

UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA
Tampa Division

MICHAEL T. FLYNN, an individual,)
)
Plaintiff,)
)
v.)
)
EVERETT STERN, an individual,)
)
Defendant.)
_____)

Case No.: _____

COMPLAINT

DEMAND FOR A JURY TRIAL

1. Defendant Everett Stern is a politician who habitually and continually lies about his own checkered past and the record of an American hero, Lieutenant General Michael T. Flynn (ret.) (“Gen. Flynn”).

2. Stern contrived a public persona as the “whistleblower” who worked with the CIA to bring down a “terrorist and drug cartel financing operation” at HSBC. This resulted in a \$1.92 billion fine of the bank and Stern considering and calling himself a “hero.” Stern has traded on this lie for years. He is now at it again, this time propping himself up at the expense of an *actual* American hero, Gen. Flynn.

3. In a malicious attempt to smear Gen. Flynn—a man he proclaims to hate—and raise his own public profile, Stern has spread pernicious lies about Gen. Flynn, accusing him of committing treason, extortion, and domestic terrorism. Like before, Stern pretends to be a spy and a whistleblower, and like

before, his lies are self-serving and self-promoting. Gen. Flynn now seeks to hold Stern accountable for his malicious and knowing lies.

Parties

4. Lt. Gen. Michael T. Flynn (ret.) is an individual who is a resident and citizen of the State of Florida.

5. Everett Stern (“Defendant”) is an individual who is a resident and citizen of the Commonwealth of Pennsylvania.

Jurisdiction and Venue

6. This Court has subject matter jurisdiction over this cause of action pursuant to 28 U.S.C. § 1332 as there is complete diversity of citizenship and the amount in controversy exceeds \$75,000.

7. Defendant is subject to personal jurisdiction in Florida, pursuant to Florida’s long-arm statute, Fla. Stat. § 48.193, because a third party in Florida accessed the defamatory material and it was directed at a Florida resident.

8. Venue is proper in this Court pursuant to 28 U.S.C. § 1391 because a substantial part of the events giving rise to this claim occurred in this judicial district. Specifically, the defamation, which is the basis of this lawsuit, was published in the Middle District of Florida in addition to all over the world. Over 10 million people—more than 55 percent of the State’s population—reside within the Middle District, thus making the alleged defamatory statements in

this venue highly significant. Gen. Flynn is a resident of Sarasota County and is domiciled in the Middle District of Florida. Defendant's Tweets and YouTube statements were directed at Gen. Flynn and his family in Florida and at Middle District of Florida residents who did in fact view and hear Defendant's defamatory statements.

Factual Background

Background of General Flynn

9. Gen. Flynn has dedicated his life to serving and protecting the United States. He served more than thirty-three (33) years in the United States Army, rising to the rank of Lieutenant General, and served as Assistant Director of National Intelligence in the Office of the Director of National Intelligence and as the 18th Director of the Defense Intelligence Agency.

10. Gen. Flynn has become a staunch advocate for the preservation of American values and election integrity. Gen. Flynn recently began and unveiled a bi-partisan election integrity initiative called "The America Project," which is designed to train election monitors as well as educate the public on election reform issues.

Defendant's History of Pretending to Be a Spy

11. Defendant has made a lucrative career out of pretending to be a spy and the “whistleblower” whose insider “intelligence” caused HSBC to be fined \$1.92 billion.

12. Defendant—whose application to the CIA in college was rejected and who has no professional experience in intelligence, law enforcement, or military—created his own so-called “Private Intelligence Agency,” where he titled himself “Intelligence Director.” On his prominently-featured profile page, Defendant claims that “he discovered his then employer, HSBC Bank, was aiding terrorist groups and drug dealers,” and that “he turned to the CIA and eventually brought down the illegal operation, resulting in an almost \$2 billion fine.”¹

13. Defendant—whose sole finance experience is one year, straight out of school, at HSBC—has also started his own hedge fund, where he calls himself “Hedge Fund Manager.” Once again, he trades on this identical story about “bringing down the illegal operation, resulting in an almost \$2 billion fine.”²

¹ *Everett Stern, Intelligence Director and CEO*, TACTICAL RABBIT, <https://tacticalrabbit.com/intelligence-director/> (last visited Apr. 14, 2022).

² *Everett Stern, RABBIT CAPITAL MANAGEMENT*, <https://www.rabbitcapitalmanagement.com/everett-stern/> (last visited Apr. 14, 2022).

14. Defendant has parlayed this story into politics, running unsuccessfully for U.S. Senate in 2016 and running once again as a candidate for 2022. On his U.S. Senate candidacy website, Defendant again makes the identical claim about providing intel against HSBC, which led to “an almost \$2 billion fine”.³

15. On his LinkedIn profile, Defendant describes himself as an “HSBC Bank Whistleblower / Federal Witness” and claims that “[a]fter passing intelligence to the CIA and then the FBI [Defendant] brought down the terrorist and drug cartel financing operation, resulting in the largest fine against a bank in U.S. History 1.92 Billion.”⁴

16. The problem with Defendant’s story is that it is a fantasy. Defendant’s claim to have been responsible—*even partly responsible*—for the \$1.92 billion in fines imposed on HSBC by the U.S. government in 2012 is a lie, told by Defendant ad nauseum to bolster his paltry resume. This is proven not only by the timeline of events but by Defendant’s own “Government Submission” to the Federal Reserve, dated March 11, 2013, and attached hereto as **Exhibit 1**. Despite Defendant’s attempt to conceal this document,⁵

³ *Everett Stern for U.S. Senate 2022 – About*, <https://everettstern.com/about/> (last visited Apr. 14, 2022).

⁴ *Everett Stern, U.S. Senate Candidate / CEO & Intelligence Director*, LINKEDIN, <https://www.linkedin.com/in/everettstern/> (last visited Dec. 13, 2021).

