

SUPERIOR COURT OF WASHINGTON
FOR SNOHOMISH COUNTY

STATE OF WASHINGTON)
COUNTY OF SNOHOMISH)

No.

AFFIDAVIT FOR SEARCH WARRANT

The undersigned on oath states that affiant believes that:

X Evidence of the crimes of Promoting Prostitution in the Second Degree, RCW 9A.88.080, Conspiracy to Promote Prostitution in the Second Degree, RCW 9A.88.080 & 9A.28.040, Permitting Prostitution, RCW 9A.88.090 & SCC 10.04.070/EMC 10.24.130, Official Misconduct, RCW 9A.80.010, Money Laundering, RCW 9A.83.020, Leading Organized Crime, RCW 9A.82.060, Prostitution, RCW 9A.88.030 & SCC 10.04.050/EMC 10.24.100, Lewd Conduct, SCC 10.04.025/EMC 10.24.020, and Facilitating Lewd Conduct, SCC 10.04.035, and

X Contraband, the fruits of a crime, or things otherwise criminally possessed, and

_____ Weapons or other things by means of which a crime has been committed or reasonably appears about to be committed, and

_____ A person for whose arrest there is probable cause, or who is unlawfully restrained, are located in, on, or about the following described premises, vehicle, or person:

The Java Juggs espresso stand at 8015 Broadway Ave., Everett, Snohomish County, Washington;

The Twin Peaks espresso stand at 11323 Hwy. 99, Everett, Snohomish County, Washington;

The Java Juggs espresso stand at 11701 Hwy. 99, Everett, Snohomish County, Washington;

The Java Juggs espresso stand at 12803 Highway 99, Everett, Snohomish County, Washington;

The Java Juggs espresso stand at 21208 Highway 99, Edmonds, Snohomish County, Washington;

The Twin Peaks espresso stand at 15315 Highway 99, Everett, Snohomish County, Washington; and

The residence of Carmela Panico, located at [REDACTED] Snohomish, Snohomish County, Washington.

That affiant's belief is based upon the following facts and circumstances:

Kent Police Department Investigation:

(The following information was provided to me by detectives with the Kent Police Department);

In October of 2012, detectives with the Kent Police Department (King County, Washington) initiated an investigation of a drive-through espresso stand in the City of Kent based on information that female employees at the stand located at 24013 104th Avenue SE, Kent, Washington were regularly engaging in lewd conduct.

Over the course of the next several weeks, detectives conducted surveillance of the espresso stand. They also executed several undercover operations in which detectives posing as customers patronized the espresso stand. Detectives observed six different female employees on ten different occasions engaging in lewd conduct in exchange for tips—exposing their breasts, buttocks, anus, or vagina, and on one occasion two baristas touched their vaginas.

Kent Detectives were able to identify several of the baristas and learned that they also worked at several other "bikini barista" espresso stands in Snohomish County. During one of the undercover operations, a barista mentioned to the detective that she worked at espresso stands in Edmonds and Everett and that she preferred working at the stand in Everett because she was able to put on more of a "show" and be more "naughty" there. She mentioned that the Edmonds location received lots of complaints about the girls' conduct working at the stand. Through an Internet search detectives found an advertisement for job openings at "Twin Peaks Espresso" with stands in Kent (at the address listed above) and in Snohomish.

Detectives conducted additional research and found that the phone number listed in the employment advertisement was associated with a young woman named Samantha B. Lancaster [REDACTED]. A search of a law enforcement database revealed that Lancaster was associated with "Java Juggs" bikini barista espresso

stands at 21208 Highway 99 in Edmonds, Washington and at 11701 Highway 99 in Everett, Washington. Detectives located Lancaster's Facebook page which listed her occupation as a manager at Java Juggs Espresso. The page also had a number of pictures of Lancaster working at espresso stands in provocative and revealing outfits. Detectives also found the Java Juggs Facebook page and found that it listed espresso stands at several other locations, to include 8015 Broadway Avenue in Everett, 11323 Highway 99 in Everett (referred to as "N. Twin Peaks"), 12803 Highway 99 in Everett, and 15315 Highway 99 in Lynnwood, Washington.

Detectives discovered that in June of 2011, the Edmonds Police Department concluded an investigation of the espresso stand located at 21208 Highway 99. As a result of that investigation, the stand's owner Carmela A. Panico [REDACTED] was charged with prostitution and permitting prostitution based on evidence that she and other baristas employed at her espresso stands were exposing themselves and allowing customers to fondle them in exchange for money.

