

AO (Rev. 5/85) Criminal Complaint

UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA
ORLANDO DIVISION

UNITED STATES OF AMERICA

CRIMINAL COMPLAINT

vs.

CASE NUMBER: 6:10-mj *1269*

EFRAIM DIVEROLI

I, the undersigned complainant, being duly sworn, state the following is true and correct to the best of my knowledge and belief. On or about August 20, 2010, in Brevard County, in the Middle District of Florida, defendant(s) did Possess Firearms as a Convicted Felon, in violation of Title 18, United States Code, Section 922(g)(1) (Count One), and did Possess Firearms by a Person under Indictment for a Felony Offense, in violation of Title 18, United States Code, Section 922(n). I further state that I am a(n) Special Agent with Bureau of Alcohol, Tobacco, Firearms, and Explosives ("ATF"), and that this Complaint is based on the following facts:

SEE ATTACHED AFFIDAVIT

Continued on the attached sheet and made a part hereof: Yes No



Signature of Complainant
Kevin McCann

Sworn to before me and subscribed in my presence,

August 20, 2010

at

Orlando, Florida

GREGORY J. KELLY
United States Magistrate Judge
Name & Title of Judicial Officer


Signature of Judicial Officer

STATE OF FLORIDA

Case No. 6:10-mj-

1269

COUNTY OF BREVARD

AFFIDAVIT

I, Kevin McCann, being duly sworn, depose and state that:

1. I have been a Special Agent (SA) with the United States Department of Justice (DOJ), Bureau of Alcohol, Tobacco, Firearms, and Explosives (ATF) since 1992. I am a graduate of the Federal Law Enforcement Training Center (FLETC) Criminal Investigator Training Program (CITP) as well as the ATF New Agent Training (NAT) program. I am a college graduate with a Bachelor of Arts degree in Economics. I am also a law school graduate with a Juris Doctorate degree. During my eighteen (18) year tenure as an ATF special agent, my duties and experiences have included successfully conducting numerous federal firearms and narcotics investigations, executing federal search warrants, serving federal arrest warrants, conducting surveillance operations, orchestrating undercover operations, and testifying in federal court and before federal grand juries. I have participated in the investigations, arrests, and successful prosecutions of hundreds of individuals for violations of the various criminal statutes that ATF enforces, including violations of the federal firearms laws. From April 2004 to June 2007, I was assigned as a group supervisor of the ATF Intelligence Unit and the ATF Firearms Trafficking Unit in Chicago, IL. From June 2007 to the present, I have been assigned as a senior special agent in the ATF Orlando, FL Field Office. The information contained in this affidavit is based upon my personal observations and investigation and/or information relayed to me by other Federal, state and local law enforcement personnel. The information provided in this affidavit is not each and every fact known to me regarding this investigation, but rather, sufficient information to establish probable cause.

2. I believe that the information set forth in this affidavit will establish probable cause in support of a United States District Court Criminal Complaint charging Efraim DIVEROLI, W/M, DOB: X/XX/1985, with an address in Miami Beach, FL (“DIVEROLI’s home address”) with violations of the following federal statutes:

Title 18, USC, § 922(g)(1): It shall be unlawful for any person who has been convicted in any court of a crime punishable by imprisonment for a term exceeding one year to ship or transport in interstate or foreign commerce, or possess in or affecting commerce, any firearm or ammunition; or to receive any firearm or ammunition which has been shipped or transported in interstate or foreign commerce.

Title 18, USC, § 922(n): It shall be unlawful for any person who is under indictment for a crime punishable by imprisonment for a term exceeding one year to ship or transport in interstate or foreign commerce any firearm or ammunition or receive any firearm or ammunition which has been shipped or transported in interstate or foreign commerce.

3. In July 2010, I initiated an investigation into alleged violations of the Arms Export Control Act (AECA), Title 22, United States Code, Section 2778, by DIVEROLI and other individuals after receiving reliable information that DIVEROLI has been engaging in International Traffic In Arms Regulations (ITAR) activities without being registered and licensed by the United States Department of State, Directorate of Defense Trade Controls (DDTC). Pursuant to Title 22, United States Code, Section 2778 and its corresponding Code of Federal Regulations (CFR), 22 C.F.R. § 127.1, every person who engages in the business of manufacturing, exporting, and importing any defense articles shall register with the DDTC and obtain a license to engage in such activity. Furthermore, every person who engages in the business of brokering activities with respect to the manufacture, export, import, or transfer of any defense article shall register with the DDTC and obtain a license to engage in such brokering activities. Pursuant to 22 C.F.R. § 129.2, Broker means any person who acts as an agent for others in negotiating or arranging contracts, purchases, sales or transfers of defense articles in return for a fee, commission, or other consideration. Brokering activities include the financing, transportation, freight forwarding, or taking of any other action that facilitates the manufacture, export, or import of defense articles. According to 22 C.F.R. § 121, the

United States Munitions List (USML), defense articles subject to AECA regulation include, among other items, firearms, ammunition, and “firearms components, parts, accessories, and attachments,” which include fixed or removable firearm magazines that serve to store and feed ammunition into firearm(s).

