq.

Further, attached and incorporated by reference are official reports and documents of a law enforcement agency which the complainant believes establish probable cause for the arrest of defendant

MYKHAILO MALENKOV, for the above-listed crimes. Wherefore, A WARRANT OF ARREST IS REQUESTED.

Further, attached and incorporated by reference are official reports and documents of a law enforcement agency which the complainant believes establish probable cause for the arrest of defendant OLEXANDR FILIPPOV, for the above-listed crimes. Wherefore, A WARRANT OF ARREST IS REQUESTED.

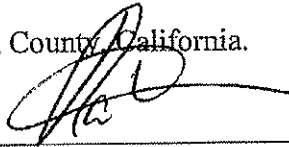
Further, attached and incorporated by reference are official reports and documents of a law enforcement agency which the complainant believes establish probable cause for the arrest of defendant GAYANE BARAN, for the above-listed crimes. Wherefore, A WARRANT OF ARREST IS REQUESTED.

Further, attached and incorporated by reference are official reports and documents of a law enforcement agency which the complainant believes establish probable cause for the arrest of defendant BENNIE LEONARD BROWN, for the above-listed crimes. Wherefore, A WARRANT OF ARREST IS REQUESTED.

Complainant therefore requests that the defendant(s) be dealt with according to law.

I certify under penalty of perjury that the above is true and correct.

Executed on October 16, 2014, in SANTA CLARA County, California.



Hughes 414
(Hughes 414)
MBCEP 032013231172
CHEN/ D418/ FELONY/ MS

Cash or Bond \$ _____

Date: _____

JUDGE OF THE SUPERIOR COURT

Warrant Received for Service by:

on _____

**MEDICAL BOARD OF CALIFORNIA
ENFORCEMENT PROGRAM**

San José District Office

1735 Technology Drive, Suite 800
San Jose, CA 95110
(408) 437-3680

INVESTIGATION REPORT

Case No: 03-2013-231172
Priority/Complex:
Investigator: Hughes #414

SUSPECT #1:

Name: MALENKOV, Mykhallo

Aliases: Malenkov, Michael
Majlehkob, Mykhaylo

Residence Address: 128 Cannes Court
Fairfield, CA

Residence Phone:
Cellular Phone: (858) 412-9795
Email:

Business Name: Legal Aid, LLC ("Owner")
Dba THC Medical
36 S. First Street
San Jose, CA 95113

THC Doctor (co-owner)
Dba THC Medical
36 South First Street
San Jose, CA 95113

Description: Male white, 6-0 140 Bm Bm
Date of Birth: 10/17/87

CDL:
CI/FBI:
SSN: 213-79-9614

COURT COPY

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SUSPECT #2

Name: FILIPPOV, Olexandr
Aliases: FILIPPOV, Alexander
Residence Address: 128 Cannes Court
Fairfield, CA
Business Name: Legal Aid, LLC (Manager)
Db a THC Medical
Business Address: 36 S. First Street
San Jose, CA 95113
THC Doctor (co-owner)
36 S. First Street
San Jose, CA 95113
THC Medical
Description: Male, 6' 130 Brn Blu
Date of Birth: 12/29/83
CDL:
SSN#: 619-49-1313

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SUSPECT #3

Name: KOSTIKOV, Sergey

Aliases:

Residence Address: 2874 Calle Rancho VIS
Encinitas, CA 92024

Business Name: Legal Aid, LLC (member)
Dba THC Medical

Business Address: 36 S. First Street
San Jose, CA 95113

THC Doctor (co-owner)
36 S. First Street
San Jose, CA 95113

Description: Male

Date of Birth:

CDL:

CII/FBI:

SSN:

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SUSPECT #4

Name: KARAPETYAN, Gayane;
Aliases: BARAN, Gayane
KARA, Diana

Residence Address: 137 La Crosse Drive
Morgan Hill, CA 95037

Business Name: Legal Aid, LLC (employee)
36 S. First Street
San Jose, CA 95113

Description: Female 5-5 135 Brn Brn.
Date of Birth: 7/5/90
CDL: D9086200

CII/FBI:
SSN:

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SUSPECT #5:

Name: BROWN, Bennie L. MD

Residence Address: 4343 Terrabella Place
Oakland, CA 94619

Business Name: THC Medical (employee)
36 S. First Street
San Jose, CA 95113

Legal Aid, LLC (employee)
Db a THC Doctor
36 S. First Street
San Jose, CA 95113

Description: Male 5-9 170 GRY BRN
Date of Birth: 12/3/48
GDL: R0898757
CII/FBI:
SSN:

Profession: Physician and Surgeon

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Charges

As to MALENKOV:

<u>Business & Professions Code, Section 2052(a)</u>	Unlawful Practice of Medicine (a felony)
<u>Penal Code, Section 186.2</u>	Criminal Profiteering (a felony)
<u>Penal Code, Section 182</u>	Criminal Conspiracy (a felony)
<u>Penal Code, Section 653f</u>	Criminal Solicitation (a felony)
<u>Labor Code, Section 3700.5</u>	Failure to Provide Worker's Comp Coverage (misd)
<u>Penal Code, Section 470(a)</u>	Possession of a forged CA Driver's License (a felony)

As to KOSTIKOV:

<u>Business & Professions Code, Section 2052(b)</u>	Unlawful Practice of Medicine (a felony)
<u>Penal Code, Section 186.2</u>	Criminal Profiteering (a felony)
<u>Penal Code, Section 182</u>	Criminal Conspiracy (a felony)
<u>Labor Code, Section 3700.5</u> (misdemeanor)	Failure to Provide Worker's Comp Coverage

As to FILIPPOV:

<u>Business & Professions Code, Section 2052(b)</u>	Unlawful Practice of Medicine (a felony)
<u>Penal Code, Section 186.2</u>	Criminal Profiteering (a felony)
<u>Penal Code, Section 182</u>	Criminal Conspiracy (a felony)
<u>Labor Code, Section 3700.5</u> (misdemeanor)	Failure to Provide Worker's Comp Coverage

As to KARAPETYON

<u>Business & Professions Code, Section 2052(b)</u>	Aiding and abetting another in the Unlawful Practice of Medicine (a felony)
<u>Penal Code, Section 182</u>	Criminal Conspiracy (a felony)
<u>Penal Code, Section 148</u>	Interfering with a police investigation
<u>Penal Code, Section 135</u>	Destruction of Evidence

As to BROWN:

<u>Business & Professions Code, Section 2052(b)</u>	Aiding and abetting another in the Unlawful Practice of Medicine (a felony)
<u>Penal Code, Section 186.2</u>	Criminal Profiteering (a felony)
<u>Penal Code, Section 182</u>	Criminal Conspiracy (a felony)
<u>Labor Code, Section 3700.5</u> (misdemeanor)	Failure to Provide Worker's Comp Coverage

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Case Synopsis

On 4/3/13, the Central Complaint Unit ["CCU"] received a complaint from the Complainant, Parvin D. Syal, MD, stating that the owner of THC Doctor at 36 S. First Street was a non-physician providing marijuana evaluation services (**ATTACHMENT #1**). He reported that the owner of the clinic was Mykhailo Malenkov [hereafter "MALENKOV"], and that the company advertises using persons walking around the neighborhood with billboards and giving kickbacks to those using its services.

An undercover operation was conducted, and it was determined that the purported "owner" of the facility was a licensed physician named Bennie Brown [hereafter "BROWN"]. A check with the City of San Jose confirmed that the City had BROWN listed as the owner of THC Medical at 36 S. First Street. Other certificates observed on the premises during the undercover operation and afterwards all showed BROWN as the owner. Although the facility was named THC Medical, a sign inside the premises, and a billboard outside, used the name, THC Doctor.

On 7/23/13, we went into the facility and met with SUSPECT BROWN. SUSPECT BROWN at first denied knowing the subject. When I told him we knew SUSPECT MALENKOV had some "connection" with his business, SUSPECT BROWN stated that SUSPECT MALENKOV was a "consultant" who handled the advertising and obtained the brochures for his practice. When I suggested that he would have cancelled checks paid to SUSPECT MALENKOV, the doctor finally admitted that SUSPECT MALENKOV and MALENKOV's business, Legal Aid, LLC, doing business as THC Doctor based in Southern California, had set him up in practice, paid his expenses, and paid him cash for the work he performed. We also confirmed that THC Doctor is a "cash only" business which maintains no records of cash receipts. The cash is picked up twice a month by SUSPECT MALENKOV.

Further investigation revealed that Legal Aid, LLC was based at 2500 Perdido Lane, Los Angeles, in a home owned by Keith Corneliuson ["CORNELIUSON"]. According to EDD, THC Doctors (different from THC Medical) was also based at 2500 Perdido Lane, Los Angeles. SUSPECT MALENKOV is the agent for service of process for Legal Aid, LLC. The investigation also revealed that, during the course of this investigation, MALENKOV moved from La Jolla to Fairfield, California, and that two other individuals were members of Legal Aid, LLC (SUSPECTS FILIPPOV and KOSTIKOV). A search warrant was obtained, and executed at MALENKOV's residence, BROWN's residence, the Perdido address in Los Angeles, and 36 S. First Street, San Jose.

The physical evidence seized at these locations proves that MALENKOV is a non-citizen who is in the United States on a visa. He is a citizen of the Ukraine. In 2012, MALENKOV, FILIPPOV and KOSTIKOV [hereafter collective referred to as the "Primary Suspects"], developed the idea to open medical marijuana evaluation clinics, and staff the clinics with licensed physicians. Initially, they planned to set up a corporation for that purpose. In reviewing materials located on a recovered flash drive, it appeared they adopted the business model developed by a competitor, Oakland 420 Evaluations.

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Legal Aid reported to EDD that it hired Elina Lelashvili. During the search, we found three payroll stubs in her name issued by PSEvaluations Medical Group, Inc. ["PSE"]. PSE is the corporate owner of San Jose 420 Evaluations, and is the complainant in the MELANKOV case. It is also the owner of Oakland 420 Evaluations. In reviewing LexisNexis, Elina Lelashvili is a known associate of FILIPPOV.

On 12/6/12, the three Primary Suspects formed an LLC in California called "Legal Aid, LLC". The Primary Suspects recorded a Fictitious Business Name Statement under the trade name THC Doctor. Although BROWN had received a Fictitious Name Permit from the Medical Board in the name THC Medical, the facility at 36 S. First Street, San Jose, was conducted under the trade name THC Doctors, a dba of Legal Aid, LLC.