Kent detectives researched Panico's history and learned that she had been actively involved in the adult entertainment industry for a number of years, primarily associated with Talents West—a Seattle business that was shut down in 2010 when its owners were indicted on federal racketeering charges in US District Court for the Western District of Washington.

In February of 2013, the Kent investigation culminated in the arrest of several of the baristas for violations Kent's adult entertainment laws and for prostitution. Kent detectives interviewed some of the women after they were arrested. Several of the women had worked in the adult entertainment business as "dancers" before they were hired to work at the Java Juggs/Twin Peaks coffee stands. They confirmed that Carmela Panico owned all seven stands and that Samantha Lancaster managed them. They described how initially they were paid a 10% commission on coffee sales during their shifts and that they were allowed to keep any tips they made. The women reported being paid only several hundred dollars a month by Panico (sometimes by check and other times in cash) but they made several thousand dollars a month in tips. In fact, one woman estimated she made close to \$100,000 in tips in 2012 alone.

The women said that Panico and Lancaster encouraged them to put on "shows" (i.e., exposing themselves) for customers to generate more business. As they made more money for the stands Lancaster or Panico would reward them by giving them more hours and letting them work shifts at the busier stands.

Several of the women also told detectives that Lancaster and other baristas were working as "escorts" from the coffee stands and that they would engage in sex acts with customers for money.

On March 6, 2013, Kent detectives interviewed [REDACTED] about what she knew of the operation of the Java Juggs/Twin Peaks stands. [REDACTED] was one of the baristas who was arrested in February of 2013 and on the advice of her attorney, she agreed to provide additional information to investigators). In that interview [REDACTED] told the detectives that Panico and Lancaster would call her and the other baristas to warn them that the police were targeting the espresso stands with undercover operations. She said that as recently as January of 2013 Panico told her that the stands were under investigation by both the Kent and Everett Police Departments. [REDACTED] told Kent detectives that Panico and Lancaster received information about law enforcement investigations from a "Sheriff" that they are friends with. She told the detectives that she had interacted with this "Sheriff" on multiple occasions when she was working at two of the stands in Snohomish County. She said that she had seen him at the stands both in uniform and in his patrol car and when he was off duty. [REDACTED] provided a physical description of the man and said that he wore a tan uniform and drove a white patrol car with the word "Sheriff" on the side.

[REDACTED] told the detectives that the "Sheriff" would frequent the espresso stands in Snohomish County and would never purchase anything. Instead, he would talk to the baristas, make comments about their bodies or what they were wearing, and ask them to "flash" him. She said that he would sometimes ask to touch the baristas and while she never allowed him to do so, [REDACTED] told the detectives that she had seen him touching several of the other baristas. [REDACTED] also said that it was common knowledge among the baristas that Panico and Lancaster have engaged in sex acts with him in exchange for information about law enforcement investigations targeting the stands.

Kent detectives interviewed other baristas who had been arrested in the original investigation. Two of them mentioned the fact that a police officer would stop by the stands in Snohomish County to talk to the women. [REDACTED] told detectives that she had worked for Java Juggs/Twin Peaks for about two years. She said that the officer would regularly come inside the stands while she and other girls were working. [REDACTED] said she witnessed him engaging in sexual activity with Panico and Lancaster inside the coffee stands. Barista [REDACTED] recounted witnessing similar conduct and told detectives that she thought the officer's name was "O'Neill." She said that he would inform Panico or Lancaster about undercover police investigations targeting the stands and once gave them a description of an undercover police vehicle to watch out for.

Barista [REDACTED] did not mention anything about a police officer visiting the stands, but she did tell Detective Gilcrist that she had talked to Panico about how to detect undercover police officers. [REDACTED] also mentioned that Samantha Lancaster

would send text messages to all of the baristas warning them not to expose themselves to customers.

Barista [REDACTED] told Detectives Gilcrist and Dvorak that she was hired to work at the Twin Peaks espresso stands by Samantha Lancaster. [REDACTED] said that customers were constantly offering her tips in exchange for "shows." She explained that Lancaster would communicate with the baristas via text messages and would regularly send them text messages notifying them of rules for working at the stands. She showed the detectives a text message she had received from Lancaster that read, in part, *"New rule takes effect today! \$100.00 fine each time this rule is broke..from now on everyone wears tennis shoes to work then heels during shift..no slippers or uggs or ugg.type shoes, no sandals no boots. Tennis shoes only! Respond asap!"* Taylor also recalled hearing Lancaster warning another barista because she suspected there may be undercover police officers focusing on the stands.

