

MICHAEL LORD INVESTIGATION

February 24, 2015

**FACE-TO-FACE
meeting
1:46 p.m.**

SESSION 3

GOVERNMENT
EXHIBIT

I

GOV-001

MICHAEL LORD INVESTIGATION

2

MICHAEL LORD

Undercover Operation

2-24-15, approximately 1:29 p.m.

Volume 3

0:25 - Introduction

BY THE UCA:

Today's date is February 24th, 2015 The time is approximately 1:29 p.m. This is IRS Special Agent Badge Number 6544. I consent to the following meeting to be monitored and recorded. This meeting is in regards to the Michael Lord investigation. I'll be meeting with him and his father at McDonald's.

00:26 - 31.22 driving time, no audio transcription

31:23 Meeting begins

BY THE UCA:

What's going on guys? Good morning. How's things?

BY MICHAEL LORD:

All right.

BY THE UCA:

Crazy weather, huh?

BY MICHAEL LORD:

Oh, Yeah.

BY THE UCA:

MICHAEL LORD INVESTIGATION

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1 It took me a while to get back here. Sorry.

2 BY MICHAEL LORD:

3 Yeah, I understand.

4 BY THE UCA:

5 I was trying to get out and then -- they were saying,
6 don't bother driving from Houston, you know.

7 BY MICHAEL LORD:

8 Yeah. It's not too bad down here, is it?

9 BY THE UCA:

10 No. It was only when I got close. But it was just
11 long -- a long couple of days when you are just
12 traveling around.

13 So, what kind of -- what's our rate today?

14 BY MICHAEL LORD:

15 That's the rate right now. (Indicating)

16 BY THE UCA:

17 How do you determine that?

18 BY MICHAEL LORD:

19 It's -- it's taking the exchange rate and then adding
20 five percent. And I have the site doing that
21 automatically. It's an app.

22 BY THE UCA:

23 Okay. 251 is fine, yeah.

24 BY MICHAEL LORD:

25 Which rate?

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1 BY THE UCA:

2 251.420 isn't. I mean, I -- I had another good week
3 again last week with the -- selling the steroids, you
4 know, the human growth hormone. And I'm just kind of
5 thinking. I know you guys are saying that it's not
6 as profitable for you to really mine coins any more,
7 right?

8 BY MICHAEL LORD:

9 Yes. It's not nearly -- yes. It's getting bad.

10 BY THE UCA:

11 I mean, I'm trying to think up ahead. Me running the
12 gym, I make some money. But the real bulk of the
13 money is selling the illegal drugs out back.

14 BY MICHAEL LORD:

15 I understand.

16 BY THE UCA:

17 So, ---

18 BY RANDALL LORD:

19 So the gym is just the front.

20 BY THE UCA:

21 Yeah. I mean, I can't -- I can't have my accountant
22 knowing about this at all.

23 BY MICHAEL LORD:

24 I know.

25 BY RANDALL LORD:

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1 I understand.

2 BY THE UCA:

3 But I'm thinking -- I have -- I have a few of these
4 gyms set up. Would you guys be willing to maybe do
5 something like that? Or I can search around, maybe
6 find a location here where we can open a gym and I'll
7 take care of all of the steroid portion of it.

8 BY RANDALL LORD:

9 We'll think about it.

10 BY MICHAEL LORD:

11 Yes. We -- we have to talk about it.

12 BY THE UCA:

13 Okay. I mean, we can make a lot of money doing that.
14 You know, we could look at some kind of profit
15 splitting on it, you know.

16 BY RANDALL LORD:

17 Well, why would you want us to do it instead of you?

18 BY THE UCA:

19 Well, I don't live here. So, I need someone to kind
20 of ---

21 BY RANDALL LORD:

22 Okay. You need someone to manage it?

23 BY THE UCA:

24 Manage the gym. I mean, I'll take care of all the
25 drug portions, steroids.

MICHAEL LORD INVESTIGATION

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1 BY RANDALL LORD:

2 Oh, Okay.

3 BY MICHAEL LORD:

4 We'll talk about it.

5 BY THE UCA:

6 Okay. Are you sure you're fine counting in here?

7 Unless you don't comfortable counting.

8 BY MICHAEL LORD:

9 Yeah.

10 BY THE UCA:

11 I feel a little weird doing that. So, I -- so, it's

12 three stacks of five and then the smaller bills is

13 four.