SUSPECT BROWN's Daily Planner revealed that his first meeting with Legal Aid was on 1/8/13, with several meetings which followed. One of the meetings took place on 1/24/13. BROWN's notes from that meeting identify "Michael, Sergei, Alex" as attending. They had him enter into a Management Services Agreement, wherein BROWN was required to obtain a Fictitious Name Permit from the Medical Board. The original was found at MALENKOV's residence. The hours of operation, fees charged to customers, and BROWN's salary were set by Legal Aid. The Primary Suspects used the names Legal Aid, LLC and THC Doctors (not to be confused with THC Medical) interchangeably. Legal Aid's bank account was personally guaranteed by the three Primary Suspects. The fee to obtain the Fictitious Name Permit from the Medical Board for THC Medical was paid by MALENKOV, and Legal Aid paid the business taxes due from the San Jose facility. On 2/6/13, the San Jose facility was leased by Legal Aid and the lease agreement was signed by each of the three Primary Suspects (but not BROWN). The employees were hired and paid by Legal Aid, dba THC Doctors. Legal Aid paid for the supplies used by San Jose, the advertising, the furnishings, the phone, the ADT Security system, and the patient parking (often with cash).

Noteworthy is the 3/4/13 entry in BROWN's Daily Planner: "Start Legal Aid, LLC." In BROWN's handwriting, he refers to the business as Legal Aid, not a clinic under his name, and not a clinic under the THC Medical moniker.

On 7/5/13, MALENKOV and FILLIPPOV submitted a joint Application to Rent a facility located at 5134 Lakeshore Drive, Fairfield, a residence in the Green Valley district. In this document, MALENKOV reported an income of \$10,000 per month as the owner of Legal Aid, and FILLIPOV reported an income of \$5,500 per month as the manager. MALENKOV also reports that he has an account at the Union Bank in Switzerland.

Investigation Narrative

This case was assigned to me on 4/23/13. The Complaint to CCU was reviewed and is attached (ATTACHMENT #1). Also attached was a copy of what appears to be a photograph of a flyer which contains the following phrases:

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1. "THC Doctor"
2. "Real MD physician & surgeon practicing since 1975 UCSF Medical School Graduate"
3. "Medical Cannabis Evaluation"
4. "THCDocor.org" (ATTACHMENT #2)

On 4/24/13, I ran the SUSPECT MALENKOV through the Consumer Affairs System and Lexis Nexis. I found no local record of a Mykhailo Malenkov. However, I located a person with the same name with addresses in Southern California. I also checked on line, and found on-line advertising at that address for the "THC Doctor."

On 6/6/13, I spoke with the Complainant, Dr. Syal. He is based in Los Angeles, and it was his office manager who reported the unlicensed practice to him. I asked him to have the manager contact me to verify the activity is still occurring, and to get a better copy of the advertisement.

On 7/3/13, I contacted Julie Brown at the Board of Psychology and determined that MALENKOV was not a licensed psychologist in California. I also checked our database and determined that MALENKOV was not a licensed physician in California.

On 7/17/13, I checked with the California secretary of state and found no listings for a corporation or limited liability company under the name THC Doctor or Real MD. I checked in Consumer Affairs System ["CAS"], and found no such listing.

On 7/17/13, Investigator Sundt, Supervising Investigator Sandoval and I went to 36 S. First Street to conduct an undercover operation. Investigator Sundt went into the facility, and after several minutes, met with SUSPECT BROWN. There were various certificates on the wall, and she paid \$59 and received a written "Physician Statement and Recommendation" (EVIDENCE #1) verifying that the doctor "examined and evaluated" his "patient." She did not receive a receipt for the payment. Investigator Sundt entered the premises using undercover identification. She was not examined, and provided no documents for BROWN's review. She entered the premises at 1:23 p.m., and exited the premises at 2:08 p.m. She completed an abbreviated form of intake or information sheet. SUSPECT BROWN recommended that she purchase her marijuana at elementalwellnesscenter.com, located at 711 Charcot Avenue, San Jose, and gave her an advertisement from that company (EVIDENCE #2). He told her that he had been "working" at the facility for a little over one year. He gave her a brochure (EVIDENCE #3), a THCDocor.org card (EVIDENCE #4), and a business card for "THC Doctor, stating, in part, "CA Medical Board licensed Real MD practicing since 1975" (EVIDENCE #5).

On 7/17/13, we checked CAS and confirmed that SUSPECT BROWN was a licensed physician in good standing with the Board.

On 7/17/13, evidence items 1—5 were booked into evidence.

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On 7/18/13, I went to the City of San Jose and determined that the owner of record of THC Medical, located at 36 S. First Street, was SUSPECT BROWN.

On 7/23, 13, at approximately noon, Supervising Investigator Sandoval and I went to THC Medical, located at 36 S. First St., San Jose. We first met with a receptionist, who identified herself as Diana Kara, who then called out for SUSPECT BROWN. SUSPECT BROWN called to us, and we were ushered into his office. We identified ourselves and stated our purpose. At first, he told us that he owned the practice, and did not know anyone named Mykhailo MALENKOV. When I told him we knew SUSPECT MALENKOV had some connection with his practice, he said that he had hired SUSPECT MALENKOV as a consultant. In this capacity, SUSPECT MALENKOV provided the advertising, brochures, forms, and other written materials to help promote his practice. As we continued asking questions, however, SUSPECT BROWN changed his story.

SUSPECT BROWN indicated that he decided he didn't want to be a "baby doctor" anymore, and was doing some consulting work. He advertised on Craig's List "essentially for a job" and was contacted by SUSPECT MALENKOV, who was doing business under the name Legal Aid, LLC. He said that SUSPECT MALENKOV lives in the Los Angeles area. He described him as a white male, about 30, 5-9 thin, with brown hair and brown eyes. They first met in January or February 2013, and SUSPECT MALENKOV offered to set up his practice. SUSPECT BROWN indicated that he and MALENKOV did not have any type of a written agreement. MALENKOV arranged for the lease, obtained all the equipment, computers and software, supplied the forms, and arranged for his advertising and brochures, all at MALENKOV's expense. SUSPECT BROWN did not know who the landlord was, the amount of rent paid, and had never met the landlord. SUSPECT BROWN opened his doors to the public in March, 2013. Under his agreement with MALENKOV, he got paid \$800 cash per day, payable every two weeks. His business was a "cash only" business, and the cash was kept in a drawer in the reception area. He said he didn't know anything more about the handling of the cash, and didn't know if there was any type of ledger or accounting as to the cash coming into the business.

SUSPECT BROWN indicated he had two employees. One he identified as a part-time employee named Savannah Sedgewick. The other, who was working the day we were there, he knew as "Diana." He did not recall her last name. He said it was an Armenian name. "Diana" would later identify herself as Diana Kara. Both, he said, were hired by MALENKOV, and were paid by SUSPECT MALENKOV.

SUSPECT BROWN told us that MALENKOV comes to the business twice a month and picks up the cash, and MALENKOV is responsible for all the operating expenses and salaries. SUSPECT BROWN only had a phone number for SUSPECT MALENKOV [858.412.9795], who he knew as "Michael," but had no other way to contact him. He did not have an address, personal or business, for SUSPECT MALENKOV. His only contact with him is when he picked up the money twice a month, and he didn't know from where the money was picked up. All the cash was handled by Diana Kara and SUSPECT MALENKOV. SUSPECT BROWN told us that

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anything brought in over \$800 a day was kept by MALENKOV. SUSPECT BROWN said he was paid twice a month, in cash, directly by SUSPECT MALENKOV, but that there wasn't a regular "payday" set in advance. He was paid when SUSPECT MALENKOV came in to pick up the cash.

SUSPECT BROWN said he worked every day, and got paid for every day he worked (\$800/day times 30 days average per month).

I then contacted the receptionist, who identified herself as Diana Kara. Ms. Sedgewick was not at work. Her statement was different from that of Dr. Brown. She said she had worked for THC Medical for 3-4 months, that she is paid by check every two weeks, and that the check is issued from SUSPECT BROWN's company checking account. She indicated that the business is an "all cash" business, and that all cash is placed in a bank-type envelop in a top drawer in the reception area. She leaves at 6:00 p.m. When she comes back the next day, the cash is gone. No ledger is kept, and she claims to have never met or seen SUSPECT MALENKOV.

She told us that the amount paid by a patient is reflected in the computer entry for each patient. I asked her to bring up our undercover "patient." She did, but there was no indication in the computer printout how much was paid to THC Medical. She indicated that the company did not maintain any record of the cash payments, but the amount could be calculated by checking to see if the visit was a "new" visit or a "return" visit. A set amount is charged for a new visit (\$59) and a lesser amount (\$49) for a "return" visit. She said the medical records are placed in the box at her feet, and the amount could be calculated by looking at the intake form. I asked who would have access to the records, and she said that anyone picking up the money would have access to the records, at least until such time as the box is full. The files are not kept under lock and key. When the box gets full, it is taken upstairs and stored.

On 7/23/13, Investigator Becker ran CLETS on MALENKOV. A person with that name was located, DOB: 10/17/87. His description was noted as 6-0 130 Blk hair, brown eyes. His current address is 7713 Eads Avenue, La Jolla, CA 92037. Investigator Becker printed a copy of MALENKOV's driver's license photo.

A business search was conducted on line for Legal Aid, LLC. Legal Aid, LLC is listed as an active limited liability company (since November 6, 2012) with its main office at 2500 Perdido Lane, Los Angeles, CA 90077. The agent for service of process is SUSPECT MALENKOV at that same address.

On 7/23/13 at approximately 3:08 p.m., Steven Nguyen, an employee of the Medical Board of California at the San Jose office, received a call from "Diana" inquiring whether we were investigators with the Medical Board. SUSPECT BROWN had been provided a copy of my business card, and he had carefully reviewed our credentials. We had also displayed our credentials to "Diana" when we first arrived.

Supervising Investigator Sandoval and I returned to THC Doctor. The photograph of SUSPECT MALENKOV was shown to SUSPECT BROWN. He was asked, "Do you

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know him?" His response was, "Yes, that is Michael." SUSPECT BROWN asked whether he should be concerned. Investigator Sandoval asked, "of us or the Russians." SUSPECT BROWN responded, "I don't think you will kill me." He had earlier talked about other doctors who had dealt with "the Russians" and who were never heard from again. The photograph was then shown to Witness Kara. She identified SUSPECT MALENKOV as the "guy who brings in advertising."

On 7/29/13, I also left a message for the complainant, Dr. Syal to contact me.

On 7/30/13, I photographed the front of the THC Medical facility and the adjoining area. I sent a request to Supervisor Sandoval to have San Diego and Glendale do the field work for the SoCal locations. I was later advised that the request was forwarded to San Diego and Glendale.