4. As part of my investigation, I have reviewed some of DIVEROLI’s media coverage regarding DIVEROLI’s alleged scheme to defraud the United States Government of millions of dollars by knowingly violating the terms of military armaments contracts to which he was the prime contracting party. As a result of that scheme, on June 19, 2008, DIVEROLI was indicted for Conspiracy to make Materially Fraudulent Statements (18 U.S.C. § 1001) and to Defraud the United States of over \$1,000,000 and obtain money by means of material fraudulent pretenses in the procurement of property as a prime contractor (18 U.S.C. § 1031), in violation of Title 18, United States Code, Section 371, and other related charges.
5. On July 17, 2008, a Superseding Indictment was filed against AEY, Inc., DIVEROLI, and others, charging that DIVEROLI and others conspired to commit violations of 18 U.S.C. § 1001(a)(2), 18 U.S.C. § 1031, and 18 U.S.C. § 1343, in violation of 18 U.S.C. § 371. DIVEROLI was also charged with an additional eighty-three related felony charges.
6. According to the Superseding Indictment, in part, on January 26, 2007, DIVEROLI, as President of AEY, Inc., a Federal Firearms Licensee (FFL) importer and dealer of firearms, was awarded a \$298,000,000 contract for the procurement and supply of various types of ammunition for use by the Islamic Republic of Afghanistan. Under the contract, AEY, Inc. was required to certify that it was providing serviceable and safe ammunition. The contract also required AEY, Inc. to comply with Defense Federal Acquisition Regulation 252.225-7007, which prohibited delivery of ammunition acquired, directly or indirectly, from a Communist Chinese military company. DIVEROLI, his company, and three (3) conspirators unjustly enriched themselves by concealing and misrepresenting the fact that the ammunition being provided pursuant to the contract was manufactured and originated in China. The defendants provided instruction and guidance to contracted employees on how to remove Chinese markings from the ammunition containers to

conceal the fact that the ammunition was of Chinese origin. With each shipment of ammunition to Afghanistan, DIVEROLI falsely certified in a Certificate of Conformance that the ammunition being furnished conformed in all respects with the contract requirements, including non-Chinese origins.

7. On August 28, 2009, in the United States District Court, Southern District of Florida, DIVEROLI pleaded guilty to the Conspiracy count described in paragraph 5. United States District Court Judge Joan A. Lenard accepted DIVEROLI'S plea and subsequently found him "guilty" of Conspiracy to Defraud the United States Government, in violation of 18 U.S.C. § 371, a felony that provides for a maximum term of imprisonment of five years. The remaining eighty-three counts remain outstanding against DIVEROLI, though the plea agreement entered by the United States Attorney's Office in the Southern District of Florida and DIVEROLI anticipates that those counts will be dismissed as a condition of the plea agreement. DIVEROLI'S sentencing is scheduled to occur on November 8, 2010. DIVEROLI is out on bond pending sentencing.

8. On July 16, 2010, ATF SA David Robison and I interviewed a cooperating source (CS1) regarding DIVEROLI. CS1 is a Federal Firearms Licensee (FFL) who is authorized as a manufacturer and dealer in firearms. CS1 stated that on July 14, 2010, he/she received a missed telephone call from (786) XXX-7446 and an accompanying voicemail message from Efraim (DIVEROLI) of AmmoWorks in Miami, FL requesting that CS1 return his telephone call to his office at (305) XXX-3803 or his cellphone at (305) XXX-7222. CS1 had never previously had contact or a business relationship with DIVEROLI, and CS1 assumed that DIVEROLI located CS1's information through online searches of FFLs. According to CS1, on July 15, 2010, he/she returned DIVEROLI'S telephone call, and DIVEROLI immediately offered a pallet of ammunition for sale to CS1 but CS1 declined the offer. DIVEROLI also stated that he used to obtain fully automatic machineguns from Korea and he supplied them to United States "Special Forces." However, according to DIVEROLI, DIVEROLI is "done with that." CS1 advised that DIVEROLI suggested that they partner up together in order to purchase and sell machineguns for profit. CS1 advised that he/she contacted ATF to report the suspicious nature of DIVEROLI'S telephone

conversation. Subsequently, I conducted a reverse look-up search of the DIVEROLI'S above phone numbers, which revealed that (305) XXX-7222 is a cellphone number registered with Verizon Wireless, and (305) XXX-3803 and (786) XXX-7446 are both landline telephone numbers listed to "Efrim Divroli" at DIVEROLI's home address in Miami Beach, FL.