Based on the information provided by the baristas, Kent detectives conducted some research and found that Darrell L. O'Neill is employed as a sergeant with the Snohomish County Sheriff's Office. They noted that he matched the physical description provided by the baristas.

The Kent detectives informed their administration of the allegations involving O'Neill and in turn, the Chief of Police for the City of Kent filed a personnel complaint with the Snohomish County Sheriff's Office. Due to the nature of the complaint, the Sheriff's Office asked the Everett Police Department to conduct additional investigation. That investigation was assigned to Everett Detective Kevin Allen and me.

Follow-Up Investigation:

After being briefed by Kent detectives about what their investigation had uncovered, Detective Allen and I re-interviewed several of the baristas. We showed [REDACTED], [REDACTED], and [REDACTED] a photo line-up and they all identified Sgt. O'Neill as the officer they were talking about.

Barista [REDACTED] told us that Panico introduced her to O'Neill when she was working at the Java Jugs stand in Edmonds in 2010 or early 2011. She told us that there was an "unwritten rule" regarding how they should treat O'Neill because of the fact that he provided Panico and Samantha Lancaster with information about police activity. She recalled one particular occasion in the Fall or Winter of 2012 when Lancaster called her and told her that O'Neill had told her that they were being investigated. [REDACTED] also told us that several baristas were working as escorts and that they would have "dates" with customers in cars at the espresso stands and sometimes after work. According to [REDACTED] She said that O'Neill would frequently show up at the stands when the women

were working as escorts. [REDACTED] also mentioned that all of the stands had video surveillance systems that recorded video footage from inside the stands. (I also recalled that in the Kent investigation, [REDACTED] had told Detective Gilcrist about reviewing in-stand surveillance footage with Panico and Lancaster).

Barista [REDACTED] told us that she had talked to O'Neill so many times that she knew him by name. She described how he would show up at the coffee stands and let himself inside. She told us that O'Neill had engaged in sexual activity with Panico and Lancaster inside the coffee stands while he was in full police uniform. She also told us that she and the other baristas would receive text messages from Panico and Lancaster relaying information from O'Neill about undercover law enforcement investigations.

Former barista, [REDACTED], told us that O'Neill would talk to the baristas about when they could perform "shows" for customers without worrying about law enforcement. He explained that officers during the night shifts tended to be more aggressive in their enforcement but that they were off shift at 6:00 a.m. and that the daytime officers were more relaxed. [REDACTED] went on to tell us about the escort business being run from the espresso stands. She said that the baristas who worked as escorts had "menus" listing description of sex acts and the cost for each. She said that O'Neill was aware of the escort business and that his role was to provide information about law enforcement officers who were working and to warn the baristas about investigations. [REDACTED] said that the coffee stands at 8015 Broadway Avenue in Everett and at 11701 Highway 99 in Everett were the two where most of the escort activity was occurring. [REDACTED] told us that she knew about the escort business and O'Neill's involvement because she had worked as the coffee stands' day manager for a period of time.

[REDACTED] recounted a time in October of 2012 when O'Neill gathered all of the baristas together and told them that they were all under investigation and that they were "fucked." She said that O'Neill seemed to be very concerned and even stopped coming by the stands as often for a while.

After the interview with [REDACTED] Kent Detective Gilcrist told Detective Allen and me that they had started their investigation of the Twin Peaks/Java Juggs espresso stands in October of 2012 and that in the early stages of their investigation, they had requested reports pertaining to the stands from the Everett and Edmonds Police Departments and the Snohomish County Sheriff's Office. Detective Gilcrist also recalled that around that time, Lancaster's attorney called the Kent Police Department and inquired about why Lancaster was under investigation.

I obtained and reviewed the police reports from the Edmonds Police investigation in 2011. Responding to citizen complaints about lewd conduct occurring at the Java

Juggs espresso stand at 21208 Highway 99, the Edmonds Police Department initiated an investigation. Officer Frausto conducted surveillance and visited the stand in an undercover capacity several times over the course of a couple months. He documented numerous instances where baristas exposed themselves to other customers and him in exchange for money. The investigation abruptly came to an end when the baristas changed their conduct when dealing with Officer Frausto and refused to expose themselves. He ultimately referred criminal charges against Carmela Panico, Samantha Lancaster, and several other baristas.