I reviewed the CLETS printout for Dr. Brown. His current address is 4343 Terrabella Place, Oakland, CA 94619. He has two vehicles registered to him:

2007 Honda CA/ 5YON554
2013 Audi CA/ BLX

Dr. Brown has two firearms registered to him: a Ruger .38 revolver, and a Ruger .357 revolver.

On 7/31/13, I spoke with EDD, and learned that the LLC location, 2500 Perdido Lane, LA, is also listed at EDD as the business address for TCH Doctor. THC Medical in SJ is also listed with EDD, but there was no record of a Diana Kara as an employee.

EDD Legal
800 Capital Mall
MIC53
PO Box 826880
Sacramento, CA 94280
(916)654-8410

On 8/2/13, I did the field work at 4343 Terrabella Place, Oakland, CA 94619, and took photographs of the structure. The structure is a two-story residence with horizontal wood siding, tan in color (including the two car garage door) with beige trim around the garage and front doors. The structure has a dark asphalt shingle roof. The numbers, "4343" are affixed to the front of house just to the left of the garage door. The entry door is located to the left of the garage and below street level. There is a large palm-type tree just to the left of the garage door. The home sets on the south side of the street, and the front of the home faces north, and there are two balconies, one above the other, to the rear of the residence.

The business known as THC Doctor is located at 36 S. First Street, San Jose, and was also photographed. It is described as a multistory structure located on the north side of S. First Street between San Fernando Street and Santa Clara Street. The

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structure has a brown façade with reddish trim around the entry doors and windows above the entry doors. The structure is located to the left of Star Jewelers, and to the right of a business called Analog. The business itself, THC Doctor, is located at 36 S. First Street. The front of the structure has glass panels and glass doors. The door to the left goes into Analog, and the door to the right goes into THC Doctor. There are wall-mounted letters on the back wall, visible from outside the structure, which says "THC Doctor." The business has a front lobby, reception area, and private offices. Dr. Brown's office is located behind and to the right of the reception area.

On 8/6/13, I received information from Investigator Troy Holmes (San Bernadino) regarding the property identified as 7713 Eads Avenue, La Jolla, CA 92037.

On 7/31/13, the Second Appellate District of California decided the case of *People v. Superior Court of Los Angeles County (Sean Cardillo)*, B248745. The court therein found:

"The question before us in this writ proceeding is whether a person who does not have a medical license or certificate may be criminally charged with practicing medicine without a license in violation of Business and Professions code section 2052 for owning a corporation that operates a medical marijuana clinic in which licensed physicians examine the patients and issue medical marijuana recommendations to patients. We conclude that the owner of the corporation may be so charged..."

On 8/7/13, I emailed a request to the secretary of state to obtain its records relating to Legal Aid, LLC.

On 8/12, 2013, I prepared a subpoena and Declaration in Support of Subpoena to the Employment Development Department.

On 8/12/13, Investigator Todd Iriyama and I went to the complainant's place of business at 115 N. First Street, San Jose. I approached a woman behind the counter, identified myself, and asked to speak to either Dr. Crawford or Dr. Chang. The woman said that neither doctor was working that day, and that they only worked on the weekends. She said another doctor was working this date. I asked to speak to that doctor. She wanted to know for what purpose, and I told her it was a law enforcement matter and that I would have to discuss it with the doctor. She entered an office to my left, and returned a few minutes later. She escorted me into an office where I found Dr. Chang. Dr. Chang was very nervous and evasive. I told him that a doctor in this office had told the complainant, Dr. Syal, about Malenkov. Dr. Chang said that Dr. Syal is the "director," but that he didn't know anything about that, that he had never heard of Malenkov, and that he had not communicated that information to Dr. Syal. I gave him my card, and asked that Dr. Crawford contact me as soon as possible. Dr. Crawford never contacted me.

On 8/13/13, I spoke with an investigator at the District Attorney's Office to obtain information regarding the various entitles worker's compensation insurance coverage.

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On 8/13/13, I received a telephone call from the complainant, Dr. Syar. He was aware of our visit to the San Jose office the day before. He informed me that Doctors Crawford and Chang did not know anything about Malenkov. He said the information came from his office manager in Los Angeles. He said the name was provided to the manager by an advertising source. According to the complainant, this source told the manager that MALENKOV had been placing ads for various facilities, including San Jose, and that Malenkov was not a physician. I asked the complainant to have the manager identify the source so that we can interview him or her and obtain more information about Malenkov. He said he would have the manager call me in a couple days.

On 8/14/13, at approximately 1:00 p.m., I personally served a subpoena upon the Building Agent of EDD at 800 Capitol Mall, Sacramento.

On 8/15/13, I ran the address 2500 Perdido Lane, LA in Lexis-Nexis, and determined that the person associated with that address is Keith L. CORNELIUSON.

On 8/15/13, I ran the address of 7713 Eads Avenue, La Jolla through Nexis Lexis. Various names are associated with the address, including the SUSPECT MALENKOV, but the most recent is Iurii Baranets DOB 6/22/91. SUSPECT MALENKOV also showed an alias, Mykhaylo Majehkob, DOB 10/17/87.

On 8/15/13, Investigator Sundt ran CLETS on the occupant of 2500 Perdido Lane, LA, CORNELIUSON. He is described as a male, DOB 10/30/51. 5-9 175 Bld Blu. His DMV photo was taken in 1999.

On 8/19/13, I called our complainant, Dr. Syal again. I left a message for him, asking that his manager call me today.

On 8/20/13, I received a call from the complainant. He will have his office manager, Anna, call me today. He indicated that his research has shown that MALENKOV also owns a company called CAA Administrative Services. It is located at 100 W. Broadway #100, Glendale, CA 91203. It runs several marijuana clinics throughout the Eagle Rock and Los Angeles areas. The name did not come up in Google, and I checked with the Secretary of State as a corporation and LLC with negative results. The complainant indicated that the company is also located at 2500 Perdido Lane, Los Angeles. The information came to light when the office manager spoke with their printer about brochures. I checked LexisNexis for the company name and address, with negative results. A field check at 100 W. Broadway #100 failed to verify the information provided.

On 8/20/13, I received a call from Anna. She indicated the name Malenkov did not come up while talking to a printer. She said she was reading the Metro Weekly magazine and saw an ad for THC Doctor.org. She began to do research on the company because it was offering a cash-back rebate which she believed was illegal.

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During that internet research, she discovered that MALENKOV was behind the venture.

On 8/21/13, I googled THC Doctor.org, the name of the business associated with 2500 Perdido Lane, Los Angeles. Although Dr. Brown's business is registered with the City of San Jose as THC Medical, it came up on the internet as THC Doctor.

Investigating Supervisor Sandoval ran the name Keith Corneliuson in Facebook, and located a Facebook account for him. He then downloaded a more recent photo from his Facebook account.

On 8/22/13, I received a call from Christine Bush at EDD. She acknowledged receipt of the subpoena, and indicated they will comply. Her telephone number is (916)654-0612.

On 8/23/13, at approximately 12:20 p.m., Supervising Investigator Sandoval and I went to 36 S. First Street, San Jose. We stood across the street, a short distance away, and within a few minutes observed several people enter or leave the premises. An electronic sign located to the left of the entrance said "open."

On 8/30/13, I received an email from DA Investigator Jorge Perez. I asked him to determine whether any of the individuals or entities had an active workers' comp policy. Using the addresses provided, including 2500 Perdido Lane, Los Angeles, Investigator Perez advised, "Checked the below information and found no WC policy for any of the addresses." Legal Aid, LLC, Subject Brown, MALENKOV and THC Medical each have no less than two employees at the San Jose location. A policy of insurance is required under Labor Code, section 3700.5.

On 9/11/13, I received an email from Investigator Tu and a series of photographs taken on 9/10/13 of the residence at 2500 Perdido Lane, Los Angeles.

On 9/11/13, I checked our database and determined that Keith Corneliuson was not a licensed physician in California.

On 9/16/13, I received certified records from the Employment Development Department [EDD] pertaining to MALENKOV, Legal Aid, LLC and THC Medical (ATTACHMENT 3). The 7/31/13 records confirm that Savannah Sedgwick and Gayane Karapetyan (believed to be the person who identified herself as "Diana Kara") were actually paid by Legal Aid, LLC. The check was signed by MALENKOV for the second quarter, 2013. The address of record is 2500 Perdido Lane, Los Angeles (PROPERTY #1).

Using the information obtained from EDD, and researching LexisNexis Accurint, I was able to confirm the identify of the person who identified herself as Diana Kara was Gayane Karapetyan, also known as Gayane Baran, DOB: 7/5/90, SSN 602-42-2367. Her current address is 137 La Crosse Drive, Morgan Hill, CA 95037. She is 23 years of age, 5-5 135 with brown hair and brown eyes.

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On 9/17/13, I received the requested records from the Secretary of State on Legal Aid, LLC (ATTACHMENT #4). The Articles of Organization were filed on 11/6/12, and the sole member of the organization was listed as Mykhailo Malenkov. The address of record is 2500 Perdido Lane, Los Angeles (PROPERTY #2).

On 9/17/13, a search warrant was signed by Judge McCoy, Santa Clara County Superior Court. A copy of the HOBBS order is attached, as ATTACHMENT #5, and the sealed warrant is noted as PROPERTY #3.

On 9/18/13, I placed a call to LAPD Narcotics, Detective Ruben Moreno at (310)701-9925 (office: 310-444-1590, email 30557@lapd.lacity.org).

On 9/23/13, CLEAR was notified that we would be serving the search warrant on 9/27/13.

On 9/24/13, I made arrangements to re-run CLETS on the three suspects.

On 9/24/13, I received a call from Supervisor Aguller-Marquez indicating that the Perdido Lane address may be a major grow house, and that it may be booby-trapped. The intelligence apparently originated from the water department, through Ruben Moreno. I called and left a message with Det. Moreno.

On 9/24/13, I reviewed the CLETS information. It revealed that MALENKOV had moved from La Jolla to Fairfield on 9/4/13. Since there is cause to believe MALENKOV no longer lives in La Jolla, I sent an email to Supervising Investigator Richter stating that we will not be executing the warrant in La Jolla.

On 9/24/13, the search warrant was cancelled.

On 9/25/13, I contacted Ruben Morales and advised him we would execute the warrant on 10/10/13 at 1000, assuming the judge re-issued the warrant.