9. On July 16, 2010, I conducted an inquiry with the Florida Highway Safety and Motor Vehicles, which revealed the following listed information for DIVEROLI: Efraim DIVEROLI, DOB: XX/XX/1985, SSN: XXX-XX-0441, listing DIVEROLI's home address in Miami Beach, FL.
10. On July 16, 2010, I conducted an inquiry with the Florida Department of State, Division of Corporations, which revealed that AEY, Inc. was incorporated in Florida on 11/30/1999 and is still currently an active Florida Corporation. DIVEROLI is listed as the President and Secretary, and the Principle Address and the Mailing Address are both listed as DIVEROLI'S home address in Miami Beach, FL.
11. On July 16, 2010, I conducted a NCIC criminal history inquiry on Efraim DIVEROLI, W/M, DOB: XX/XX/1985, SSN: XXX-XX-0441, listing DIVEROLI's home address in Miami Beach, FL, which revealed the following:
 - 12/21/06 – arrested for Battery and Possession of Fictitious Drivers License (11/21/07 pre-trial diversion).
 - 3/05/08 – DUI arrest (disposition unknown)
 - 6/19/08 – Federal arrest; Fraud against the United States (8/28/09 plead and adjudicated guilty; pending sentencing)
 - 8/10/09 – DUI arrest (disposition unknown)
12. On July 16, 2010, I conducted an inquiry with ATF Industry Operations, which federally regulates the firearms industry. I determined that on September 6, 2006, AEY, Inc. in Miami, FL, with DIVEROLI listed as President, was issued an FFL for importing and dealing in firearms (FFL# 1-59-08-05768). As a result of his felony conviction of Conspiracy to Defraud the United States Government, DIVEROLI did not renew his FFL and it expired on October 1, 2009.

13. On July 19, 2010, I conducted another inquiry with the Florida Department of State, Division of Corporations, and determined that, in addition to AEY Inc., DIVEROLI has recently started up two additional business entities in Miami, FL, including LOW, LLC and AmmoWorks, Inc. AmmoWorks, Inc. was incorporated on March 10, 2008, and DIVEROLI is listed as the Registered Agent, President, Vice President, Treasurer, and Secretary. The Principal Address, Mailing Address, and Registered Agent address are all listed as DIVEROLI'S home address in Miami Beach, FL. As a result of Internet inquiries, I determined that AmmoWorks, Inc. is affiliated with AEY, Inc., which is currently advertising and selling ammunition to the general public.
14. On July 21, 2010, SA Robison and I monitored a recorded, controlled telephone call from CS1 to DIVEROLI at (305) XXX-3803, the office telephone number previously provided to CS1 by DIVEROLI. DIVEROLI stated that he used to have an FFL; however, he is no longer allowed to have an FFL as a result of a situation he experienced involving pre-banned Chinese ammunition pursuant to a U.S. Government contract that he had supplying defense materials to Iraq and Afghanistan. DIVEROLI stated that he cannot work with the Government anymore so the scope of his work is now within the commercial market. Among other firearms related activities in which he engages, DIVEROLI stated that he imports one-hundred (100) round ammunition drum magazines similar to the Beta drums in design and quality but for half the price. He is looking for someone who can modify these drums to accommodate other caliber ammunition.
15. During the telephone conversation with CS1, DIVEROLI stated that he owns several companies, including his main company in which he sells United States and imported ammunition. DIVEROLI stated that he has a lot of ammunition in stock in the United States available for sale. DIVEROLI suggested that he and CS1 sit down soon and discuss business venture options, and he suggested that perhaps he will supply ammunition to CS1 for resale in the Orlando area, and CS1 can supply DIVEROLI with machineguns for resale in the Miami area.
16. On July 26, 2010, at approximately 5:47pm, an ATF undercover (UC) special agent initiated a recorded telephone conversation with DIVEROLI, and he introduced himself to

DIVEROLI as a colleague of CS1. The UC stated that he is affiliated with an FFL in South Florida and that he has connections in the firearms industry. DIVEROLI stated that he is acting as a consultant on behalf of another company who has five to six million rounds of ammunition available for sale. DIVEROLI stated that this company needs assistance with the importation of 100 round ammunition drums. DIVEROLI stated that he used to be full-time in this business; however, he is currently working on locating an importer for the annual importation of 120,000 of these firearm magazines. DIVEROLI stated that he has entered into an exclusive rights contract with a factory in Korea for the minimum purchase and importation of 10,000 magazine drums per month. DIVEROLI advised that he set this whole deal up as a consultant for this other company. DIVEROLI also advised that he is looking to get someone in the firearms industry with a very good reputation to put their company name and logo on the magazine drums in order to make them more marketable. DIVEROLI stated that his company is willing to pay a royalty to the company that provides this service. DIVEROLI inquired with the UC whether the UC had contacts for the firearm industry logo idea and/or importation services.