14 BY MICHAEL LORD:

15 All right. That's what we got.

16 BY THE UCA:

17 Yeah.

18 BY MICHAEL LORD:

19 Okay.

20 BY THE UCA:

21 Are you hungry? I know I am.

22 BY RANDALL LORD:

23 No. I just had lunch, though. Thank you.

24 BY THE UCA:

25 No problem. No problem.

MICHAEL LORD INVESTIGATION

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1 BY MICHAEL LORD:

2 That's going to take a while.

3 BY THE UCA:

4 Yeah, I know. That's the -- that's the most
5 complicated stack. Most guys are paying with
6 hundreds. I mean it's ---

7 BY MICHAEL LORD:

8 I understand.

9 BY THE UCA:

10 It's pretty expensive stuff, you know.

11 BY RANDALL LORD:

12 You could -- you could deposit it into our -- one of
13 our bank accounts, the cashier's check if you want to
14 do that.

15 BY THE UCA:

16 Yeah.

17 BY RANDALL LORD:

18 Instead of doing this.

19 BY THE UCA:

20 I like having no record. I mean, you know, you ---

21 BY MICHAEL LORD:

22 I understand. Yes. Okay.

23 BY THE UCA:

24 Buying -- buying cashier's check, there's always a
25 chance of someone asking questions or whatnot.

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1 BY RANDALL LORD:

2 Okay. I was just trying to make things easier.

3 BY THE UCA:

4 Yeah.

5 BY RANDALL LORD:

6 If possible.

7 BY THE UCA:

8 I mean, we're not doing -- there's no paperwork,
9 right?

10 BY MICHAEL LORD:

11 Yes.

12 BY THE UCA:

13 I guess, what would you -- what would make you feel
14 more comfortable?

15 BY RANDALL LORD:

16 Being comfortable is not the issue. I'm just trying
17 to find a way to make things -- a little easier for
18 both of us.

19 BY THE UCA:

20 Yeah.

21 BY RANDALL LORD:

22 Instead of this. So. I mean we can do this if we
23 have to, but.

24 BY THE UCA:

25 I mean, it's just taking off though, you know.

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1 BY RANDALL LORD:

2 Yeah, I know. I just trying to think of a way that
3 -- to make this easier.

4 BY THE UCA:

5 And that's another reason why I'm thinking of maybe
6 opening with you guys, another gym, and we can put
7 some of that money through there.

8 BY RANDALL LORD:

9 Yeah. How do people typically pay you; with cash or
10 they would pay with credit cards or what?

11 BY THE UCA:

12 For the memberships that can be -- the gym
13 membership's on it's own.

14 BY RANDALL LORD:

15 Yeah.

16 BY THE UCA:

17 Some just pay like a few months up front with cash or
18 check or they'll do like a monthly ---

19 BY RANDALL LORD:

20 I -- I meant ---

21 BY THE UCA:

22 No. Yes, for the steroid. That's all cash, man.

23 BY RANDALL LORD:

24 Okay.

25 BY THE UCA:

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1 Yeah. I'm not swiping any machines for this stuff.

2 That's all with the trainers and everyone on the back
3 side, you know.

4 But this works so great, because then I can send
5 the coins off to my suppliers so fast.

6 BY RANDALL LORD:

7 Yeah.

8 BY THE UCA:

9 Let me send a new product before I know it.

10 BY RANDALL LORD:

11 That's amazing.

12 BY THE UCA:

13 That should be a lot quicker.

14 BY MICHAEL LORD:

15 Yeah. It will be a lot easier. That's why I wanted
16 to do the bad one first.

17 BY THE UCA:

18 Are they saying more bad weather tonight?

19 BY MICHAEL LORD:

20 Yeah. Tomorrow it's supposed to be more ice here,
21 anyway.

22 BY RANDALL LORD:

23 How many of those gyms do you have?

24 BY THE UCA:

25 I have four right now and I'm opening one more.

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1 BY RANDALL LORD:

2 All right.

3 BY THE UCA:

4 Pretty close to it, but I would like to spread them
5 out so they're not all right on top of each other.

6 Because if something happens, I just want to
7 disappear. We'll set up like a corporate structure
8 so it's not in any of our names.

9 BY RANDALL LORD:

10 That would be ideal.

11 BY THE UCA:

12 I need someone to be local to kind of just keep an
13 eye on it.

14 BY MICHAEL LORD:

15 Yeah.

16 BY THE UCA:

17 Oh, man, it's pouring.

18 BY RANDALL LORD:

19 What would be the incentive if we did that? What
20 would we get out of it?

21 BY THE UCA:

22 We'll work something out. Maybe -- we could maybe
23 split the profit 40 to 50 percent.

24 BY RANDALL LORD:

25 That sounds -- yeah, that sounds pretty good. What

MICHAEL LORD INVESTIGATION

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1 -- what kind of profits do you think you might see,
2 like in a month ???