On 9/27/13, I received a message from LACLEAR indicating that the only "hit" was from the Santa Clara DA's office. That information is based upon the information I provided to the DA Investigator. I also received a voice mail from Det. Moreno indicating he would have LAPD and LAPD narcotics available for the warrant.

On 9/30/13, I met with Investigator Brearley at 128 Cannes Court, Fairfield to conduct surveillance and to do the field work for the search warrant. After approximately 2 hours of surveillance, Investigator Brearley advised there had been no activity at the residence. We approached the residence on foot, and determined that MALENKOV was in the process of moving in, but had not completely moved into the residence. Numerous boxes were plainly visible in the garage, but no furniture was visible in the living room. The residence had recently been on the market for rent (at a rate of \$2400 per month), and on-line research determined it had recently been taken off the market.

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The residence is located at the end of Cannes Court, and backs up to a large green belt area. The occupants of the residence would have a clear view to the end of the court and could easily see any approaching vehicles. 128 Cannes Court is described as a two-story, single family residence, taupe in color with grey rock facade, white trim and two grey garage doors. The garage door to the right of the entrance is a two car garage door, while the garage door to its right is a single car garage door. The numbers "128" appear prominently to the left of the two car garage door. The structure has a brown colored tile roof.

I contacted Donovan Sellan, LAIMPACT. They were available to meet with us on 10/10/13, and make entry. He asked for Det. Moreno's number, and asked that I provide him certain information, etc., for the entry, which I agreed to do.

On 10/7/13, Supervising Investigator Sandoval and I presented a Statement of Probable Cause (AFFIDAVIT), Search Warrant and Hobbs Order to the superior court in Santa Clara County. We were seeking an order permitting the search of four structures, three individuals, and two vehicles. The judge reviewed the Statement, and signed the search warrant and Hobbs Order without revision. The Hobbs Order is noted as **ATTACHMENT #6**. The sealed search warrant, et al., is noted as **PROPERTY #4**. The search warrant permitted the search of the following locations:

1. 2500 Perdido Lane, Los Angeles
2. 36 S. First Street, San Jose
3. 4343 Terrabella Place, Oakland
4. 128 Cannes Court, Fairfield

On 10/9/13, I drove to the Glendale office to ensure adequate seating and parking the following day. I also drove by the Perdido address, and noted that the interior lights were on and several vehicles were observed along the driveway leading to the residence. At approximately 8:30 p.m., I met with Det. Ruben Morales, LAPD Narcotics, and his crew of detectives. We went over the OPS plan, and his discussions with LA Impact. He identified the two areas of the home which he believed housed the marijuana grow. This opinion was based on two facts: (1) electrical power had been bypassed, and (2) the top floor seemed to have been blocked out from the inside.

On 10/10/13, we conducted a pre-search meeting at the Glendale office. Five investigators volunteered to assist the entry team, including myself and investigators Doll, Morris, Sandoval and Degtyar. The decision was reached that they would travel with me to the location. The balance of Team 1 would hold back pending the "all clear," and Team 2 would remain at the staging area (LAPD substation) until they were called up or released.

At approximately 10:15 a.m., we began to arrive in tandem at the residence. About 500 feet from the residence, LAPD reported that CORNELIUSON had driven from the residence onto the public street. LAPD made a car stop within view of the Perdido Lane address, necessitating an abrupt approach to the residence. As we drove up to the car

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stop, I was able to identify CORNELIUSON. I asked investigator Doll to remain with CORNELIUSON, who was then sitting on the shoulder of the roadway, as the balance of our team approached the residence.

Detective Donovan Sellen from LA Impact made the announcement several times, and was about to force entry when an LAPD officer delivered a front door key which he had obtained from CORNELIUSON. As Detective Sellen unlocked the door, an Hispanic male opened the door. He was ushered outside, searched and handcuffed. A second male was ushered outside. I searched and handcuffed him. Several minutes later, two additional occupants were found inside. Each was searched and handcuffed. The four occupants were then asked to sit near the driveway adjacent to the front door. Each of the four was cooperative and compliant. Once the residence was found to be clear, and the front room searched, the four were permitted to return to the residence, and the handcuffs were removed.

Once the residence had been cleared, I returned to the street and asked CORNELIUSON to return to the residence with me. I searched him and found him to be cooperative. Once inside the residence, we went into the dining room.

CORNELIUSON was not handcuffed. I told him that he was not under arrest and was free to leave if he chose to do so. He agreed to talk to me. After a few minutes of conversation, I was able to obtain a digital recorder. I activated the recorder, and placed the recorder in front of him. He acknowledged the recorder, and agreed to the recording of our conversation.

CORNELIUSON told me he had little money, which was the reason he leased out several rooms in his home. He showed me his bank statements, which evidenced little more than \$3000 in any of the three bank accounts. He told me he had an automobile "dealership," which is actually a single office from which retails vehicles he obtains for resell. He told me that one of his tenants had been MALENKOV. CORNELIUSON had placed an ad on Craig's list, and MALENKOV responded. When he first met MALENKOV, Igor Rakov, his cousin, was with him. They both wanted to rent a single room together, and provided CORNELIUSON with photo identification from both the United States and Russia. They also provided individual credit applications and signed a release. Corneliuson located and handed to me a blue file folder which contained the following documents:

1. Application to Rent (Malenkov)
2. Application to Rent (Rakov, Igor)
3. Bank records from Bank of America
4. Photocopy of Malenkov's social security card and Russian identification
5. Photocopy of Rakov's social security card and Russian identification
6. Room Rent Agreement, dated 11/29/11
7. Email from Malenkov to Corneliuson, dated 6/30/13 re "moving out"
8. Holding deposit receipt, dated 11/27/11

The above items were later marked as **EVIDENCE #6**.

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Thereafter, for approximately 18 months, the two paid CORNELIUSON \$1,400 per month in cash until they vacated the room on 7/31/13. When they vacated, MALENKOV told CORNELIUSON that he was moving "to Oakland" to work on his facilities. During the last few months, he said MALENKOV was only at the residence about 1 night per week. He asked MALENKOV where he was during the week, and was told that he was working setting up facilities in northern and southern California. He volunteered little else, and CORNELIUSON did not inquire further.

CORNELIUSON told me he knew nothing about the business MALENKOV was in, other than the fact that he had facilities in both Northern and Southern California. I asked him whether he (CORNELIUSON) funded MALENKOV's business, and CORNELIUSON said he did not, and that he was told by MALENKOV that he was funded by relatives in "Europe." I asked whether that meant Russia, and he responded affirmatively. He also said that Rakov was supposed to go to Oakland with MALENKOV, then changed his mind, then changed his mind again. MALENKOV described himself as Rakov's "mentor." A copy of the search warrant was hand delivered by me to CORNELIUSON. For more information about this interview, please refer to the two CD-Roms which contain the digital recordings of the interview (PROPERTY 5 & 6).

After speaking with CORNELIUSON, I spoke with a tenant at the residence named Fabiana DeAlmerda-Barba, DOB 1/2/83. She was not under arrest, not handcuffed, and free to leave. She told me that she was a tenant at the residence, and that CORNELIUSON was the landlord and property owner. She had lived at the residence for several months, and paid rent directly to CORNELIUSON. She knew MALENKOV. MALENKOV moved about 1 month after she moved in. She described him as very bright, a little strange, and very secretive. He rarely spoke to her or anyone else at the residence. She said that MALENKOV and "Igor" shared the same room, but MALENKOV was rarely there. When they moved, he gave her a bed and nightstand. She still had them. The nightstand was empty when she received it.

While I was executing the search warrant in Los Angeles, other teams were executing the search warrant in San Jose, Oakland and Fairfield. Physical evidence was gathered from all three locations, and interviews were taken. **NOTE: All items identified herein as "Evidence" were marked and placed into evidence at the San Jose District Office of the Medical Board.**

Specifically, the physical evidence seized proves the following:

1. MALENKOV is a non-citizen who is in the United States on a visa. He is a citizen of the Ukraine [EVIDENCE ["E"] -6]. In 2012, MALENKOV, Olexandr FILLIPPOV and Sergey KOSTIKOV [hereafter, the "Primary Suspects"], developed the idea to open medical marijuana evaluation clinics, and staff the clinics with licensed physicians. Initially, they planned to set up a corporation for that purpose [E-66]. In reviewing materials located on a recovered flash drive, the Primary Suspects adopted the business model developed by Oakland 420 Evaluations, a clinic which is part of a statewide entity which runs medical

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marijuana evaluation clinics. Numerous clandestine photographs were found taken at Oakland 420's facility, as well as a copy of its "startup plan" [E-133].

2. Effective 10/1/13, Legal Aid reportedly hired Elina Lelashvili [E-56]. During the search, we found three payroll stubs in her name issued by PSEvaluations Medical Group, Inc. ["PSE"] [E-20]. PSE is the owner of San Jose 420 Evaluations, and the complainant in this case.
3. Also located was an article entitled, "How to Open a Medical Marijuana Doctors Office" [E-135], which recommended using an LLC instead of a corporation. The article warned that some states prohibit the ownership of such facilities by unlicensed persons. On 12/6/12, the three Primary Suspects formed an LLC in California called "Legal Aid, LLC" [E-31]. They then recorded a Fictitious Business Name Statement under the trade name THC Doctor [E-89]. Revenue to fund the operation came from the Ukraine, and MALENKOV regularly shipped packages back to the Ukraine [E-35]. The evidence proves that the Primary Suspects had what they referred to as "an investor" [E-66]. Under the LLC's Operating Agreement, the three Primary Suspects collectively make all decisions on behalf of the entity [E-65].
4. The Primary Suspects developed a plan to set up the San Jose facility first, but then move on to Oakland, Berkeley, and Sacramento. BROWN's Daily Planner [E-118], revealed that his first meeting with Legal Aid was on 1/8/13, with several meetings which followed. One of the meetings took place on 1/24/13. BROWN's notes from that meeting [E-119] identify "Michael, Sergei, Alex" as attending. When they met with BROWN, they had him enter into a bogus Management Services Agreement [E-64], wherein Legal Aid was to be paid the total sum of one (1) dollar for its services. Under its terms, BROWN was required to obtain a Fictitious Name Permit from the Medical Board, but curiously the original was found at MALENKOV's residence [E-82]. The hours of operation, fees charged to customers, and BROWN's salary were set by Legal Aid [E-90]. His salary was in line with 420 Evaluation's "startup plan" [E-133]. The Primary Suspects used the names Legal Aid, LLC and THC Doctors (not to be confused with THC Medical) interchangeably. Legal Aid's bank account was personally guaranteed by the three Primary Suspects [E-61]. Although the City of San Jose recognizes BROWN as the owner of the clinic, the fee to obtain the Fictitious Name Permit from the Medical Board for THC Medical was paid by MALENKOV [E-43, 51], and Legal Aid paid the business taxes due from the San Jose facility [E-103]. On 2/6/13, the San Jose facility was leased by Legal Aid [E-54] and the lease agreement was signed by each of the three Primary Suspects. The employees were hired and paid by Legal Aid, dba THC Doctors [E-55]. Legal Aid paid for the supplies used by San Jose [E-69, 98], the advertising [E-95, 96], the furnishings [E-97], the phone [E-99], the ADT Security system [E-105], and the patient parking (often with cash) [E-100].