17. On July 27, 2010, I contacted United States Department of State, DDTC, regarding AEY, Inc. and DIVEROLI. DDTC advised that AEY, Inc. and DIVEROLI do not have a current DDTC registration to engage in ITAR and ITAR brokering activities. Additional registration inquiries with DDTC preliminarily reveal that AmmoWorks and Advanced Munitions Inc. are not DDTC registered to engage in ITAR activities and ITAR brokering activities. Furthermore, the prior AEY, Inc. / DIVEROLI registration requirement for ITAR brokering appears to have expired in January 2009, and the prior AEY, Inc. / DIVEROLI registration for ITAR manufacturing appears to have expired in January 2010. These are preliminary examinations only at this point according to DDTC.
18. On July 27, 2010, at approximately 7:30 p.m., the UC conducted a recorded follow-up telephone conversation with DIVEROLI. The UC advised that his FFL partner "is in good with an importer." DIVEROLI advised that the magazine drums are already in production with the factory in South Korea and he inquired with the UC about how quickly they can get to market. DIVEROLI reiterated that he wants a well recognized name on the

magazine drums for marketing and resale purposes. DIVEROLI also stated that he is interested in getting an exclusive on all of the firearms related products that the South Korean factory makes. DIVEROLI stated to the UC that he will overnight one of the magazine drums for testing and examination purposes in the hopes that the UC can identify an interested reputable firearms company to stamp their name on the magazines. During this conversation, DIVEROLI advised that he is consulting for another company who "hired" him to "do this project." DIVEROLI referred to himself as "a private equity company," and that he lends money and consults with companies in the defense business. DIVEROLI stated that the company he is working for, which is owned by a very good friend of his, has taken over his ammunition business. However, DIVEROLI "finances their inventory" sometimes. DIVEROLI then briefly engaged in conversation regarding ammunition availability and prices.

19. On July 29, 2010, at approximately 5:06 p.m., the UC conducted a recorded follow-up telephone conversation with DIVEROLI. DIVEROLI reiterated that he is looking for an importer for the magazine drums, and he advised that they are manufactured by "KCI" in South Korea. DIVEROLI also reiterated that he is looking for a reputable firearms company to stamp their brand name on the magazine drums for marketing and resale purposes. DIVEROLI advised that he will try to overnight a magazine drum to the UC for inspection and testing purposes in hopes of the UC locating an interested firearms company. DIVEROLI advised that they had been negotiating with the factory over purchase terms of the magazine drums for two months; however, they only entered into the contract with the manufacturer a week ago. DIVEROLI advised the UC that his guys are going to send to the UC an ammunition list of what "we" have in stock. DIVEROLI then stated that he can send the UC a sample of ammunition, and DIVEROLI subsequently offered a pallet of ammunition for sale.
20. On July 30, 2010, at approximately 2:20 p.m., the UC conducted a recorded incoming telephone conversation with DIVEROLI. DIVEROLI advised that the ammunition for sale is not in Miami right now, but he can have it shipped to the UC. DIVEROLI then stated that he will work out a trial order of ammunition for the UC to test out. DIVEROLI

advised that he will allow "Jake" to advance the UC \$2,500 to \$5,000 worth of ammunition on "consignment."