3 BY THE UCA:

4 That's just like a week at two of the gyms there.

5 BY RANDALL LORD:

6 That's just a week or two right there?

7 BY THE UCA:

8 Yeah. At two -- in two of the gyms. I'd have to see
9 like. You know, everywhere you go those guys want to
10 beef up. And let me show you photos of this one guy.
11 And there's a market for it, man.

12 BY RANDALL LORD:

13 Oh, I know that.

14 BY THE UCA:

15 They don't care if it's illegal or whatever. They
16 just -- I mean, he was about a hundred pounds
17 lighter. I mean, I wouldn't touch the stuff. I
18 don't -- I don't know if it's that good for you or
19 not, and I don't think it is from what I've read.
20 All them sports guys getting caught up in all of this
21 stuff.

22 BY RANDALL LORD:

23 Yeah. It has some permanent side effects.

24 BY THE UCA:

25 I think so.

MICHAEL LORD INVESTIGATION

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1 BY MICHAEL LORD:

2 Yeah. You get some temporary gain like that, and
3 then you pay for it in the long run. But it's your
4 life, you know. If you -- you know what you're
5 getting into.

6 BY THE UCA:

7 Yeah.

8 BY RANDALL LORD:

9 Okay. It's all there?

10 BY MICHAEL LORD:

11 I'm not -- I'm not your mommy.

12 BY THE UCA:

13 That's right. I don't think you can do it just like
14 this. I just -- I'm still amazed by it.

15 BY MICHAEL LORD:

16 Yeah. It is pretty cool, isn't it.

17 BY THE UCA:

18 Just a little bar code and --- You're good?

19 BY MICHAEL LORD:

20 Yeah, I got it.

21 BY RANDALL LORD:

22 I messed it up. I need to scan it again. Actually, I
23 only tapped that one thing.

24 BY THE UCA:

25 Okay. Got it?

MICHAEL LORD INVESTIGATION

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1 BY MICHAEL LORD:

2 All right. Yeah. All right. I think I'm done there.

3 BY THE UCA:

4 That's -- make sure I see it coming in. Then we're
5 good.

6 BY RANDALL LORD:

7 Yeah. You can see the transaction right there.

8 BY THE UCA:

9 Oh, no. I just feel a little comfortable when I know
10 it's coming in.

11 BY MICHAEL LORD:

12 Yeah. Yeah, I know.

13 BY THE UCA:

14 I mean, we're all friends now, but ---

15 BY MICHAEL LORD:

16 Yeah. It's a lot of money. I understand.

17 BY THE UCA:

18 Thank you. 83.52, right -- 83 52 or -- right?

19 BY MICHAEL LORD:

20 Yeah. I got that. Yep.

21 BY THE UCA:

22 What I can do is, maybe I'll stick around tomorrow.

23 Maybe I'll just drive around a bit and maybe reach

24 out to a realtor or something like that and see if

25 there's any gyms in the area that are -- or areas

MICHAEL LORD INVESTIGATION

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1 that could be used or maybe one that's gone out of
2 business or something like that, just to start
3 thinking about it.

4 BY MICHAEL LORD:

5 Okay.

6 BY THE UCA:

7 And I'd like to get a location or place to see where
8 it's at, see how close it is, like, to the cops or
9 something like that.

10 BY MICHAEL LORD:

11 There used to be one -- I think one just closed down
12 at the corner of Joella and Mansfield.

13 BY THE UCA:

14 Joella and Mansfield?

15 BY MICHAEL LORD:

16 Uh huh. There's a little shopping center. They used
17 to be across the street and then they moved over into
18 the shopping center, and they just recently shut
19 down. And that space might still be available.

20 BY THE UCA:

21 Do you know all of the, like, back entrances as well?

22 BY MICHAEL LORD:

23 I don't know anything about it at all. I'm sure they
24 have a back entrance.

25 BY THE UCA:

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1 Yeah.

2 BY MICHAEL LORD:

3 Especially -- there's an alley behind there.

4 BY THE UCA:

5 Oh, yeah.

6 BY MICHAEL LORD:

7 So, I'm sure they've got a rear entrance.

8 BY THE UCA:

9 Okay.

10 BY RANDALL LORD:

11 So, are we good?

12 BY MICHAEL LORD:

13 Yeah.

14 BY THE UCA:

15 All right, guys. Thanks again. I'll reach out and

16 see you again in a couple of weeks.

17 BY MICHAEL LORD:

18 All right.

19 BY RANDALL LORD:

20 All right.

21 BY THE UCA:

22 Have a good day.

23 BY MICHAEL LORD:

24 You, too.

25 46:00 Meeting concludes.

MICHAEL LORD INVESTIGATION

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1 BY THE UCA:

2 All right. They're getting into a Honda Accord,

3 YNS474. Black.

4 46:01 - end. No audio transcription.