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5. Noteworthy is the 3/4/13 entry in BROWN's Daily Planner [E-118]: "Start Legal Aid, LLC." In BROWN's handwriting, he refers to the business as Legal Aid, not a clinic under his name, and not a clinic under the THC Medical moniker.
6. The San Jose clinic was a "cash only" facility. No receipts are given to patients, and no record is maintained as to the gross revenues. However, we recovered two envelopes at the San Jose facility which evidence the revenues generated and the method of accounting. The envelopes are separated by date, with "guest checks" to verify the number of "patients." On 9/5/13, \$2,152 was taken in, with only \$852 "enclosed" [E-128]. On 9/6/13, \$2,567 was taken in [E-129]. MALENKOV was then personally notified of the day's receipts by KARAPETYON by text, with a photograph of the outside of the white envelopes attached.
7. On 7/5/13, MALENKOV and FILLIPPOV submitted a joint Application to Rent a facility located at 5134 Lakeshore Drive, Fairfield, a residence in the Green Valley district [E-72]. In this document, MALENKOV reported an income of \$10,000 per month as the owner of Legal Aid, and FILLIPOV reported an income of \$5,500 per month as the manager. MALENKOV also reports that he has an account at the Union Bank in Switzerland.
8. Legal Aid looked at facilities in Oakland [E-44], Berkeley [E-13], and Sacramento [E-110, 132], and began looking for doctors to fill the clinics [E-45, 46, 47, 112, 121]. Legal Aid purportedly hired a second doctor, Samuel R. Dismond III, and developed a work schedule with BROWN for "both sites" [E-121], presumably San Jose and Oakland. BROWN not only knew of the Primary Suspects involvement in this unlawful venture, but was working with them to expand it.
9. The Primary Suspects used colorful cards and postcards as part of their promotion of the clinics [E-15, 16], boxes of which were recovered in Fairfield and observed at the San Jose facility. Even though several hundred of each were found during the searches, a receipt was found evidencing that a very large printing order had been placed with UPrinting.com on 9/11/13 in Southern California by KOSTIKOV for pickup in Van Nuys [E-92]. While MALENKOV and FILLIPPOV have moved to northern California, KOSTIKOV remains in Southern California.

On 10/11/13, I received a phone call from BROWN. He was upset, complaining that he had been cooperative, and wanted to know when he would get his property back. I informed him I would not see the evidence until Monday, and could better evaluate a return date (for that which would be returned) on Monday. He also wanted to know if he was going to receive something in writing telling him he had to shut down his practice. I reminded him that the "practice" was not his, but MALENKOV's, and that he was committing a crime by being employed by an unlicensed person. He did not respond at all to my statement that the practice was owned by MALENKOV. I told him he would continue in the practice at his peril, and could be arrested. I also reminded him we were interested in the other clinics MALENKOV owned, and would appreciate his

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cooperation. I told him that I believed that he (BROWN) knew more about MALENKOV's operation than he had disclosed thus far.

On 10/14/13, Supervising Investigator Sandoval and I picked up the evidence gathered by the Sacramento MBC office at Fairfield, and transported it to the San Jose Office. The evidence had been stored in the locked evidence room.

Pursuant to the search warrant, Investigator Sundt downloaded photographs maintained in an iPad Mini seized in Fairfield. Those photographs, as well as the photographs taken by investigators at 36 S. First Street, were placed on a CD-Rom, and marked as **EVIDENCE #7**.

On 10/17/13, I reviewed a memorandum from Investigator Biasi, who had interviewed MALENKOV in Fairfield during the search warrant execution on 10/10/13. In part, MALENKOV stated that BROWN owned the practice in San Jose, and that his company, Legal Aid, LLC, merely provided "in services" for the doctor. According to MALENKOV, BROWN paid the overhead, including the rent, salaries and office supplies, and his company only received a fee which he could not articulate. **(ATTACHMENT #7)** Documents received from EDD, and other documents seized during the search warrant execution, prove that LEGAL AID, LLC and MALENKOV personally paid the rent, the salaries, and purchased the office supplies.

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On 10/17/13, I received a call from MALENKOV's attorney, Geoffrey Rawlings, Esq., asking about the case. I refused to discuss the case with him. He volunteered that MALENKOV and BROWN had entered into a revised "management" agreement on 3/4/13, and said he would consider sending me a signed copy. He wanted to discuss the agreement and review the case law before doing so. We also discussed the return of MALENKOV's property not to be maintained as evidence. Mr. Rawlings did not provide a copy of this alleged "management agreement," and later refused to submit SUSPECT BROWN for another interview.

Between 10/16/13 and 10/18/13, I reviewed all the evidence seized during the execution of the search warrant in Los Angeles, San Jose, Oakland, and Fairfield, booking all evidence into the property room on 10/18/13 (excluding the electronic evidence which will be delivered to the crime lab).

On 10/18/13, I delivered the computers, external drive, iPads and two cell phones to the crime lab in San Jose for forensic recovery of data.

On 10/21/13, I read a supplemental report prepared by Investigator Singleton **(ATTACHMENT #8)**. He had interviewed BROWN and KARAPETYON during the

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execution of the search warrant in San Jose. In substance, KARAPETYON untruthfully told him that she had been hired by BROWN, and that her paychecks came from BROWN. She was also untruthful about her handling of the cash coming into the business. Evidence seized proved she prepared the deposits, and two daily receipt envelopes were found at her work station. She also lied about her identity and knowing MALENKOV early on in the investigation.

On 10/21/13, the search warrant return was signed by a judge, and the search warrant, affidavit and return were filed. A *Hobbs* order had previously been signed by Judge Toft, so the entire package was filed under seal. The search warrant number is CSW 44863. The return was attached to the search warrant, **PROPERTY #4**.

On 10/22/13, I reviewed an email from Investigator Sundt. During the search of 36 S. First Street, San Jose on 10/10/13, Investigator Sundt took a cell phone from KARAPETYON and, pursuant to the search warrant examined her text messages. She noted that "Michael Boss" was in the inbox. She clicked on "Michael Boss" and noted that she and "Michael Boss" texted virtually every business day. There was little "chit chat" noted, but she would text him a photograph of a legal size envelope (similar to ones seized as evidence) with a date and dollar amount handwritten on the envelope. Some of the envelopes would also show an amount which was being "set aside" for him. Her recollection was one amount was \$260, another \$140. The incoming messages also indicated that he was looking for a location in Oakland (**ATTACHMENT #9**). On 10/15/13, when we looked at the evidence seized, Investigator Sundt noticed that KARAPETYON had gone into her Apple account and cleansed the phone, thereby destroying the evidence contained therein. She contacted the crime lab, and learned that the data could not be restored.

On 10/25/13, I partially examined the content on a flash drive seized from MALENKOV's residence on 10/10/13 (**EVIDENCE #75**). The flash drive contains, among other things, many documents relating to the setup of LEGAL AID, LLC. It also contains numerous photographs which appear to have been taken at Oakland 420 Evaluations including, among other things, "patient" sign-in sheets and the forms used by 420 Evaluations. It also contained a document entitled, "420 EVALUATION startup business," which detailed what is needed to set up a marijuana evaluation clinic (**EVIDENCE #133**); a one page document placing current receivables at \$100,473, and month receivables at \$44,326 (**EVIDENCE #134**); a "how to" writing on how to set up a clinic (**EVIDENCE #135**); and a screen indicating, "420 Evaluations on 4th SUCKSI (**EVIDENCE #136**).

On 10/25/13, the Property Receipts are attached (**ATTACHMENT #10**), and were collected and marked as property (**PROPERTY #7**).

On 10/28/13, I received a call from MALENKOV's attorney. He wanted information about the case, which I would not provide. I did inform him I would be seeking an order releasing much of the materials seized in the warrant. He said his client wanted to get back to work, and that the San Jose facility was closed as a result of the search warrant. The attorney told me that his clients received \$4,000 per month as

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consultants for BROWN's clinic. He also told me that he believed the owners of 420 Evaluations were behind the search warrant, and that his client believed that the Medical Board was cooperating with them. He identified the owners of 420 Evaluations as:

Ana Mouseyeva
Yelena Mouseyeva
Eugene Beylin
Leon Beylin

On 10/28/13, I received the Russian into English translation of the handwritten notes seized from MALENKOV's residence (**ATTACHMENT #11**). The notes are further proof of the Primary Suspect's policy of accepting cash only, and discuss the "Opening of the THC Doctor office..." The notes are specific as to BROWN. There is no reference to THC Medical whatsoever. The notes also reflect that the clinic would be paid more based solely on the amount of marijuana being recommended. The basic recommendation was in the \$59 range. 34 plants and 3 pounds of processed marijuana would cost \$149; 69 plants and 6 pounds of marijuana \$179; and, 99 plants plus 11 pounds of marijuana would cost \$199.

On 10/30/13, I drove to the four locations identified in the seized documents (two in Oakland, two in Berkeley), and determined that the Primary Suspects have not moved into any of the four locations. An internet search re THC Doctors failed to reveal a location other than San Jose.

On 11/6/13, SUSPECTS MALENKOV and FILIPPOV came into my office without an appointment. The SUSPECTS were seeking the release of their property, particularly the cash, and said they wanted to "get back to work." MALENKOV did all the talking and said that FILIPPOV spoke little English. Supervisor Sandoval and I explained to them that we could not talk to MALENKOV because he had an attorney. He spontaneously said "they" were worried about the owners of 420 Evaluations, implying they were afraid of repercussions relating to our search. I did not inquire about his concerns, but rather suggested that he contact his attorney and, if he chose, we could meet and discuss his concerns.

On 11/6/13, I submitted a Petition for Order Releasing Property to the court (**ATTACHMENT #12**), and obtained a signed order releasing property to MALENKOV and FILIPPOV (**ATTACHMENT #13**) and BROWN (**ATTACHMENT #14**). After getting the Orders signed, I drove by 36 S. First Street, San Jose and observed that the THC Doctors facility appeared to be closed. All the window signs remained in place. The website indicated it was to re-open on 11/5/13.