I contacted Officer Frausto and asked him if he was ever able to determine what had caused the baristas' abrupt change in conduct and attitude toward him. He remembered being quite perplexed at the time and wondering if he had slipped up in his undercover role and done or said something to alert the baristas to his investigation. He told me that the day before he encountered the new attitude from the baristas he had contacted a sergeant with the Snohomish County Sheriff's Office to request assistance in identifying one of the baristas (who turned out to be Samantha Lancaster). I was later able to obtain O'Neill's work schedule for April 2011 and I confirmed he was the South Sergeant working at the time Officer Frausto called for the Sheriff's Office for assistance.

Detective Allen and I obtained Panico's cellular telephone number from Everett Police records. We obtained historical call records for Sgt. O'Neill's work-issued cell phone from the Snohomish County Sheriff's Office. I noted numerous calls between O'Neill's work phone and Panico's cell phone—often multiple calls per day.

Because of Panico's past connection to Talents West, agents from the Federal Bureau of Investigation agreed to assist in our investigation. FBI agents installed cameras to obtain live and recorded surveillance video of the coffee stands located at 11701 Highway 99 in Everett, 11323 Highway 99 in Everett, and 8015 Broadway Avenue in Everett.

As time has allowed, Detective Allen and I have reviewed some of the recorded footage. We have recovered video footage of Sergeant O'Neill visiting the stands in the 11300 and 11700 blocks on Highway 99 on multiple occasions between late April 2013 up until the writing of this Affidavit. On every occasion he shows up during his work shifts in full uniform and driving his marked patrol car. He usually gets out of his patrol car and either stands at one of the coffee stand windows or actually enters the stands. The surveillance footage also shows O'Neill hugging and kissing several of the baristas. In our review of the surveillance footage thus far, not once have we witnessed O'Neill purchasing coffee at the stands or giving the baristas any money.

By comparing the surveillance video footage with O'Neill's computer-aided dispatch (CAD) activity during the times he was at the coffee stands, Detective Allen

and I discovered that O'Neill has used his in-car computer to run license plates of vehicles at the stands. For example, the surveillance footage from May 13, 2013 shows O'Neill showing up in a patrol car at the coffee stand at 11323 Highway 99 in Everett just before 10:30 a.m. He leaves the stand at 10:36 a.m. A review of his CAD history shows that at 10:36 a.m. he ran the license plate of a vehicle registered to one of the baristas who was working at that coffee stand that morning. The CAD history does not indicate that O'Neill was dispatched to the stand or responding to a call. As another example, surveillance footage from May 27, 2013 shows O'Neill visiting the same coffee stand (in full uniform and driving his patrol car) at 1:36 p.m. He exits his patrol car and stands at the coffee stand's window for a couple minutes before getting in his car and driving away. His CAD history shows that at 1:38 p.m. he ran the license plate of a vehicle that Detective Allen and I have observed at several of the different stands on multiple occasions and ultimately determined to be Lancaster's.

Review of the surveillance video footage and real-time surveillance in the field have also yielded additional evidence of lewd conduct and prostitution occurring at the coffee stands. Detective Allen and I have witnessed the baristas at the stands leaning out of the windows and exposing their breasts and buttocks to customers. We have seen customers giving baristas money and then fondling and kissing baristas' breasts as they stood outside their vehicles at the coffee stands' windows.

Surveillance footage from June 3, 2013 shows a male customer standing at the window of the coffee stand at 11323 Highway 99 in Everett at 6:15 a.m. After purchasing a cup of coffee, he obtains more money from his wallet and starts touching the barista's fully exposed breasts as she stands topless at the window. The barista then turns around and sticks her bare buttocks out the window. The customer can be seen touching the barista's anus and then inserting his fingers into her vagina. The barista then turns around and the man grabs and sucks on the baristas breasts before giving her more money and leaving the coffee stand. From the video I was able to identify the barista as Samantha Lancaster by comparing the footage to her Department of Licensing photograph and pictures on her Facebook page.

Surveillance footage from June 4, 2013 shows the same customer showing up to the same coffee stand at the same time and again paying Lancaster to suck her breasts and insert his fingers into her vagina.