21. On July 30, 2010, at approximately 2:39 p.m., the UC conducted a recorded incoming telephone conversation with DIVEROLI. DIVEROLI discussed terms of selling one small pallet of mixed caliber ammunition to the UC.
22. On August 2, 2010, at approximately 6:37 p.m., the UC conducted a recorded follow-up telephone conversation with DIVEROLI. DIVEROLI stated that he is going to have "Aaron" give the UC a call, and either "Aaron" or "Jake" will be the UC's point of contact for ammunition.
23. On August 3, 2010, at approximately 3:31 p.m., the UC conducted a recorded incoming telephone conversation with "Aaron." "Aaron" stated that the UC can deal with any three (3) of them (DIVEROLI, Aaron, or Jake) regarding the purchase of ammunition. "Aaron" stated that the ammunition is located in a warehouse in Miami, and "Aaron" will check on pricing for selling ammunition to the UC.
24. On August 4, 2010, at approximately 9:59 a.m., the UC attempted to conduct a recorded incoming telephone conversation with DIVEROLI at DIVEROLI'S provided work telephone number, (305) XXX-3784. There was no answer but the voicemail greeting indicated that this is the telephone number for, "Aaron Monahan."
25. On August 4, 2010, at approximately 10:02 a.m., the UC conducted a recorded follow-up telephone conversation with DIVEROLI. DIVEROLI stated that he has a large stock of ammunition in the United States; however, his company, AmmoWorks, is being purchased by Advanced Munitions, and Aaron is an employee of Advanced Munitions. DIVEROLI further stated that the owner of Advanced Munitions is his partner in his mining company, Pinnacle Minerals Corporation. DIVEROLI stated that he does not want direct involvement in the ammunition business, and he has been unloading his ammunition for the last couple of years. DIVEROLI stated that he keeps getting drawn back into this activity, further stating, "Once a gun runner, always a gun runner."

DIVEROLI also stated that he does not do anything with the Government anymore, and that he was previously indicted and plead guilty to a felony, referring to himself as, “a convicted felon.” DIVEROLI also stated that he does not sell ammunition anymore, he does not have ammunition and firearms in his house anymore, and he does not take delivery or intend to take delivery of anything. He stated that his friend who owns Advance Munitions bought his business AmmoWorks a week ago, and Advanced Munitions will handle all of the ammunition and magazine drum related activities. DIVEROLI stated that it is not beneficial for the company to have his name associated it; however, he will remain on board with Advanced Munitions as a consultant and he will get an exclusive consulting contract. DIVEROLI stated that the UC can still discuss magazine drum and ammunition matters with DIVEROLI as the consultant, which he advised that he could get paid per hour or per deal to consult and provide advice. DIVEROLI stated that he can discuss everything with the UC, including prices regarding the magazine drums, but at the end of the day the final agreement is going to be with them (Advanced Munitions) and the UC to write a contract. DIVEROLI further stated that during the previous night he and Aaron were discussing with South Korea that there are currently 10,000 magazine drums ready to get stamped at the factory.

26. An inquiry with the Florida Department of State, Division of Corporations, revealed that Advanced Munitions Distribution, Inc., 111 NE 1st Street, Unit 369, Miami, FL 33132, was just established on July 27, 2010, and that the corporate records list D.D. as the President. Another inquiry with the Florida Department of State, Division of Corporations, revealed that Pinnacle Minerals Corporation was established on September 10, 2008, and corporate records reveal that the positions of President, Vice President, and Secretary are all listed as an individual with the initials of D.D., providing the principal address and mailing address of DIVEROLI'S home address.
27. On August 6, 2010, at approximately 3:27 p.m., the UC conducted a recorded follow-up telephone conversation with DIVEROLI. During this conversation, DIVEROLI discussed the magazine drum purchase and import scheme in detail. In addition, DIVEROLI again offered ammunition for sale on consignment to the UC. DIVEROLI

stated that the UC is dealing with a company who has \$6,000,000 in ammunition inventory right now, and the DIVEROLI finances “a lot” for Advanced Munitions.

28. On August 6, 2010, at approximately 4:30 p.m., the UC conducted a recorded incoming telephone conversation with DIVEROLI. DIVEROLI mentioned that any future meeting would have to occur in the Miami / West Palm Beach area because his travel is somewhat restricted right now over some previous matters and issues. DIVEROLI stated that he can travel as far as Ft. Pierce. DIVEROLI also discussed the magazine drum import scheme and he identified the South Korean factory as a well known firearm magazine manufacturer. KCI.
29. On August 9, 2010, at approximately 1:19 p.m., the UC conducted a recorded incoming telephone conversation with DIVEROLI, D.D., “Aaron,” and “Jake;” however, DIVEROLI conducted the entire conversation on behalf of them. The UC stated that he located a reputable firearms company who is interested in the magazine drum branding project, and DIVEROLI was very excited by the name of this company, herein referred to as CS2. DIVEROLI wanted to have a meeting set up with all parties as soon as possible, and DIVEROLI advised the UC that he should call DIVEROLI’s cellphone from now on and deal directly with DIVEROLI.
30. On August 9, 2010, at approximately 7:20 p.m., the UC conducted a recorded follow-up telephone conversation with DIVEROLI. DIVEROLI discussed compensating the UC for his efforts in connecting him with CS2. DIVEROLI stated that he will reduce his price on ammunition now for the UC. Furthermore, DIVEROLI stated that he will get the UC free ammunition.
31. On August 9, 2010, DIVEROLI forwarded an email to CS2 from email address AdvancedMunitions@gmail.com. The email contained DIVEROLI’S contact information, and he referred to himself as Sr. Advisor to AMD. The email also contained the contact information for D.D., President, Advanced Munitions Distribution, Inc., with an address in Miami, FL. The email served to confirm a potential meeting and advise that DIVEROLI will “provide all documentation proving our exclusive contractual rights with

KCI in regards to all polymer drum type magazines as well as a projected delivery schedule.”