On 11/6/13, I called MALENKOV's counsel and advised that his client had been in my office the day before. He was unaware of the visit. He told me that his client had received a call from BROWN, wherein BROWN wanted to go back into business with them. He said he would not offer any advice to them about re-opening the facility. I advised him that the Orders had been signed, and suggested that his client and

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BROWN come in together to pick up the property. He said he would have his client call me first before coming in.

Michael E. Hingle
Law Office of Michael E. Hingle
1625 The Alameda
San Jose, CA
(408)286-4998

On 11/7/13, I received a phone message from Mr. Hingle and returned his call. I left a message for him to contact me.

On 11/22/13, Mr. Hingle and MALENKOV came into the District Office and picked up those documents and things being released to them. MALENKOV signed an acknowledgement (**ATTACHMENT #15**). Counsel brought with him a signed authorization from BROWN to pick up the items (**ATTACHMENT #16**) and signed an acknowledgement (**ATTACHMENT #17**).

On 11/27/13, I received the following:

1. Certified statements from the Medical Board indicating that there is no indication that MALENKOV, FILIPPOV or KOSTIKOV are licensed as physicians in the State of California (**ATTACHMENT #18**); and
2. Certified statements from the Medical Board indicating that BROWN is a licensed physician in the State of California, and that Fictitious Name Permit was issued to THC Medical by the Medical Board of California (**ATTACHMENT #19**).

On 12/2/13, I received a CD-Rom from Investigator Aaron Barnett containing the pre-search and post-search video at 4343 Terrebella Place, Oakland, along with photographs and the location sketch from that location (**PROPERTY #8**).

On 12/11/13, I received a CD-Rom from Supervisor Loomis containing the pre- and post-search at 128 Cannes Court, Fairfield, still photographs, and scene diagram (**ATTACHMENT #20**) from that location (**PROPERTY #9**). I also received from him a supplemental statements from Investigator Vanderveen relating to the search on 10/10/13 (**ATTACHMENT #21**).

On 12/19/13, I went to the City of San Jose to pick up copies of any documents prepared by SUSPECT BROWN at the behest of SUSPECT MALENKOV. I picked up a certified copy of the public record, but was advised any other documents would require a subpoena (**ATTACHMENT #22**).

On 1/3/14, I met with Allen Finley, MD, our District Medical Consultant. Dr. Finley opined that it is unlawful for a licensed physician in California to base his or her professional fee on the type or amount of medical marijuana being recommended by the physician. He further opined, that the amounts of marijuana to be recommended by

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SUSPECT BROWN (such as 5 pounds of processed marijuana plus 99 plants) could constitute lethal dosages if consumed within a short period of time, especially if consumed with other prescribed or illicit drugs. As to pharmaceutical levels of marijuana, Dr. Finley opined that 2,270 grams of marijuana (5 pounds) produces 5,675 "joints" (at .4 grams each), with an average THC (tetrahydrocannabinol) level of 5% by weight (or 20mg of THC per "joint"). 20 mg of THC can be expected to produce a blood THC level of 13ng/ml. European studies, which have followed medical marijuana usage for many years, show that the average daily medical dosage of marijuana is .68 grams. This amount of THC has been found to be adequate to help patients increase appetite and help reduce pain to tolerable levels. At these levels, which is more than 50% higher than the .4 grams used by the United States government in their studies of recreational usage of marijuana, 5 pounds of marijuana would produce 3,340 days of medicinal THC doses. 99 plants, with an average yield of 1 pound per plant, could produce twenty times that amount of marijuana.

On 1/7/14, I received a subpoena for records (SAT) for the City of San Jose signed by Supervisor Il Bennett. The subpoena for records was delivered to Investigator Becker, who will serve the City.

On 1/9/14, Investigator Becker personally served the SAT on the City of San Jose. Records (**ATTACHMENT #23**).

On 1/24/14, I met with Huey Pong, a supervisor at the Finance Department of the City of San Jose. He told me the City no longer has any records (including electronic records) of any documents signed by the subject or anyone else connected with 36 S. 1st Street, San Jose, and that the tax records do not reflect who made any payments. The records should have been scanned, but no scanned copies could be located.

Evidence List

1. Physician Statement and Recommendation
2. Advertisement
3. Brochure
4. THCDocor.org card
5. 2-sided business card from THCDocor
6. Rental documents received from CORNELIUSON (found during the search of 2500 Perdido Lane, Los Angeles on 10/10/13)
7. CD-Rom with photographs from MALENKOV's iPod Mini taken during the search at 128 Cannes Court, Fairfield on 10/10/13, and photographs taken during the execution of the warrant at 36 S. First Street, San Jose.

Evidence recovered during the search at 128 Cannes Court, Fairfield

8. Sony Laptop #3000883
9. Simpletech 320GB, #96200-41001-057
10. iPhone 5 Black (to be returned)
11. iPad Black

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12. Toshiba harddrive MK1737GSX
13. Printout re 3017 Telegraph Avenue, Berkeley
14. Legal Aid, LLC debit card #4259 0720 2153 2832 in MALENKOV's name
15. THC Doctor business card, San Jose (1 kept, balance of box to be returned)
16. 4x6" advertising cards, THC Doctor in San Jose (1 kept, balance of box to be returned)
17. ASUS Laptop Ultrabook #PD96235AHN
18. ASUS Laptop Ultrabook
19. Medical marijuana card issued by BROWN to SUSPECT FILIPPOV
20. Three payroll stubs from PSEvaluations Medical Group, Inc. to Elina Lelashvile, [REDACTED] (PSE is owned by the Complainant)
21. Bottle of Tylenol/Codeine #3 300 mg 60 tabs (prescriptions is for 30) to Evgenia Stepanova
22. Two blank checks, Wells Fargo Bank 3728734140 (Legal Aid, LLC)
23. Lexor Thumb drive containing original layouts and BROWN's signature
24. Plastic slip with documents re LA civil suit brought by Robert Johnson v. 420 Evaluations, San Jose, et al.
25. Advertisement to hire employee for THC Medical Doctor
26. Memory card removed from Nikon camera and six photos printed from the card (MALENKOV, and BROWN with unknown female)
27. Envelope containing business receipts re 1/18/13 trip to Berkeley and San Jose
28. Shipping receipts from MALENKOV to Alexandr Silaev, Rostyslav Tytarchuk in the Ukraine
29. 4/10/13 citation issued to MALENKOV in Millbrae
30. White envelope containing three (3) \$20 bills (SAFE)
31. Operating Agreement and Articles of Organization (certified) removed from the LLC's Minute Book - LLC owned by MALENKOV (30%), Sergey Kostikov (40%), and Olexandr Filippov (30%).
32. Cassida 6600 money counter with cord, #1031407711UV56723
33. 20 hypodermic syringes without prescription
34. Wells Fargo debit card, Legal Aid, LLC, #4259 0720 2419 5579, in the name Olexandr Filippov
35. Shipping records from MALENKOV to Sergey Kilyadenkov, Ivan Andriyetuck, Vitaliy Trofymenko, and Julia Gorbonis in the Ukraine
36. Folder with rental agreement re 2500 Perdido Lane, Los Angeles (MALENKOV)
37. Wells Fargo Bank summaries (1 page each), dated 7/22/13 to MALENKOV (accounts: 2572406623, 1571008653, and 2572370829)
38. Documents relating to MALENKOV dispute with Wells Fargo, using an "attorney's" address of 36 S. First Street, San Jose
39. Bank of America summary, account #01700-68015, showing several payments to Craig's List
40. Wells Fargo statement for Legal Aid, LLC, dated 11/30/12, Account 985670313
41. \$3,952 cash (SAFE)
42. Release and check receipt re MALENKOV vs. EGO Mechanix
43. Record of \$50 payment to MBC

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44. Miscellaneous documents – re Temescal Plaza, 51/Telegraph Oakland, and Doctors Bisman G62220, Muhammed Mattu, [REDACTED] (831)595-1670
45. Handwritten note re Frazier O. Hubbard, [REDACTED] Saratoga G32051
46. Curriculum vitae re Dr. Muhammed Mattu
47. Notes re Jai Hee Cho, MD and Bogdan Eftimie with a Postit indicating "Michael"
48. Fraudulent California Driver's License with the photograph of MALENKOV
49. Citation issued to MALENKOV on 2/5/11 re tinted windows, and a letter from BROWN re need for tinted windows
50. Two American Express cards issued to Kenneth Brickman [REDACTED] (2007) and Bradley May [REDACTED] (2008)
51. Check register
52. Western union transfer receipt, dated 9/14/13, for \$1,031
53. Bank of America deposit, 10/1/13, for \$1,360
54. Lease agreement for 36 S. First Street, San Jose
55. EDD and payroll records, THC Doctor for Legal Aid, showing only Gayane Karapetyan and Savannah Sedgwick as employees
56. New employee notice from Legal Aid to EDD, effective 10/1/13, Elina Lelashvili, 1210 Paeed Magda, Apt. 324, Chula Vista, CA 91910
57. EDD notice to Olexandr Filippov re Gayane Karapetyan
58. W-4 and curriculum vitae re Gayane Karapetyan
59. ORIGINAL fictitious name permit for THC Medical (BROWN's dba)
60. American Express statement to MALENKOV dba Legal Aid showing Yelp and Facebook advertisement payments
61. Wells Fargo agreement with Legal Aid, dated 4/23/13, c/o Olexandr Filippov with personal guarantees signed by all three members
62. Intellectual Property agreement signed by Gayane Karapetyan
63. Blank forms to be used by clinics
64. Management agreement between Legal Aid and BROWN, dated 2/18/13
65. Signed LLC operation agreement
66. Handwritten notes re setting up the LLC, with reference to "we can go north"
67. Google map with W. Pico Blvd / S Robertson flagged
68. Notepad with reference to Stephen Robenson G68776 (510)482-5436
69. Staples receipts to THC Doctor for 36 S. First Street, San Jose
70. Investigator contact letter to FILIPPON, dated 1/2/13 (Investigator Jared Witzer (310)444-1526, reference #120801776)
71. USPO receipt showing shipment to Vitaliy Tsofymenko in the Ukraine
72. Rental application for the Fairfield residence, dated 7/5/13, signed by MALENKOV and FILIPPOV
73. Uncashed checks to MALENKOV (\$6,881.18) and FILIPPOV (\$7,575.73)
74. Physician's Statement from BROWN to MALENKOV, dated 4/25/13
75. Flashdriver PNY containing multipage instructions on how to hire a doctor to run a marijuana clinic
76. Poetic case holding an iPad Mini
77. EVGA white computer, #C121561203078
78. EVGA white computer, #C121561202651