Surveillance footage shows that the same customer patronized the stand at 8015 Broadway Avenue in Everett on June 10, 2013. He then went to the stand at 11323 Highway 99 where Lancaster was working. Surveillance footage also shows Panico showing up at the stand at 11323 Highway 99 and talking with Lancaster on June 10.

Detective Allen and I also conducted surveillance on June 10, 2013. We noted that barista [REDACTED] was working at the stand at 11701 Highway

99 in Everett, Washington during the morning shift. (We were able to identify her by looking at her Department of Licensing photograph and pictures on her Facebook page). We observed a Ford pickup truck parked in the nearby Walmart parking lot and noticed that the driver seemed to be watching the coffee stand. A short time later the truck drove over to the coffee stand and the driver talked to [REDACTED]. After her shift was over, [REDACTED] met with the pickup's driver in the corner of the Walmart parking lot. We observed [REDACTED] getting into the front passenger seat. A short time later we watched as someone opened the sliding window in the back of the cab. We could see that the male driver was putting his shirt back on. [REDACTED] exited the truck and as she did, we saw that she was pulling up her pants. They talked for a couple minutes and then the driver gave [REDACTED] what appeared to be cash. Before she walked away from the truck [REDACTED] turned around and rubbed her clothed buttocks against the man's crotch.

Later that day (June 10), Detective Allen and I saw O'Neill arrive at the coffee stand at 11323 Highway 99. He talked to one of the baristas for a few minutes and then grabbed her and kissed her before leaving.

Surveillance footage from the stand at 11701 Highway 99 on June 13, 2013 shows a barista exposing her breasts and pinching her nipples in front of a customer. I was able to identify that barista as [REDACTED] by looking at her Department of Licensing photograph and pictures posted under the name [REDACTED] on the Java Juggs website. That video also shows [REDACTED] leaning out of the coffee stand window, grabbing a male customer's crotch, and rubbing his penis over his clothing. The customer reaches into the stand and touches [REDACTED] before giving her money and driving away.

Also, through our review of surveillance footage, Detective Allen and I noted that the stands at 11323 Highway 99, 11701 Highway 99, and 8015 Broadway Avenue all have detached sheds on the premises that the baristas use to store supplies for the coffee stands. We have observed baristas leaving the coffee stands and accessing the sheds on multiple occasions.

On June 20, 2013, Everett Police Detective C. Roberts told me about some video files he had recovered from a computer that was seized and searched as part of an Identity Theft investigation being conducted by other Everett detectives. Detective Roberts told me that the video clips showed baristas at several coffee stands engaging in sexually-explicit acts in exchange for money. I conferred with Everett Police Detective J. French (the investigator assigned to the Identity Theft case) about what Detective Roberts had found and Detective French obtained an addendum to her original warrant in order to properly recover the video evidence.

I was able to view the video files on June 21, 2013. I watched 8 video clips that were filmed at what I recognized to be the Twin Peaks coffee stand at 11323 Highway

99 and 2 clips that were filmed at the Java Juggs coffee stand at 8015 Broadway Avenue. It is apparent that the clips were recorded (video and audio) with a hidden camera in a customer's car and that the baristas were unaware that they were being filmed. In each of the clips the customer buys coffee for \$6 but pays with a \$20 bill. He tells the baristas (four different women) that the extra money is for a show. The baristas then proceed to expose themselves (breasts, vaginas, and anuses) and in several instances, to insert their fingers into their vaginas. The earliest video clip was from December 2012 and most recent was recorded on April 20, 2013.

On June 24, 2013, I was informed by Lieutenant J. Duffy of the Everett Police Department's Special Investigations Unit that his detectives had visited the coffee stands at 12803 Highway 99 in Everett and 21208 Highway 99 in Edmonds earlier that morning. At the stand at 12803 Highway 99, an undercover detective purchased a cup of coffee for \$5 and paid with a \$20 bill. The barista (subsequently identified as [REDACTED] by her Department of Licensing photograph and her Facebook page) asked the detective if he wanted a show and when he said yes, she stepped back from the window, pulled her bikini top to the side exposing her breasts, pulled her bikini bottoms down exposing her vagina and spreading her vaginal lips, then turned around, bent over, and pulled her buttocks cheeks apart exposing her anus and vagina. At the stand at 21208 Highway 99 in Edmonds the detective paid \$7 for a cup of coffee and paid with a \$20 bill. When the barista started to return his change the detective told her that she could keep it in exchange for a show. The barista stepped back from the window, pulled her bikini top aside exposing her breasts, then she turned around, bent over, and pulled her bikini bottoms down exposing her anus and vagina.