⁵ *See Talk: Everett Stern/Archive 1*, WIKIPEDIA, https://en.wikipedia.org/wiki/Talk%3AEverett_Stern%2FArchive_1?redirect=no (last visited Dec. 15, 2021), (showing that Defendant personally advocated for removal the Government

his Government Submission directly contradicts his claim to have had anything to do with the fine of HSBC.

17. Defendant worked for HSBC for one year, straight out of school, from October 2010 to October 2011. The criminal information filed against HSBC involved conduct from January 2001 to December 2010.⁶ Defendant was not responsible for or even involved in the investigation of HSBC that led to the \$1.92 billion. That investigation entirely pre-dated Defendant's employment with HSBC, as he admits in his Government Submission. *See* Ex. 1, p. 14.

18. Defendant's Government Submission details the far more mundane reality: that Defendant was a disgruntled, low-level employee with delusions of grandeur. He disapproved of HSBC's policies and controls, he resented his position in the company and those in positions above him, and he repeatedly overstepped his role to the point of being demoted twice and threatened with termination.

19. Within a month on the job, Defendant was already pretending to be a spy. Defendant contacted HSBC clients, posing as an "importer/exporter,"

Submission from his Wikipedia page, stating, "I am personally absolutly [sic] against this Government Submission going into the Wikipedia page or even being referenced").

⁶ *See* Information and Statement of Facts, *USA v. HSBC Bank USA, N.A.*, 1:12-cr-763, Dkt. Nos. 3-1 and 3-3, (E.D.N.Y., filed Dec. 11, 2012).

and attempted to get them to incriminate themselves. He would then report his findings to the “CIA on line [sic] Tip Portal at www.CIA.gov.” Ex. 1, pp. 7-9.

20. Defendant specifies in his Government Submission that the \$1.92 billion in fines against HSBC involved “conduct that occurred in 2010 or prior, and *not* during the time period [Defendant] worked at HSBC.” Ex. 1, p. 14 (emphasis added). As confirmed by the U.S. Senate Permanent Subcommittee on Investigations report on HSBC, Defendant had zero role in the investigation and subsequent fine of HSBC.⁷

21. Defendant has fabricated his entire public persona as the whistleblower who took down HSBC, including the idea that he has worked with the CIA. He now calls himself the “Intelligence Director” of his company, which he advertises as a “Private Intelligence Agency” that conducts “intelligence operations,” utilizes “CIA intelligence methodologies and tradecraft,” and refers to his company as “the real Private CIA.”⁸ He also started a hedge fund, which bets against companies that will be targets of

⁷ See Permanent Subcommittee on Investigations, *U.S. Vulnerabilities to Money Laundering, Drugs, and Terrorist Financing: HSBC Case History*, COMMITTEE ON HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS, U.S. SENATE (July 17, 2012), [https://www.hsgac.senate.gov/imo/media/doc/PSI%20REPORT-HSBC%20CASE%20HISTORY%20\(9.6\).pdf](https://www.hsgac.senate.gov/imo/media/doc/PSI%20REPORT-HSBC%20CASE%20HISTORY%20(9.6).pdf) (making no mention of Defendant’s name, and referring only to a whistleblower from 2005, when Defendant was still in college).

⁸ *Private Intelligence Agency*, TACTICAL RABBIT, <https://tacticalrabbit.com/> (last visited Apr. 14, 2022); *infra*, ¶ 74.

federal investigation or regulation, claiming to use “CIA Intelligence methodologies” and the support of his “private intelligence agency.”⁹

Defendant accuses Gen. Flynn of committing treason in a “press conference”

22. Defendant has now set his sights on Gen. Flynn, once again playacting as a spy and “whistleblower,” and again fabricating outlandish lies to prop himself up and increase his public profile. This time, however, instead of pretending to be instrumental in the takedown of HSBC, Defendant is now accusing a retired three-star general—who has spent his entire life in service to the United States—of committing treason.

23. On October 30, 2021, Defendant held a “press conference” at which he claimed to have evidence that Gen. Flynn was involved in a domestic terrorism plot and asserted that General Flynn was “committing treason against the United States.” **Exhibit 2** at 2:40.¹⁰

24. In his written YouTube post that accompanied the video, Defendant proclaimed himself to be “considered a hero by many” and once again repeated the lie that he was “the HSBC whistleblower who, in 2012, uncovered evidence that his employer HSBC was laundering money for several

⁹ *Rabbit Capital Management*, RABBIT CAPITAL MANAGEMENT, <https://www.rabbitcapitalmanagement.com/> (last visited Apr. 14, 2022).

¹⁰ Everett Stern, *New Evidence of Ongoing Domestic Terror Threat Links to General Michael T. Flynn*, YOUTUBE (Oct. 30, 2021), <https://www.youtube.com/watch?v=0hJxwENx468>.

major international terrorist and drug cartel financing operations around the world” and that his “whistleblowing actions resulted in a \$1.92 billion fine.”

Exhibit 3.

25. In the same posting, Defendant stated that he had “uncovered a trove of evidence that links ongoing domestic terror threats against members of Congress—which are being directed by a group headed by former National Security Advisor Michael Flynn” and that this group is “working to undermine U.S. national security.” Ex. 3.

26. The “trove of evidence” that Defendant discloses in the YouTube video and subsequent media interviews is that a group called Patriot Caucus offered to hire Defendant’s “private intelligence agency” to supposedly gather *intelligence* on Republican elected officials and that Patriot Caucus hoped to influence public policy.

27. Defendant claimed in the video that Gen. Flynn is “running Patriot Caucus” without any basis.

28. Defendant claims in the video that Gen. Flynn’s “operatives” wanted to “extort” public officials, also without any basis.

29. Defendant’s YouTube video was viewed by over 27,000 people, including by third parties located in the state of Florida.