32. On August 11, 2010, at approximately 11:27 a.m., the UC conducted a recorded follow-up telephone conversation with DIVEROLI. During this conversation, DIVEROLI discussed particulars about his future business relationship with CS2.
33. On August 11, 2010, DIVEROLI forwarded an email to CS2 from email address AdvancedMunitions@gmail.com. Attached to the email was the exclusive rights contract that DIVEROLI personally entered into with KCI firearm magazine manufacturer out of South Korea. A review of the contract revealed that on July 15, 2010, DIVEROLI executed this contract, which was entered into directly between KCI and DIVEROLI'S company, AmmoWorks. The contract provides that DIVEROLI will have the exclusive rights to purchase and import from KCI a minimum of 10,000 firearm drum magazines per month for a period of a year. Prices were included in the contract but were redacted by DIVEROLI prior to sending the contract to CS2. The contract is signed by and between DIVEROLI, President, AmmoWorks, and the President of KCI. A visual comparison of DIVEROLI'S signature from this contract and prior documents submitted to ATF, the Florida Division of Corporations, and the Florida Highway Safety and Motor Vehicles reveals that the signatures are consistent.
34. On August 11, 2010, at approximately 11:14 p.m., the UC conducted a recorded follow-up telephone conversation with DIVEROLI to discuss details of a scheduled meeting for the following day between DIVEROLI, D.D., “Aaron,” “Jake,” the UC, and CS2 in Brevard County, FL. DIVEROLI stated that he does not have stock of ammunition in Miami but he does have a little bit of ammunition that he will personally deliver to the UC on the following date. He stated that one of his guys probably has a couple thousand rounds, and he would have him bring whatever they have there. He further stated that all of the ammunition supply is located out of state. DIVEROLI stated that earlier in the day he was shooting at the range.

35. On August 12, 2010, at approximately 11:56 a.m., the UC conducted a recorded follow-up telephone conversation with DIVEROLI. During the conversation, DIVEROLI advised that he was currently heading northbound on the Florida Turnpike enroute to the meeting location (in Brevard County, FL). DIVEROLI stated that he was only able to get a 1000 rounds of ammunition for the UC. DIVEROLI stated that his current supply of ammunition on hand is comprised of their own testing ammunition for the magazine drums. DIVEROLI stated that he gave the ammunition to Aaron as a gift because they were at the end of testing the magazine drums; however, he asked Aaron to bring it to the UC.
36. On August 12, 2010, at approximately 2:20 p.m., SA Robinson and I observed a BMW, convertible sedan, gray in color, with the Florida License Plate (LP) 702KIG, in the area of the meeting location in Brevard County, FL. The vehicle was occupied by two white males, later introduced to the UC as "Jake" and "Aaron." A query of the LP revealed that the 2005 BMW is registered to an individual with the initials of J.F.S., DOB: XX/XX/1986, with an address in North Miami Beach, Florida. SA Robison subsequently reviewed a driver's license photograph of J.F.S. ("Jake" or "J.F.S."), and he was able to confirm that J.F.S. was the driver of the BMW. At approximately 2:31 p.m., Deputy Kent Sellers and Deputy Craig Carson, Brevard County Sheriff's Office (BCSO) observed an Audi, convertible sedan, silver in color, with a Florida LP PDR9K, arrive to the area of the BMW and make contact with those individuals. The occupants, later introduced to the UC as "Dejan" and "Efraim", met with the occupants of the BMW. A query of the LP revealed that the 2010 Audi is co-registered to an individual with the initials of M.F.C., DOB: XX/XX/1979, with an address in Miami Beach, Florida, and D.D., DOB: XX/XX/1981, with an address in Miami Beach, Florida. These four individuals then met with CS2 and the UC, who was equipped with monitoring and recording devices, and they discussed the magazine drum purchase, import, and name branding scheme in depth.
37. At the conclusion of the meeting, DIVEROLI, D.D., Aaron, J.F.S., and the UC briefly conversed in the parking lot of the meeting location directly adjacent to the rear of the two suspect vehicles, which were parked next to each other. During that conversation,