Later in the day, I was provided updated information about contact that an undercover officer had with a barista at the Twin Peaks coffee stand at 15315 Highway 99. The detective paid for a cup of coffee with a \$20 bill and the barista asked him if he wanted a show. He said yes and the barista proceeded to pull her bikini top to the side exposing her breasts. She then turned around, bent over, and pulled her bikini bottoms down exposing her anus and vagina. The undercover detective identified the barista as [REDACTED] through her Department of Licensing photograph.

Detectives arrested Sgt. O'Neill on June 25, 2013. He agreed to speak with investigators. He admitted that he was familiar with some aspects of the operation of the espresso business and that he regularly had contact with the baristas at the coffee stands. He confirmed that Lancaster and Panico communicate with the baristas via text messaging and told us that Panico had purchased Lancaster a tablet device to use in communicating with the employees. O'Neill told us that he had seen Lancaster using the device at the espresso stands. O'Neill also told us that he has seen baristas accessing a storage area in the basement of an adjacent building at the coffee stand at

15315 Highway 99 and that he has also seen Panico accessing this space on several occasions.

Financial Investigation:

FBI Special Agent Jamie L. Barrett has been assisting Detective Allen and me in this investigation since shortly after we were assigned the case in late March 2013. SA Barrett has primarily focused on developing a financial picture of Carmela Panico's coffee stand business. Detective Allen and I relayed to SA Barrett some of what the baristas had told Kent detectives and us about the business during our interviews with them. Specifically, we told her that the baristas all told us that they were paid in cash and that they had never completed or filed any tax documents (W-2 or W-4 forms). We also told her that according to barista [REDACTED] Samantha Lancaster made between \$100,000 and \$200,000 per year managing the stands and working as an escort from the stands. We also told her about [REDACTED] description of Panico's erratic payroll habits—how if she was mad at an employee, she would simply not pay her.

SA Barrett reviewed records from the Washington State Department of Revenue and found that Carmela Ann Panico filed a business application with the State of Washington for Java Juggs Espresso on or about July 7, 2008. Panico is listed as the sole owner. The listed mailing address for Java Juggs Espresso was 4518 117th Drive SE, Snohomish, Washington 98290 with the business location listed as 11701 Highway 99, Everett, Washington. (Through surveillance, my fellow investigators and I have been able to determine that Panico does in fact reside at [REDACTED] in Snohomish). In the business application Panico indicated that the gross income for her business was between \$0 and \$12,000 and that the first date of business was August 2008. The application also listed that she had one employee between ages 14 and 15 and another between ages 16 and 17. The e-mail address for her business was listed as panico9255@msh.com.

SA Barrett also found that in a business license application dated December 18, 2012, Panico's espresso business had the business name of Bella Butterscotch, Inc. with a date of incorporation of September 2012. Carmela Panico was listed as the President and owner with a listed address of [REDACTED] Snohomish, Washington. The document indicated that she had a business called Twin Peaks located at 24013 104th Avenue SE, Kent, Washington that was acquired on October 1, 2012 for \$60,000. The business e-mail address was listed as panico9255@msn.com and Panico, who is listed as the filer of the document, described the activities of the

business as "making and serving espresso drinks." Panico listed gross revenue as \$28,001 to \$60,000.

SA Barrett learned that Panico has filed other business applications that appear to correlate with the purchase of new coffee stands. Collectively the documents show that Panico is the sole owner of espresso stands at the following locations: 11701 Highway 99, Everett, Washington; 21208 Highway 99, Edmonds, Washington; 12803 Highway 99 South, Everett, Washington; 8015 Broadway, Everett, Washington; 11323 Highway 99, Everett, Washington; 15315 Highway 99, Lynnwood, Washington; and 24013 104th Avenue SE, Kent, Washington.

SA Barrett obtained revenue information provided for Java Juggs Espresso, Inc. and Twin Peaks Espresso to the State of Washington Department of Revenue for January 2010 to December 2012 and found that Panico reported gross revenue for her coffee stand business (listed as Java Juggs Espresso through April 2012 and as Java Juggs Espresso, Inc. and Twin Peaks Espresso from May 2012 to December 2012) as approximately \$248,975 for 2010, approximately \$504,540 for 2011, and approximately \$1,158,547 for 2012.