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Evidence recovered during search at 36 S. First Street, San Jose

79. iPhone from BROWN
80. iPhone from Gayane Karapetyan
81. Toshiba laptop, ZC022998
82. Fictitious Name Permit (COPY) THC Medical
83. Business Tax Certificate (COPY) THC Medical
84. Acer HDMI computer, AX3995-UR20
85. Undated guest check receipts – no indication of amount paid
86. Letter from MALENKOV/Legal Aid to IRS – unopened
87. Medical records for 35 "patients," many containing guest checks, including the records relating to Milina Strauss, the undercover
88. Folder from Coupon Dispensary with a PostIt indicating "Michael"
89. Fictitious Name Stated filed 2/26/13 indicating that THC Doctor is owned by Legal Aid, LLC
90. Eleven pages of handwritten notes in a foreign language
91. Culture invoice to "Michael – THC Doctor" for San Jose location
92. U Printing receipt (Van Nuys)
93. LAZ Parking invoice to Legal Aid in San Jose – \$400 paid in cash on 7/8/13
94. Cash receipt for LAZ Parking in San Jose
95. Advertising agreement between Metro Santa Cruz and THC Doctor for San Jose
96. Padcab Agreement signed by BROWN and THC Doctor
97. Ideal Office Furniture invoice, dated 2/27/13, for THC Doctor
98. Staples invoices for 2/25/13 and 2/26/13 to FILIPPOV, THC Doctor
99. AT&T autopay enrollment for (408)298-6666, using MALENKOV's AMEX card
100. Cash receipt for LAZ Parking in San Jose, 8/7/13, Legal Aid
101. Cash receipt for LAZ Parking in San Jose, 5/8/13, Legal Aid
102. LAZ Parking invoice, 7/24/13
103. City of San Jose permit receipt, 2/20/13
104. Bally Total Fitness Agreement with MALENKOV, San Jose, 3/20/13
105. ADT Alarm agreement for San Jose, dated 2/20/13, with THC Doctor
106. Wells Fargo deposit, 8/2/13, \$14,000
107. Wells Fargo cash withdrawal, dated 8/6/13, \$9,000
108. Miscellaneous Wells Fargo cash withdrawals
109. Wells Fargo deposit, dated 8/9/13, in the amount \$2,155, and on 9/5/13, in the amount of \$2,027
110. Wells Fargo deposit, dated 8/19/13, \$2,427
111. Handwritten mileage diagram between SJ, Oakland, Green Valley, Sac
112. Docs bearing possible doctor's names (Shane Pomady in Mountain View; Michael Walker, Prince Paterson, Douglas Chloupek, and Frazier O Hubbard)
113. Sleeve with possible research materials
114. 32g iPad
115. 16g iPad
116. Black zipper envelope containing coupons and \$6,464 in cash
117. Black frame with four \$20 bills

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118. Black folder marked "LLC" containing various documents including a manila folder with "Alexandr Kuznetsov" and "Mykhailo Malenkov" on it, and a daily planner indicating that BROWN's first meeting with MALENKOV was on 1/24/13 ("Legal Aid LLC ZUT")
119. Handwritten notes from BROWN, "Michael, Sergei, Alex" on corner
120. Postits, including the names "Hugh Walker Superior Court Judge" and "Frazier O. Hubbard."
121. "New MD" file folder for Samuel R. Dismond III with a work schedule

Evidence recovered from 4343 Terrabella Place, Oakland

122. \$22,000 cash (found in Room C)
123. Toshiba laptop, 6A649720G (found in Room B)
124. \$2,000 cash wrapper (found in Room B)
125. Bank account statements (found in Room B)
126. Returned
127. BROWN's tax returns, EDD records (found in Room B)

Additional evidence recovered from 36 S. First Street, San Jose

128. Envelope containing guest checks and coupons from 9/5/13 – handwritten on envelope is "\$2152 -\$1,300 \$852 enclosed 31 Patients"
129. Envelope containing guest checks and coupons from 9/6/13 – handwritten on envelope is "35 patients \$2,567 2-99 Plants"
130. Two CardPresso thumb drives
131. 1 bankers box containing miscellaneous patient files from 9/26/13 to 10/2/13
132. Documents relating to Zut! In Berkeley, other miscellaneous documents

The following documents were retrieved from Evidence 75, recovered from MALENKOV's residence on 10/10/13:

133. Document entitled "420 EVALUATION startup business"
134. Document showing "Current" receivables of \$100,473, with \$44326 during previous month
135. Document entitled "How to Open a Marijuana Doctor's office"
136. Screen indicating, "420 Evaluations on 4th SUCKS!"

Evidence is maintained at the San Jose District Office.

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Public Offenses

Unlawful Practice of Medicine: Business & Professions Code, Section 2052 (a) and (b)

2052(a): MALENKOV, FILIPPOV and KOSTIKOV (UNLAWFUL PRACTICE)
2052(b): BROWN, KARAPETYAN (AIDING AND ABETTING)

2052. (a) Notwithstanding Section 146, any person who practices or attempts to practice, or who advertises or holds himself or herself out as practicing, any system or mode of treating the sick or afflicted in this state, or who diagnoses, treats, operates for, or prescribes for any ailment, blemish, deformity, disease, disfigurement, disorder, injury, or other physical or mental condition of any person, without having at the time of so doing a valid, unrevoked, or unsuspended certificate as provided in this chapter or without being authorized to perform the act pursuant to a certificate obtained in accordance with some other provision of law is guilty of a public offense, punishable by a fine not exceeding ten thousand dollars (\$10,000), by imprisonment pursuant to subdivision (h) of Section 1170 of the Penal Code, by imprisonment in a county jail not exceeding one year, or by both the fine and either imprisonment.

(b) Any person who conspires with or aids or abets another to commit any act described in subdivision (a) is guilty of a public offense, subject to the punishment described in that subdivision.

(c) The remedy provided in this section shall not preclude any other remedy provided by law.

Criminal Profiteering: Penal Code, Section 186.2 MALENKOV, FILIPPOV, KOSTIKOV, BROWN

186.2. For purposes of this chapter, the following definitions apply:

(a) "Criminal profiteering activity" means any act committed or attempted or any threat made for financial gain or advantage, which act or threat may be charged as a crime under any of the following sections:

- (1) Arson, as defined in Section 451.
- (2) Bribery, as defined in Sections 67, 67.5, and 68.
- (3) Child pornography or exploitation, as defined in subdivision (b) of Section 311.2, or Section 311.3 or 311.4, which may be prosecuted as a felony.
- (4) Felonious assault, as defined in Section 245.
- (5) Embezzlement, as defined in Sections 424 and 503.
- (6) Extortion, as defined in Section 518.
- (7) Forgery, as defined in Section 470.
- (8) Gambling, as defined in Sections 337a to 337f, inclusive, and Section 337i, except the activities of a person who participates solely as an individual bettor.
- (9) Kidnapping, as defined in Section 207.
- (10) Mayhem, as defined in Section 203.
- (11) Murder, as defined in Section 187.
- (12) Pimping and pandering, as defined in Section 266.
- (13) Receiving stolen property, as defined in Section 496.

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- (14) Robbery, as defined in Section 211.
- (15) Solicitation of crimes, as defined in Section 653f.
- (16) Grand theft, as defined in Section 487.
- (17) Trafficking in controlled substances, as defined in Sections 11351, 11352, and 11353 of the Health and Safety Code.
- (18) Violation of the laws governing corporate securities, as defined in Section 25541 of the Corporations Code.
- (19) Any of the offenses contained in Chapter 7.5 (commencing with Section 311) of Title 9, relating to obscene matter, or in Chapter 7.6 (commencing with Section 313) of Title 9, relating to harmful matter that may be prosecuted as a felony.
- (20) Presentation of a false or fraudulent claim, as defined in Section 550.
- (21) False or fraudulent activities, schemes, or artifices, as described in Section 14107 of the Welfare and Institutions Code.
- (22) Money laundering, as defined in Section 186.10.
- (23) Offenses relating to the counterfeit of a registered mark, as specified in Section 350.
- (24) Offenses relating to the unauthorized access to computers, computer systems, and computer data, as specified in Section 502.
- (25) Conspiracy to commit any of the crimes listed above, as defined in Section 182.
- (26) Subdivision (a) of Section 186.22, or a felony subject to enhancement as specified in subdivision (b) of Section 186.22.
- (27) Any offenses related to fraud or theft against the state's beverage container recycling program, including, but not limited to, those offenses specified in this subdivision and those criminal offenses specified in the California Beverage Container Recycling and Litter Reduction Act, commencing at Section 14500 of the Public Resources Code.
- (28) Human trafficking, as defined in Section 236.1.
- (29) Any crime in which the perpetrator induces, encourages, or persuades a person under 18 years of age to engage in a commercial sex act. For purposes of this paragraph, a commercial sex act means any sexual conduct on account of which anything of value is given or received by any person.
- (30) Any crime in which the perpetrator, through force, fear, coercion, deceit, violence, duress, menace, or threat of unlawful injury to the victim or to another person, causes a person under 18 years of age to engage in a commercial sex act. For purposes of this paragraph, a commercial sex act means any sexual conduct on account of which anything of value is given or received by any person.
- (31) Theft of personal identifying information, as defined in Section 530.5.
- (32) Offenses involving the theft of a motor vehicle, as specified in Section 10851 of the Vehicle Code.
- (33) Abduction or procurement by fraudulent inducement for prostitution, as defined in Section 266a.
 - (b) (1) "Pattern of criminal profiteering activity" means engaging in at least two incidents of criminal profiteering, as defined by this chapter, that meet the following requirements:
 - (A) Have the same or a similar purpose, result, principals, victims, or methods of commission, or are otherwise interrelated by distinguishing characteristics.
 - (B) Are not isolated events.
 - (C) Were committed as a criminal activity of organized crime.
 - (2) Acts that would constitute a "pattern of criminal profiteering

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activity" may not be used by a prosecuting agency to seek the remedies provided by this chapter unless the underlying offense occurred after the effective date of this chapter and the prior act occurred within 10 years, excluding any period of imprisonment, of the commission of the underlying offense. A prior act may not be used by a prosecuting agency to seek remedies provided by this chapter if a prosecution for that act resulted in an acquittal.

(c) "Prosecuting agency" means the Attorney General or the district attorney of any county.