DIVEROLI instructed Aaron to provide the ammunition to the UC. At that point, Aaron retrieved a box of assorted ammunition from the trunk of the Audi sedan and handed it to the UC. DIVEROLI was within several feet of the ammunition and directed its transfer by Aaron to the UC. Subsequent to the meeting, the UC provided the box of ammunition to me, and we both counted and confirmed that the box contained assorted boxes with 480 rounds of American Eagle 5.56 X .45 ACP ammunition and 280 rounds of Wolf .223 ammunition, for a total of 760 rounds of ammunition. An interstate nexus expert, ATF SA Dan O'Kelly, examined the ammunition and confirmed it to indeed be ammunition that was manufactured outside of the state of Florida; therefore, for it to be presently located in Florida it affected interstate or foreign commerce.

38. On August 12, 2010, at approximately 7:12 p.m., the UC conducted a recorded return telephone conversation with DIVEROLI. DIVEROLI discussed the meeting earlier in the day and engaged in detailed negotiations with the UC regarding the royalties to CS2 for utilizing CS2 as a brand name. DIVEROLI also indicated that his attorneys are already in the process of drafting the brand name use and royalty contract.
39. On August 16, 2010, at approximately 12:04 p.m., the UC conducted a recorded return telephone conversation with DIVEROLI. DIVEROLI previously left a message for the UC that he got stuck in the Everglades while hunting alligators so the UC inquired about that event. DIVEROLI stated that he and a friend were recently hunting alligators, white tail deer, and hogs in the everglades. DIVEROLI was using a .50 caliber black power rifle and his friend was using a Heckler and Koch pistol. DIVEROLI stated that they got a couple decent shots at an alligator; however, the vehicle got stuck in the mud for a long period of time until a tow truck could arrive to provide towing assistance. DIVEROLI then discussed details regarding the magazine drum purchase, import, and branding scheme. For arranging the connection with CS2, DIVEROLI agreed on a commission to the UC of \$10,000 up front plus \$.50 per magazine. DIVEROLI then offered the UC his \$10,000 payment in ammunition at a great "buddy / buddy" price. Although DIVEROLI then relayed this proposal to Aaron in the background, DIVEROLI immediately stated to the UC, "Obviously, obviously it's my business to sell ammo, ok?; I'm not going to make any secret about that, I'm a salesman, ok?; I mean, at the same time, I own millions of

dollars in ammunition myself, and I finance millions of dollars of ammunition... I'm not cash poor. you know; so, the good thing is, you know, I could consign you ammo at good prices..." DIVEROLI then discussed different type and quantities of ammunition in inventory. DIVEROLI also discussed shooting the UC's registered machineguns, and he offered the UC to travel to the Miami area because DIVEROLI has a really good spot to shoot.

40. On August 16, 2010, at approximately 6:07 p.m., the UC conducted a recorded follow-up telephone conversation with DIVEROLI and Aaron regarding details concerning the brand name use and royalty contract with CS2. DIVEROLI discussed nomenclature of the magazine drums as well as CS2's portion of the profits for the magazine drum sales. DIVEROLI also stated that the next morning they will be submitting to ATF for approval the required ATF Form 6 (Application and Permit for the Importation of Firearms, Ammunition, and Implements of War). Also during this conversation, DIVEROLI asked if the UC was still going to do the ammunition deal with DIVEROLI, and the UC replied that he is still waiting for the prices on the ammunition before deciding the details. DIVEROLI further mentioned that he advised CS2 that he can manufacture ammunition for CS2 and provide private labeling for CS2 with CS2's brand name on the ammunition.
41. Based on the above facts, I believe that Advanced Munitions was established as a front company as an attempt to conceal DIVEROLI'S involvement in the business of selling ammunitions as well as the business of engaging in the above described ITAR activities.
42. Throughout the entire negotiation process for the above described transfer of ammunition to the UC, as indicated in DIVEROLI'S numerous statements about him possessing and selling ammunition, DIVEROLI continuously maintained dominion, control, and constructive possession of the ammunition. On the date of the transfer, DIVEROLI maintained dominion and controlled over all aspects of the ammunition transfer, and he directed "Aaron" on his behalf to retrieve the ammunition and provide it to the UC.
43. On August 19, 2010, the UC engaged in a telephone conversation with DIVEROLI regarding a meeting between DIVEROLI, the UC, and CS2 concerning a potential

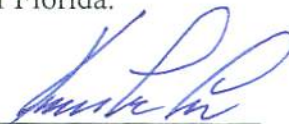
contract between one of DIVEROLI's companies and CS2. The contract proposed DIVEROLI's company using CS2's name on its ~~ammunition~~^{magazines} and paying CS2 for that right. During that conversation, DIVEROLI and the UC discussed shooting firearms in Brevard County, Florida as part of the meeting. DIVEROLI stated he would bring firearm(s) and ammunition for the purpose of shooting firearms as part of the meeting.