30. Defendant's YouTube video was immediately picked up by national media outlets, Salon¹¹ and Newsweek,¹² which repeated Defendant's lies that Gen. Flynn was engaged in a plot to extort public officials. Defendant told both news outlets that he was instructed to "accomplish the mission even if you have to use domestic terrorism."

Defendant repeats accusations against Gen. Flynn on Twitter

31. Just like with his HSBC lies, Defendant repeats his lies about Gen. Flynn ad nauseum. Defendant has stated on Twitter, among other things, that:

- a. Gen. Flynn is part of a "domestic terror network";
- b. Gen. Flynn has "committ[ed] treason";
- c. Gen. Flynn's "[t]reason continues to this day";
- d. Gen. Flynn is a "traitor General";
- e. Defendant's life has been threatened by "the Flynn Org";
- f. Gen. Flynn has written emails "intimidating" Defendant as a "Federal Witness & U.S. Senate Candidate";
- g. an "Operative" of Gen. Flynn planned to commit "domestic terrorism";

¹¹ Brett Bachman, *GOP candidate: Michael Flynn trying to run extortion plot on U.S. officials to reinstall Trump*, SALON (Oct. 31, 2021), <https://web.archive.org/web/20211101001029/https://www.salon.com/2021/10/31/candidate-michael-flynn-trying-to-run-extortion-scheme-on-us-officials-to-reinstall/>.

¹² Natalie Colarossi, *GOP Senate candidate says Michael Flynn group asked him to 'gather intelligence' on lawmakers*, Newsweek (Oct. 31, 2021), <https://www.newsweek.com/gop-senate-candidate-says-michael-flynn-group-asked-him-gather-intel-lawmakers-1644308>.

- h. Defendant is a “Federal Witness” of “criminal” acts by Gen. Flynn;
- i. Gen. Flynn has committed “[f]oreign interference in an election”;
- j. Defendant witnessed “crimes” committed by “General Flynn’s ‘soldiers’ ‘Operatives’”;
- k. Defendant witnessed Flynn undermining the “United States Democracy” through “Domestic Terror” and “Extortion”;
- l. Defendant “witnessed & exposed the largest US coup attempt [by Gen. Flynn] under the guise of ‘audits’”; and
- m. Gen. Flynn was “extorting politicians to get Trump in office.”

32. The following is a non-comprehensive history of Defendant’s defamatory Tweets about Gen. Flynn, in chronological order.

33. On November 6, 2021, Defendant Tweeted that Gen. Flynn is part of a “domestic terror network”:



34. Later that day, Defendant Tweeted that Gen. Flynn was “committing treason”:



35. On November 11, 2021, Defendant Tweeted that Gen. Flynn is a “traitor General” and implies that Gen. Flynn had threatened Defendant’s life:



36. Later that day, Defendant doesn't just imply that he was threatened by Gen. Flynn; he asserts it as a fact:



37. In response to a commenter, Defendant Tweeted that he believes the FBI cannot secure his safety because it is compromised, presumably by Gen. Flynn:



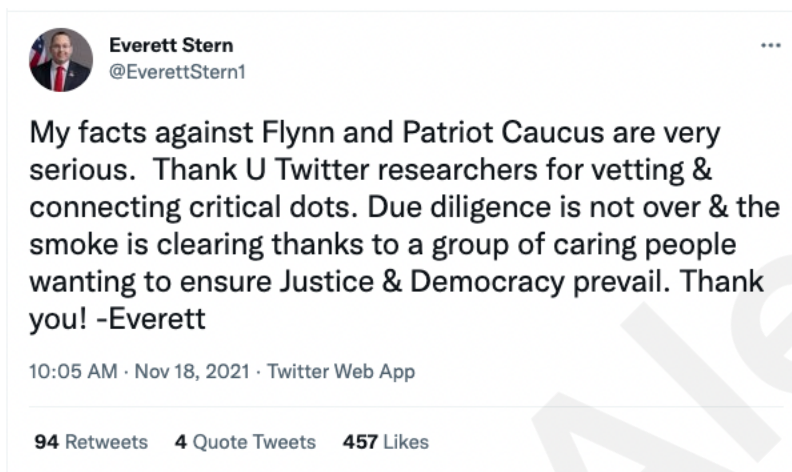
38. Also on November 11, 2021, Defendant Tweeted that Gen. Flynn was “intimidating a Federal Witness”:



39. On November 12, 2021, Defendant Tweeted that the words “domestic terrorism” were used by a “Flynn Patriot Caucus Operative”:



40. On November 18, 2021, Defendant Tweeted that his “facts against Flynn and Patriot Caucus are very serious” and then thanks his Twitter followers for “connecting critical dots”:



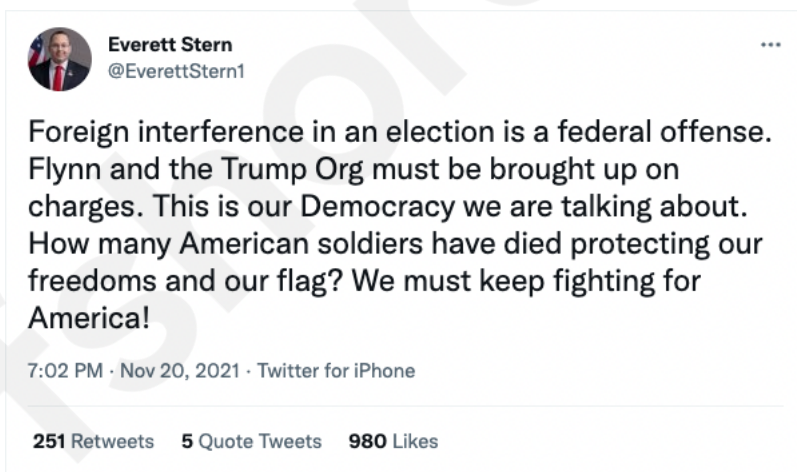
41. Also on November 18, 2021, Defendant Tweeted that he was to testify before the U.S. House Select Committee on the January 6th Attack and claims that it would be an “honor to help get criminal charges” against Gen. Flynn:



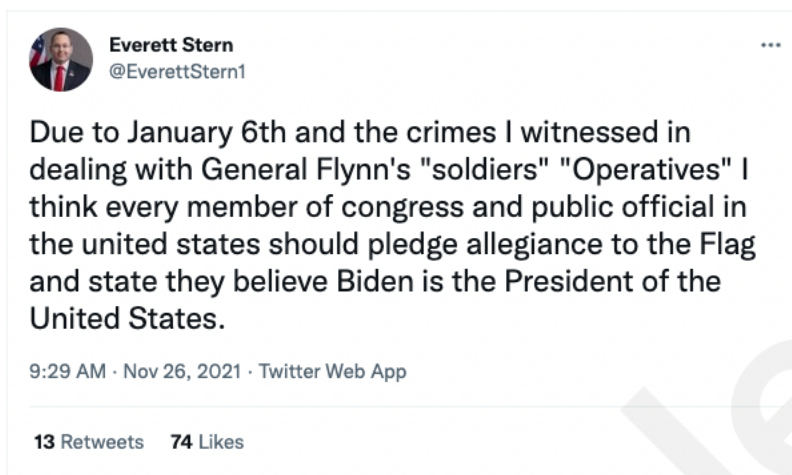
42. On November 20, 2021, Defendant Tweeted about a supposed “Flynn intel op” utilizing “foreign operatives” and then speculates about “Iranians” being related to the “Patriot Caucus / Flynn Op”:



43. Ten minutes later, Defendant Tweeted that “Flynn and the Trump Org must be brought up on charges” for “Foreign interference in an election”:



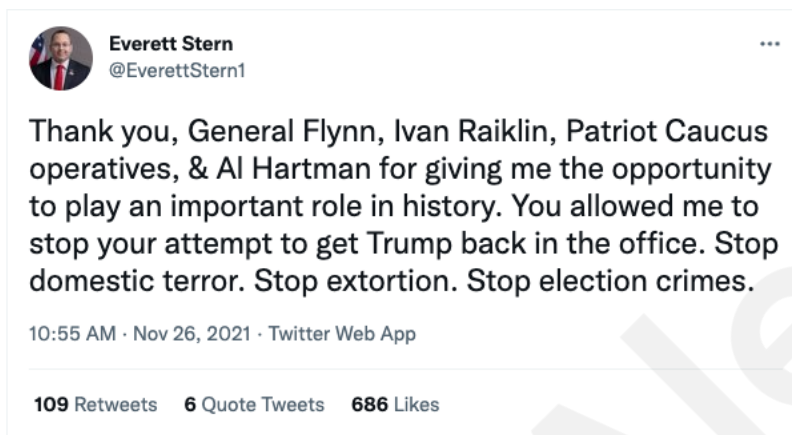
44. On November 26, 2021, Defendant Tweeted about having witnessed unspecified crimes by “General Flynn’s ‘soldiers’ ‘Operatives’”:



45. Later, on November 26, 2021, Defendant Tweeted that his “goal was to try and fix the Republican party,” which had moved to the right “due to Flynn’s operations that I was involved with”:



46. Defendant Tweeted again on November 26, 2021, accusing Gen. Flynn of committing or attempting to commit “domestic terror,” “extortion,” and “election crimes”:



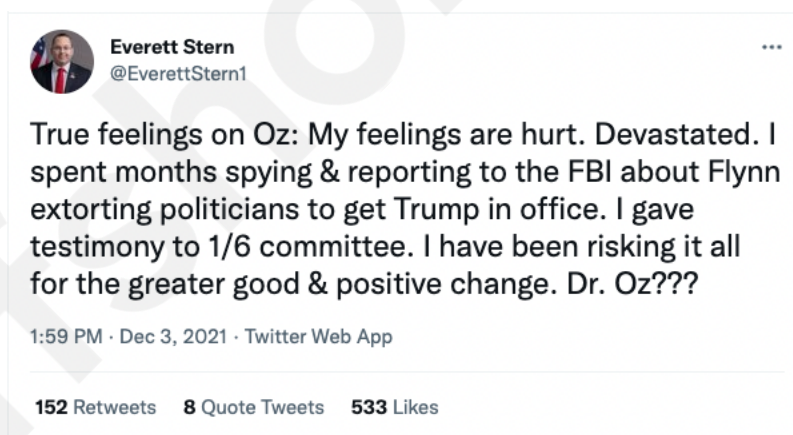
47. On December 3, 2021, Defendant Tweeted again that he “witnessed” “Extortion” and “Domestic Terror” committed by Flynn:



48. Ten minutes later, Defendant Tweeted that he “witnessed & exposed the largest US coup attempt” and that he “saw Flynn’s people’s resolve”:



49. Also on December 3, 2021, apparently reacting to news about Dr. Mehmet Oz entering the primary race for the U.S. Senate seat coveted by Defendant, Defendant again accused Gen. Flynn of “extorting politicians”:



50. On December 4, 2021, in response to another Twitter user who apparently questioned Defendant’s accusations against Gen. Flynn and

pointed out “inconsistencies,” Defendant Tweeted that his “actions are calculated and for a reason. Very calculated.”:

Everett Stern @EverettStern1 · Dec 3
Whistleblowing is hard because of the tremendous pressure and backlash. It is a shame society does not make it easier for people to not only do the right thing but also have the guts to not care what others think and simply do what is best for the greater good.
4 27 145

This Tweet was deleted by the Tweet author. [Learn more](#)

Everett Stern @EverettStern1 · Dec 4
There are no inconsistencies. The truth is the truth and my story has ALWAYS been the same. Nothing has changed. What you are doing is trying to place doubt in people's mind which is not fair to them.
1