(d) "Organized crime" means crime that is of a conspiratorial nature and that is either of an organized nature and seeks to supply illegal goods and services such as narcotics, prostitution, loan-sharking, gambling, and pornography, or that, through planning and coordination of individual efforts, seeks to conduct the illegal activities of arson for profit, hijacking, insurance fraud, smuggling, operating vehicle theft rings, fraud against the beverage container recycling program, or systematically encumbering the assets of a business for the purpose of defrauding creditors. "Organized crime" also means crime committed by a criminal street gang, as defined in subdivision (f) of Section 186.22. "Organized crime" also means false or fraudulent activities, schemes, or artifices, as described in Section 14107 of the Welfare and Institutions Code, and the theft of personal identifying information, as defined in Section 530.5.

(e) "Underlying offense" means an offense enumerated in subdivision (a) for which the defendant is being prosecuted.

Criminal Conspiracy: Penal Code, Section 182

MALENKOV, FILIPPOV, KOSTIKOV, BROWN, and KARAPETYAN

182. (a) If two or more persons conspire:

(1) To commit any crime.

(2) Falsely and maliciously to indict another for any crime, or to procure another to be charged or arrested for any crime.

(3) Falsely to move or maintain any suit, action, or proceeding.

(4) To cheat and defraud any person of any property, by any means which are in themselves criminal, or to obtain money or property by false pretenses or by false promises with fraudulent intent not to perform those promises.

(5) To commit any act injurious to the public health, to public morals, or to pervert or obstruct justice, or the due administration of the laws.

(6) To commit any crime against the person of the President or Vice President of the United States, the Governor of any state or territory, any United States justice or judge, or the secretary of any of the executive departments of the United States.

Criminal Solicitation: Penal Code, Section 653f

MALENKOV, FILIPPOV, and KOSTIKOV

653f. (a) Every person who, with the intent that the crime be committed, solicits another to offer, accept, or join in the offer or acceptance of a bribe, or to commit or join in the commission of carjacking, robbery, burglary, grand theft, receiving stolen property, extortion, perjury, subornation of perjury, forgery,

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kidnapping, arson or assault with a deadly weapon or instrument or by means of force likely to produce great bodily injury, or, by the use of force or a threat of force, to prevent or dissuade any person who is or may become a witness from attending upon, or testifying at, any trial, proceeding, or inquiry authorized by law, shall be punished by imprisonment in a county jail for not more than one year or pursuant to subdivision (h) of Section 1170, or by a fine of not more than ten thousand dollars (\$10,000), or the amount which could have been assessed for commission of the offense itself, whichever is greater, or by both the fine and imprisonment.

(b) Every person who, with the intent that the crime be committed, solicits another to commit or join in the commission of murder shall be punished by imprisonment in the state prison for three, six, or nine years.

Labor Code, Section 3700.5: Failure to Provide Workers' Compensation MALENKOV, FILIPPOV, KOSTIKOV, and BROWN

3700. Every employer except the state shall secure the payment of compensation in one or more of the following ways:

(a) By being insured against liability to pay compensation by one or more insurers duly authorized to write compensation insurance in this state.

(b) By securing from the Director of Industrial Relations a certificate of consent to self-insure either as an individual employer, or as one employer in a group of employers, which may be given upon furnishing proof satisfactory to the Director of Industrial Relations of ability to self-insure and to pay any compensation that may become due to his or her employees.

(c) For any county, city, city and county, municipal corporation, public district, public agency, or any political subdivision of the state, including each member of a pooling arrangement under a joint exercise of powers agreement (but not the state itself), by securing from the Director of Industrial Relations a certificate of consent to self-insure against workers' compensation claims, which certificate may be given upon furnishing proof satisfactory to the director of ability to administer workers' compensation claims properly, and to pay workers' compensation claims that may become due to its employees. On or before March 31, 1979, a political subdivision of the state which, on December 31, 1978, was uninsured for its liability to pay compensation, shall file a properly completed and executed application for a certificate of consent to self-insure against workers' compensation claims. The certificate shall be issued and be subject to the provisions of Section 3702.

For purposes of this section, "state" shall include the superior courts of California.

Possession of Forged Driver's License: Penal Code, Section 470a MALENKOV

470a. Every person who alters, falsifies, forges, duplicates or in any manner reproduces or counterfeits any driver's license or identification card issued by a governmental agency with the intent that such driver's license or identification card be used to facilitate the commission of any

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forgery, is punishable by imprisonment in a county jail for not more than one year, or by imprisonment pursuant to subdivision (h) of Section 1170.

Interfering and Obstructing a Police Investigation: PC, Section 148 KARAPETYAN

148. (a) (1) Every person who willfully resists, delays, or obstructs any public officer, peace officer, or an emergency medical technician, as defined in Division 2.5 (commencing with Section 1797) of the Health and Safety Code, in the discharge or attempt to discharge any duty of his or her office or employment, when no other punishment is prescribed, shall be punished by a fine not exceeding one thousand dollars (\$1,000), or by imprisonment in a county jail not to exceed one year, or by both that fine and imprisonment.

Destruction of Evidence: PC, Section 135 KARAPETYAN

135. Every person who, knowing that any book, paper, record, instrument in writing, or other matter or thing, is about to be produced in evidence upon any trial, inquiry, or investigation whatever, authorized by law, willfully destroys or conceals the same, with intent thereby to prevent it from being produced, is guilty of a misdemeanor.

Findings

Based upon the evidence gathered during the course of this investigation, a reasonable jury could conclude:

1. MALENKOV, FILIPPOV and KOSTIKOV, individually and through their limited liability company "Legal Aid," entered into an employment agreement with BROWN which provided, in part, that BROWN would be paid \$800 cash per day for preparing marijuana evaluations;
2. MALENKOV, FILIPPOV nor KOSTIKOV are licensed physicians;
3. BROWN accepted the employment, and beginning on March 3, 2013 held himself out as the owner of THC Medical, an unincorporated entity;
4. It is unlawful for a licensed physician to be employed by an unlicensed person or entity;
5. But for BROWN's willingness to enter into the conspiracy, MALENKOV, FILIPPOV and KOSTIKOV could not have operated a medical marijuana evaluation clinic;
6. In furtherance of this criminal conspiracy, BROWN prepared documents and caused those documents to be filed with the City of San Jose and Medical Board of California which falsely stated that THC Medical was owned and operated by BROWN, a licensed physician when, in fact, BROWN had no ownership interest in the facility located at 36 S. First Street, San Jose,

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- California. As such, MALENKOV, FILIPPOV and KOSTIKOV committed criminal solicitation by inducing BROWN to file these false documents;
7. Once the facility began taking "patients," BROWN received his biweekly compensation in cash, and all profits were kept by MALENKOV, FILIPPOV and KOSTIKOV. All expenses were paid from the receipts of the enterprise by MALENKOV, FILIPPOV and KOSTIKOV, and all profits, after payment of the expenses and compensation to BROWN, were kept by MALENKOV, FILIPPOV and KOSTIKOV;
 8. In setting up the unlawful enterprise, MALENKOV, FILIPPOV and KOSTIKOV controlled the manner in which the facility was to be operated, the fees to be charged to the "patients," and the manner in which records were to be maintained, BROWN's salary and benefits, and the fact that all payments were to be made in cash with no records maintained to establish the profits of the enterprise;
 9. The policy created by the primary suspects, and put into effect by SUSPECT BROWN, authorized BROWN to "recommend" large amounts of marijuana if the "patients" paid a much larger professional fee for the recommendation;
 10. MALENKOV, FILIPPOV and KOSTIKOV had access to the medical records generated by the enterprise, since the records were not kept under lock and key;
 11. Although the enterprise had no less than two employees, the enterprise did not have a policy of workers' compensation in force;
 12. During the execution of the search warrant, two American Express credit cards in different names were found at MALENKOV and FILIPPOV's residence; and
 13. KARAPETYAN obstructed and delayed the investigation by providing a false name, and knowingly and falsely stating (1) she didn't know MALENKOV; (2) that she had been hired by BROWN; and (3) that BROWN used his company checks to pay her salary. Furthermore, she acted as the gatekeeper, taking in, accounting for, and handling the incoming cash. The enterprise would not have functioned but for her assistance, since she collected the money, accounted for the money, and sent a text message to MALENKOV each day to keep him informed of the receipts for each day.
 14. Furthermore, after her cell phone was seized during the execution of the search warrant, KARAPETYAN entered her Apple account and cleansed the phone, thereby permanently deleting text messages between her and MALENKOV concerning monies received and opening another facility in Oakland.

Attachments

1. Consumer Complaint Form
2. Attachments to Consumer Complaint Form (photos)
3. Copy of certified records from EDD re Legal Aid
4. Copies of certified records from Secretary of State re Legal Aid, LLC
5. Copy of filed Hobbs Order (First Search Warrant -- unexecuted)
6. Copy of the filed Hobbs Order (Second Search Warrant -- executed)
7. Memorandum from Investigator Biasi
8. Memorandum from Investigator Singleton

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9. Email from Investigator Sundt
10. Property Receipts
11. Russian into English translation of MALENKOV notes
12. Petition for Release of Evidence
13. Order re Release Evidence (Brown)
14. Order to Release Evidence (MALENKOV and FILIPPOV)
15. Acknowledgment signed by MALENKOV
16. Signed authorization from BROWN
17. Acknowledgment signed by BROWN
18. Certificates of Non-Licensure (MALENKOV, FILLIPOV, KOSTIKOV)
19. Certificate of Licensure and FNP (BROWN)
20. Memorandum from Mark Loomis re Fairfield search
21. Memorandum from Anna Vanderveen re Fairfield search
22. Business License Directory from City of San Jose
23. Investigation subpoena duces tecum to City of San Jose, with Proof of Service

Property

1. Certified records from EDD
2. Certified records from Secretary of State
3. Search Warrant, et al. (unexecuted)
4. Search Warrant, et al. (2nd Warrant – executed with return)
5. Corneliuson interview (CD-Rom – part 1)
6. Corneliuson interview (CD-Rom – part 2)
7. Property Receipts
8. CD-Rom – Oakland search
9. CD-Rom – Fairfield search

Witness List

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Victor.sandoval@mbc.ca.gov

Keith L. Corneliuson
2500 Perdido Lane
Los Angeles, CA

Signatures

Prepared by:

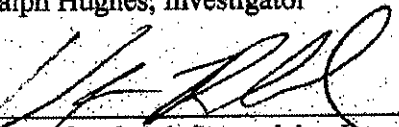


Ralph Hughes, Investigator

Date:

1/29/14

Approved by:



Victor Sandoval, Supervising Investigator

Date:

1/29/14