44. On August 19, 2010, DIVEROLI, or someone acting on his behalf, emailed a proposed contract to CS2 concerning the proposed business arrangement detailed in paragraph 43.
45. On August 20, 2010, DIVEROLI, "Jake," "Aaron," and "D.D." drove to Brevard County, Florida, in two separate automobiles, an Audi and a BMW. DIVEROLI met with the UC at a location in Brevard County, Florida, within the Middle District of Florida. (Agent Note: DIVEROLI was not allowed to travel outside the Southern District of Florida by his admission due to his bond limitations in connection with his criminal case in the Southern District of Florida). DIVEROLI told the UC that he did not bring any firearms or ammunition to the meeting, and the UC responded that he/she brought firearms. DIVEROLI asked to look at the firearms and the UC agreed. DIVEROLI and the UC then walked across a parking lot to the UC's automobile. The UC then opened the vehicle and DIVEROLI picked up and physically handled a Glock, Model 17, 9mm semi-automatic pistol, Serial No. BAA587US. Several other firearms were located nearby the Glock handgun, including a FMAP, Model FSL, 7.62mm semi-automatic rifle, Serial No. 02749; and a Steyr, Model AUG, .223 caliber semi-automatic rifle, Serial No. 911USR440. All three firearms qualify as firearms under federal law. Interstate Nexus Expert and ATF SA Dan O'Kelly has confirmed that each of these firearms was manufactured outside of the state of Florida, and affected interstate and/or foreign commerce as a result of being found in the state of Florida.
46. After DIVEROLI handled the Glock handgun, DIVEROLI and the UC walked to a nearby restaurant where DIVEROLI's companions were located.
47. After a brief conversation between the UC, DIVEROLI and DIVEROLI's companions, DIVEROLI asked if they could again see the firearms that the UC had brought.

DIVEROLI walked again with the UC to the UC's automobile. The UC opened the vehicle and DIVEROLI handled the FMAP rifle. DIVEROLI then stated he wanted to shoot the firearms and suggested to his companions that they could buy ammunition at a Wal-mart in the area.

48. DIVEROLI, "Jake," "Aaron," and "D.D" then left the area and went to a Wal-mart to buy ammunition. ATF surveillance officers observed DIVEROLI in the store handling ammunition boxes. A companion of DIVEROLI bought the ammunition and the ammunition was split up and placed into the two automobiles. The ammunition that was purchased was consistent with the three types of firearms that were shown to DIVEROLI, which includes the two firearms that DIVEROLI physically handled. Several hundreds of rounds of ammunition were purchased, and the ammunition qualifies as ammunition under federal law.
49. "Aaron" and "Jake" returned to the area where the UC was in the BMW and had ammunition in their vehicle. "Aaron" stated that they had purchased one hundred and fifty pounds of ammunition.
50. DIVEROLI and "D.D." returned to the same area in the Audi automobile. DIVEROLI was seated in the front passenger seat and D.D. was seated in the driver's seat. Ammunition was situated in the back seat of the Audi within arm's length of DIVEROLI. DIVEROLI was arrested at that point.
51. Based on the above facts, I submit that there is probable cause to believe that on or about August 20, 2010, DIVEROLI, after being convicted of a crime punishable by imprisonment for a term exceeding one year, transported in interstate commerce and possessed in or affecting commerce, firearms, to wit: a Glock, Model 17, 9mm semi-automatic pistol, Serial No. BAA587US; and a FMAP, Model FSL, 7.62mm semi-automatic rifle, Serial No. 02749, in violation of 18 U.S.C. § 922(g)(1). Furthermore, I submit that there is probable cause to believe that on August 20, 2010, DIVEROLI, who is currently under indictment for a crime punishable by imprisonment for a term exceeding one year, transported in interstate commerce and received firearms, to wit: a Glock, Model

17, 9mm semi-automatic pistol, Serial No. BAA587US; and a FMAP, Model FSL, 7.62mm semi-automatic rifle, Serial No. 02749 which has been shipped or transported in interstate or foreign commerce, in violation of 18 U.S.C. § 922(n). These violations took place in the County of Brevard, within the Middle District of Florida.



Kevin McCann
Special Agent, ATF

Subscribed and sworn to before me
this 20th day of August, 2010.


United States Magistrate Judge