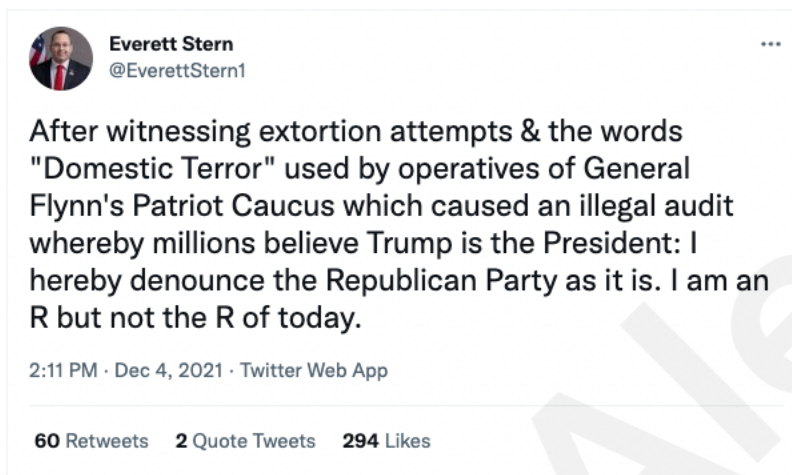
This Tweet was deleted by the Tweet author. [Learn more](#)

Everett Stern @EverettStern1 · Dec 4
I apologize, but you do not know what is occurring. I have counsel and a team of advisors. I am navigating the best I can. I am not sure why I need to meet your standards, but my actions are calculated and for a reason. Very calculated. You do not know what is happening.

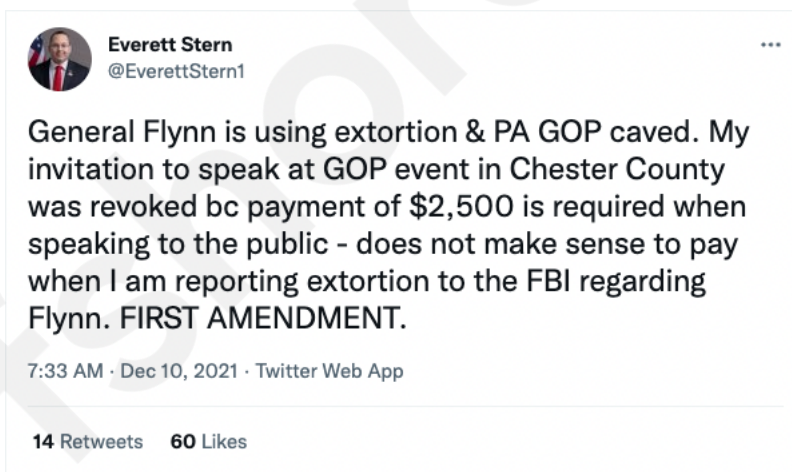
This Tweet was deleted by the Tweet author. [Learn more](#)

Everett Stern @EverettStern1
Replying to @SandySkipper1 @BradMossEsq and @MarkSZaidEsq
Excuse me? Who are you to demand me to release emails? Do you work for Flynn?
1:51 PM · Dec 4, 2021 · Twitter Web App

51. Later, on December 4, 2021, Defendant Tweeted that he witnessed “extortion attempts and the words ‘Domestic Terror’ used by operatives of General Flynn’s Patriot Caucus”:



52. On December 10, 2021, Defendant Tweeted that “General Flynn is using extortion”:



53. On December 31, 2021, Defendant Tweeted that “an active group called Patriot Caucus run by General Flynn engaging in sedition as we speak.”:



54. On January 4, 2022, Defendant Tweeted that “[Ivan] Raiklin & Flynn run a domestic terror group”:



55. On January 9, 2022, Defendant Tweeted that Flynn is a traitor and will be “in jail”:



56. On January 10, 2022, Defendant Tweeted statements implying that he was involved in an official investigation or “intelligence operation” against “Flynn’s domestic terror group”:



57. On January 25, 2022, Defendant accused Gen. Flynn of “[c]riminal manipulation of the PA GOP”:



58. On February 4, 2022, Defendant Tweeted “New Evidence of Ongoing Domestic terror Threat Links to General Michael Flynn...” and included a link to his October 30, 2021 press conference:



59. On February 5, 2022, Defendant Tweeted that he witnessed “Flynn Extortion / Election Fraud”:



60. On March 6, 2022, Defendant Tweeted a photo in which he poses with a woman alleged to be Velma Anne Ruth, and identifies her as the previously unnamed “operative” he referred to in his October 30, 2021 press conference who supposedly said the words “domestic terrorism”—the same one

who he took pains to note was “actually dressed in, in **paramilitary gear**, uh, in a, in a **paramilitary uniform**”¹³:



Everett Stern  @EverettStern1 · Mar 6

Photo with **Flynn** Op (woman on right) "We will accomplish the mission by any means necessary including using domestic terrorism. She gave me targets (Congressman & U.S Senator). I asked for this photo bc all photos were being immediately transmitted to FBI. THREAT REAL & CREDIBLE.



 15

 129

 248



¹³ Ex. 2, at 12:15 (emphasis added).

61. On March 12, 2022, Defendant Tweeted once again about having witnessed “Extortion” and “Domestic terror”:



62. On March 20, 2022, in response to a Tweet from David Corn, who was justifying his prior reporting that the Hunter Biden laptop was Russian

disinformation, Defendant Tweeted that “The Flynn Extortion plot” is somehow tied to the “Russian-back narrative” discussed by Corn:

David Corn ✓ @DavidCornDC · Mar 18

The disinformation part of the Hunter Biden laptop story was not the existence of the laptop, but the false, Russian-back narrative that the NY Post was using the laptop to push. That's how I covered it in the day.



motherjones.com
Giuliani and the New York Post are pushing Russian disinformation. It'...
With its new Biden story, Murdoch's tabloid is a useful idiot for Vladimir Putin.