SA Barrett reviewed business license information from the Washington Secretary of State and learned that Panico last renewed her business license for Java Juggs Espresso, Inc., with associated Unified Business ID #602846168 on or about June 16, 2012. Panico is listed as the President and is listed as the responsible party with an identified address of [REDACTED] Snohomish, Washington. The contact e-mail address for the business was listed as bellabutterscotch@gmail.com. On or about November 30, 2012, the Secretary of State Corporations Division received an initial report for Pacific Northwest Espresso, LLC. This document listed Carmela Panico of [REDACTED] Snohomish, Washington as the Executor of the business. Other records indicated that the business e-mail associated with this business was panico9255@msn.com and that the business location for this entity was identified as [REDACTED], Snohomish, Washington. The Secretary of State Corporations Division also received an "Articles of Amendment of Java Juggs Espresso, Inc.," from Panico indicating that Java Juggs Espresso, Inc. had changed its name to Bella Butterscotch, Inc.

Because banks and other financial institutions are required by federal law to report cash deposits in excess of \$10,000 to the U.S. Treasury Department's Financial Crimes Enforcement Network, SA Barrett was able to obtain information about some of Panico's banking habits. She discovered that over the last several years, Panico made numerous large cash deposits to an account under the name of Java Juggs Espresso, Inc. at Boeing Employees Credit Union (BECU):

| DATE | AMOUNT |
|------------|----------|
| 5/26/2010 | \$13,000 |
| 5/16/2011 | \$13,000 |
| 7/20/2011 | \$13,300 |
| 7/20/2011 | \$13,300 |
| 1/27/2012 | \$11,200 |
| 2/15/2012 | \$12,200 |
| 3/15/2012 | \$17,600 |
| 4/16/2012 | \$17,911 |
| 4/27/2012 | \$13,500 |
| 5/21/2012 | \$15,045 |
| 5/21/2012 | \$15,045 |
| 6/13/2012 | \$20,000 |
| 6/18/2012 | \$22,200 |
| 7/13/2012 | \$16,000 |
| 7/27/2012 | \$10,200 |
| 8/10/2012 | \$10,399 |
| 9/10/2012 | \$10,605 |
| 9/24/2012 | \$66,471 |
| 10/10/2012 | \$18,000 |
| 10/17/2012 | \$13,200 |
| 1/15/2013 | \$18,000 |
| 1/25/2013 | \$30,700 |
| 2/4/2013 | \$45,280 |
| 2/11/2013 | \$16,500 |
| 2/13/2013 | \$12,600 |
| 2/27/2013 | \$15,780 |
| 3/8/2013 | \$14,000 |
| 3/13/2013 | \$20,800 |
| 3/20/2013 | \$11,600 |
| 3/25/2013 | \$10,610 |
| 3/28/2013 | \$16,696 |
| 4/5/2013 | \$18,600 |
| 4/12/2013 | \$11,540 |
| 4/15/2013 | \$12,075 |
| 4/19/2013 | \$51,200 |
| 4/22/2013 | \$15,100 |
| 4/30/2013 | \$19,260 |
| 5/7/2013 | \$12,000 |
| 5/16/2013 | \$26,300 |
| 5/28/2013 | \$35,300 |
| 6/6/2013 | \$26,100 |

On June 14, 2013, SA Barrett and I interviewed some of the BECU employees responsible for filing the Currency Transaction Reports referenced above. They advised that Panico's deposit behavior has continued into 2013 and has been consistent with last year's deposit patterns. Employees recalled that on multiple occasions in the past, Panico has brought in a large amount of one-dollar denominations that had a noticeable foul odor. Panico advised BECU employees that she maintained these denominations in her freezer at home with fish. Additionally, BECU staff indicated that on one occasion, in an approximate \$60,000 deposit, all the denominations consisted of \$20 bills. Additionally, Panico has advised BECU staff that she stores up the cash for a while before she makes deposits. On all the Currency Transaction Reports SA Barrett reviewed, Panico's home address is identified as [REDACTED] Snohomish, Washington 98290, which is the same address associated with Java Juggs Espresso, Inc.