140 570 1,358

Everett Stern ✓ @EverettStern1

Replying to @DavidCornDC

The Flynn Extortion plot ties into the disinformation campaign.

11:54 AM · Mar 20, 2022 · Twitter Web App

1 Retweet 14 Likes

63. On March 24, 2022, Defendant Tweeted that financial support of Gen. Flynn is the equivalent of “Terrorist Financing”:



64. On May 17, 2022, Defendant Tweeted a request for finances for his “war” with Gen. Flynn and accuses him of running a “domestic terror group”:



65. Defendant’s Twitter following is over 26,000 people, including persons located in the state of Florida. In addition, Defendant’s defamatory Tweets were viewed by third parties located in the state of Florida.

Defendant's Tweets show malicious hatred of Gen. Flynn

66. Defendant does not attempt to conceal his malice toward Gen. Flynn, openly stating his hatred of Gen. Flynn and his desire to see Gen. Flynn and even his family members prosecuted for imagined and invented crimes.

67. Defendant not only has a history of pretending to be a CIA operative and government whistleblower, he also has a history of draping his lies in the cloak of patriotism and using those lies to prop himself up at the expense of a straw man—an evil, anti-American villain.

68. In the case of HSBC, he has for years taken credit for an investigation that pre-dated him and led people to believe that he was affiliated with or was working with the CIA to take down terrorist financing at HSBC. He did this to bolster his paltry resume. He used this unearned credibility and the narrative of patriotic David fighting the anti-American Goliath in creating his “private intelligence agency”—giving himself the title “Intelligence Director”—and a hedge fund that supposedly uses “CIA Intelligence techniques.”

69. In this case, as shown by Defendant’s own Tweets, Defendant is using his malicious smear campaign against Gen. Flynn—claiming to be “at war” with him—as a means of increasing his public profile, driving business to his “private intelligence agency,” ingratiating himself to anti-Flynn politicians, generating funding for his political campaign, and explicitly trying to destroy

Gen. Flynn's reputation. As before, they show a man with delusions of grandeur, and he displays animus and resentment toward Gen. Flynn for his political beliefs.

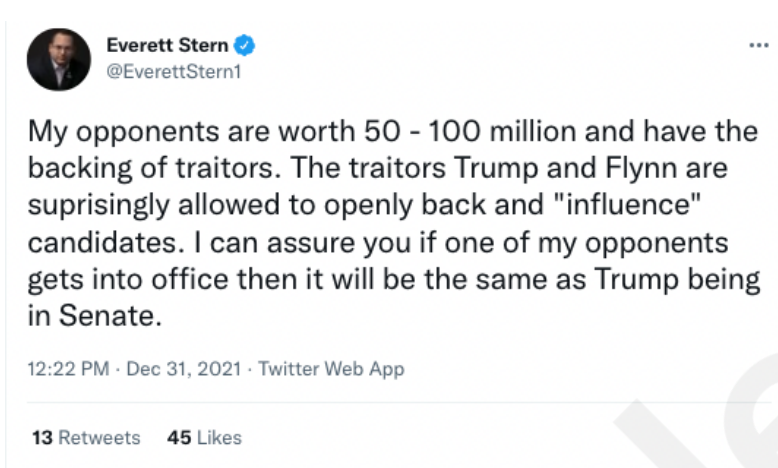
70. Also, like before, Defendant plays the victim, repeatedly claiming to be under attack by Gen. Flynn as a means of generating sympathy and fabricating a narrative that he is a martyr—or, as he has repeatedly described himself in his supposed battle with HSBC, as David fighting Goliath.

71. In addition to the Tweets included above, which already show Defendant's malice for Gen. Flynn,¹⁴ the following are additional Tweets that indicate Defendant's malice, as well as his political and financial motives.

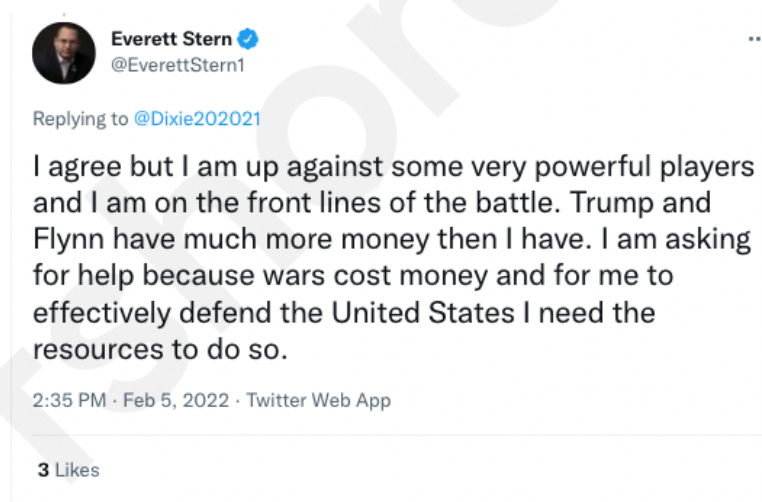
72. On December 31, 2021, Defendant Tweeted about Gen. Flynn being a traitor and suggests that Gen. Flynn being "allowed" to support a candidate is improper – "My opponents are worth 50 – 100 million and have

¹⁴ See e.g., *supra*, ¶ 41 (claiming it is an "honor to help get criminal charges" against Gen. Flynn); ¶ 45 (showing his goal in attacking Gen. Flynn is to influence the Republican Party); ¶ 46 (showing Defendant's view that he is playing an "important role in history"); ¶ 64 (claiming to be David against Goliath, at "war" with Gen. Flynn).

the backing of traitors. The traitors Trump and Flynn are surprisingly allowed to openly back and ‘influence’ candidates.”:

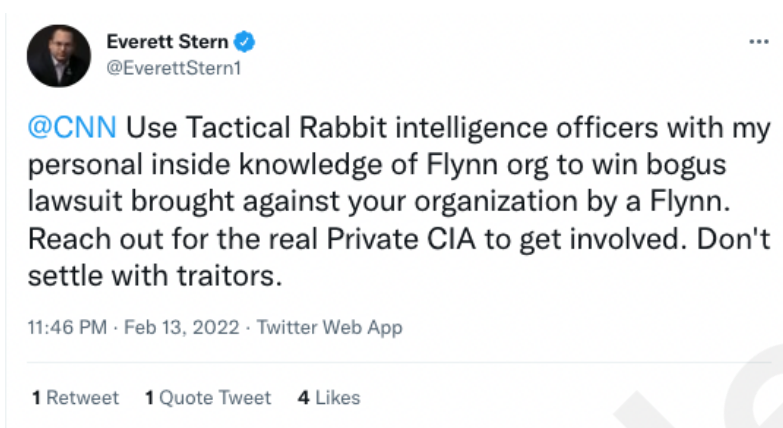


73. On February 5, 2022, Defendant Tweeted that “Trump and Flynn have much more money than I have. I am asking for help because *wars* cost money” (emphasis added):



74. On February 13, 2022, Defendant demonstrated his personal animus toward Gen. Flynn and even his family by offering the services of his “Private CIA” to CNN to help them win a defamation lawsuit filed against it

by “a Flynn”—specifically, Gen. Flynn’s sister, Valerie Flynn—stating, “Don’t settle with traitors.”:



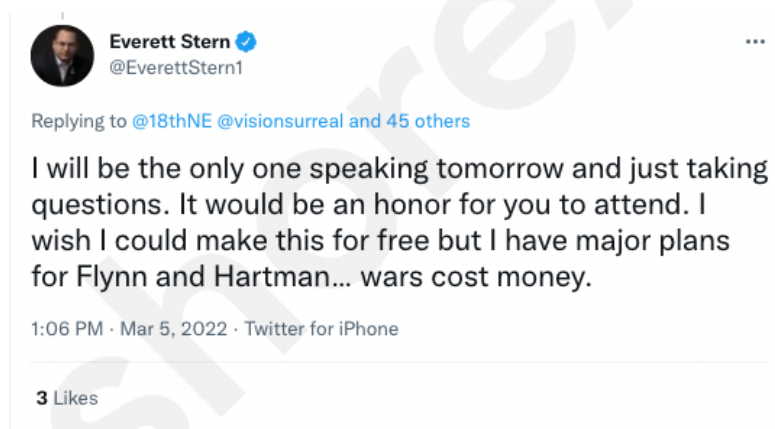
75. The next day, Defendant further demonstrated his personal animus toward Gen. Flynn’s entire family, Tweeting again about the defamation lawsuit filed by Valerie Flynn against CNN—for selectively altering a video of her in a news broadcast¹⁵—and stated that Defendant would

¹⁵ Complaint, *Flynn v. Cable News Network, Inc.*, No. 8:22-cv-343 (M.D. Fla., filed Feb. 9, 2022).

help CNN win the lawsuit by providing “leverage” and “further develop intelligence against Flynn Family”:



76. On March 5, 2022, Defendant once again states that he is at “war” with Gen. Flynn:



77. On March 6, 2022, in response to a Tweet about Defendant charging money for an event, Defendant Tweeted, “I have to. I am mounting a

major legal and intelligence effort against Flynn and Trump. Wars cost money.”:



Everett Stern ✓

@EverettStern1

...

Replying to @RYogurt2


I have to. I am mounting a major legal and intelligence effort against Flynn and Trump. Wars cost money. Flynn and Trump are supported. I need support as well. I cannot go at this alone. It is not a donation. Wars require financing. The fight for Democracy is a war.

2:38 PM · Mar 6, 2022 · Twitter Web App

5 Retweets 28 Likes

78. On March 20, 2022, Defendant claimed to have had “conversations with Flynn in 2020 after Jan 6th to launch an intel operation”—which he later

corrects to say that the conversations occurred in 2021—showing that Defendant had been plotting against Gen. Flynn since early 2021:


Everett Stern  [@EverettStern1](#) ...


Replying to [@visionsurreal](#) [@RepRaskin](#) and 45 others

I had conversations with Flynn in 2020 after Jan 6th to launch an intel operation. I offered to help Flynn & Trump org members in a HUMINT attempt to elicit information about Jan 6th. My efforts failed, but I think this is what led to Patriot Caucus to recruit me a year later.

11:03 AM · Mar 20, 2022 · Twitter Web App

1 Retweet 2 Likes




   


 Tweet your reply [Reply](#)

Devin Nunes' Mom's Son Devin [@visionsurreal](#) · Mar 20 ...





Replying to [@EverettStern1](#) [@RepRaskin](#) and 45 others

Huh? Jan 6th, the insurrection? That was in 2021. A year later would be 2022.

 1   2 

Everett Stern  [@EverettStern1](#) · Mar 20 ...