BECU employees advised that Panico's cash deposits are inconsistent with other espresso stand businesses that have accounts at their financial institution in that Panico often deposits a large amount of bigger denominations such as \$20 bills, and the amount of money she deposits is far greater than the amount of other stands—even taking into consideration she owns seven stands. Other espresso businesses typically deposit smaller denominations such as 1, 5, 10, and occasionally 20 dollar denominations.

During our interviews one of the BECU employees informed us that Panico has an on-line banking feature on her account which allows her to check account balances, conduct money transfers, and arrange on-line payments by accessing a secure website through a computer or other web-enabled device. In fact, as we were speaking with the BECU employees, one of them mentioned that Panico was using the on-line banking service to access her account at that very moment.

SA Barrett found a Currency Transaction Report associated with Panico's purchase of a 2013 Cadillac XTS bearing Vehicle Identification Number (VIN) 2G61T5S34D9106174 from Doug's Northwest Cadillac located at 17545 Aurora Avenue North, Shoreline, Washington on or about November 11, 2012. The total price of the vehicle was \$67,564 and \$35,400 in cash was received by Panico for the purchase. Of the \$35,400, \$33,800 was listed as being in amounts of \$100 bills or higher. Based upon documents I have reviewed obtained from the State of Washington Department of Licensing for the purchase of the vehicle, Panico traded in a 2008 Ford F250 bearing Vehicle Identification Number 1FTSW21RX8ED34910, valued at \$30,164 on or about November 11, 2012 when Panico sold it to Doug's Cadillac. A CTR was previously filed by Brien Ford on Panico on or about October 12, 2011 related to the purchase of the 2008 Ford F250. The report indicated that Panico provided \$17,000 in cash towards

the purchase of the vehicle, which was then priced at \$40,698. Of the \$17,000 in currency, \$13,700 was identified as being in \$100 bills or higher.

Summary:

Through the investigation outlined above, my fellow investigators and I have uncovered evidence that employees at the Java Juggs and Twin Peaks espresso stands in Snohomish and King Counties are regularly engaging in Lewd Conduct and Prostitution. The stands are owned by Carmela Panico. Panico and her manager, Samantha Lancaster, encourage the employees to engage in this conduct and actually make a practice of hiring young women with previous experience working as strippers or "escorts." As a result, the coffee stands essentially operate as drive-through strip clubs or brothels. Our investigation also revealed evidence that for the past few years, Snohomish County Sheriff's Office Sergeant Darrell L. O'Neill has been assisting Panico and Lancaster by providing them information about law enforcement investigations targeting the coffee stands and offering other advice about how to otherwise avoid attracting law enforcement attention. Finally, the financial component of the investigation outlined above has yielded evidence that the coffee stands are generating revenue in excess of what would be expected from such a business. And based on what we heard from former coffee stand employees and based on what we observed through surveillance of the coffee stands, I believe that a significant portion of the revenue flows from the illegal activity described above.

I believe that a thorough search of the premises described above will yield evidence of the crimes of Promoting Prostitution in the Second Degree, Permitting Prostitution, Prostitution, Criminal Conspiracy, Official Misconduct, Money Laundering, Leading Organized Crime, Lewd Conduct, and Facilitating Lewd Conduct.

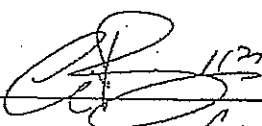
Affiant's Training and Experience:

I am a Detective with the Everett Police Department, currently assigned to the Major Crimes Unit. I have been with the City of Everett Police Department since 1997. I have successfully completed the Basic Law Enforcement Academy and have since received numerous hours of additional training. I have been assigned as a patrol officer, field training officer, Acting Sergeant (Patrol) and to the Administrative Services/Training Unit. I have also been assigned as a detective with Special Investigations Unit (Vice and Intel), Property Crimes Unit and I am currently assigned to the Major Crimes Unit.


As a Detective in the Special Investigations Unit, I was involved in numerous investigations focusing on prostitution activity. From that experience, I know that persons involved in prostitution often carry condoms and personal lubricants.

I declare under penalty of perjury under the laws of the State of Washington that, to the best of my knowledge and belief, the foregoing is true and correct.


Signed at Everett, Washington this 25 day of June, 2013.

Affiant 
Everett Police Detective 1129
Agency, Title, Personnel Number

SUBSCRIBED AND SWORN to before me this 25 day of June, 2013.

Judge 
MICHAEL T. DOWNES

Issuance of Warrant Approved:


Matthew D. Baldock, #30892
Deputy Prosecuting Attorney