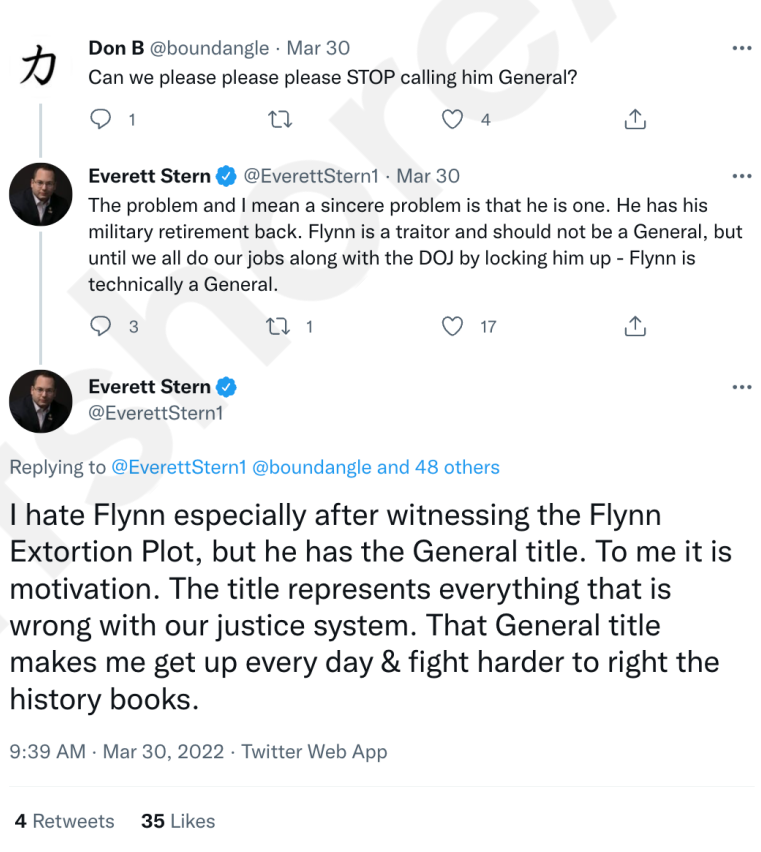
My apologies... I confused the dates. I reached out after Jan 6th. Days after. Then I was approached April 20th

   2 

79. On March 27, 2022, Defendant bizarrely relates Will Smith's acceptance speech at the Oscars to Defendant's "battle with General Flynn.":



80. On March 30, 2022, Defendant Tweeted his explicit hatred for Gen. Flynn and his malicious desire to strip him of his military title and retirement:



81. On May 18, 2022, in a video posted to Twitter, Defendant further expressed his malice for Gen. Flynn, stating that he is “going after” his businesses and his brother, Joe Flynn.

COUNT I
(Defamation and Defamation *Per Se*)

82. Gen. Flynn re-alleges and incorporates paragraphs 1 through 81.

83. Starting on October 30, 2021, and continuing to the present, Defendant has engaged in a non-stop smear campaign against Gen. Flynn, repeatedly asserting what he knows to be false, including the following allegations that:

- a. Gen. Flynn has committed treason and sedition against the United States—a crime punishable by death;
- b. Gen. Flynn has committed or attempted to commit the crime of extortion against elected officials;
- c. Gen. Flynn is part of a “domestic terror network” and that he has committed or attempted to commit acts of domestic terrorism;
- d. Gen. Flynn has committed or attempted to commit the crime of “[f]oreign interference in an election”; and
- e. Gen. Flynn has committed the crime of intimidation of a federal witness.

84. These assertions by Defendant about Gen. Flynn, on YouTube and on Twitter, are false, and Defendant knew them to be false, or he was reckless in his disregard for the truth.

85. Gen. Flynn has never committed treason or sedition against the United States. Indeed, Gen. Flynn has served his country with honor and distinction.

86. Gen. Flynn has never committed or attempted to commit extortion or blackmail of anyone, much less an elected official.

87. Gen. Flynn is not part of any kind of terror group, and he has certainly not committed or attempted to commit any kind of act of terror.

88. Gen. Flynn has not committed or attempted to commit any kind of foreign interference in an election. Quite the opposite: Gen. Flynn has actively promoted election integrity and transparency in the United States.

89. Gen. Flynn has not committed or attempted to commit any kind of intimidation of a Federal Witness.

90. Gen. Flynn is not affiliated with Ivan Raiklin other than as an acquaintance.

91. Gen. Flynn is not affiliated with Velma Anne Ruth other than as an acquaintance.

92. Gen. Flynn is not aware of, is not familiar with, and is not involved in any kind of leadership or official capacity in the group Plaintiff refers to as “Patriot Caucus.”

93. Gen. Flynn generally supports groups that promote conservative, America-First principles and election integrity. The number of groups fitting that description and using a name that includes the word “Patriot” is too numerous for Gen. Flynn to recall, and it is quite possible that Gen. Flynn has met people affiliated with this particular group, but Gen. Flynn has no way to know one way or the other. Gen. Flynn can say with certainty that he has never coordinated with any group to attempt extortion, blackmail, or domestic terrorism, as repeatedly alleged by Defendant on Twitter and on YouTube.

94. Moreover, Defendant’s allegations against Mr. Raiklin, Ms. Ruth, and other members of this Patriot Caucus—that they are domestic terrorists, that they are part of a criminal organization, and that they have engaged in or attempted to commit sedition, extortion, election interference, or any other crime—appear to be entirely without merit, based on Defendant’s own supposed “trove of evidence,” his track record of self-serving and delusional lies, and the fact that law enforcement apparently did not take Defendant’s hyperbolic story seriously.

95. Defendant's direct Twitter following is over 26,000 people, including residents of Florida, to whom Defendant published his defamatory Tweets.

96. According to YouTube, Defendant's video and accompanying written post have been viewed over 27,000 times, including by residents of Florida.

97. These defamatory statements were directed at Gen. Flynn, a Florida resident.

98. Defendant published the defamatory statements on Twitter and YouTube, knowing that they were false or with reckless disregard for the truth.

99. The defamatory statements constitute defamation *per se* because they tended to injure Gen. Flynn in his trade, business, or profession, and directly accused Gen. Flynn of committing serious crimes, including treason—punishable by death.

100. The defamatory statements have directly and proximately caused Gen. Flynn to suffer significant damages in Florida, where he lives and does business, including damage to his reputation, humiliation, embarrassment, and mental anguish, all of which are ongoing in nature and will be suffered in the future. These damages were foreseeable to Defendant.

101. Defendant published the defamatory statements knowingly, intentionally, willfully, wantonly, and maliciously, with intent to harm Gen.

Flynn, or in blatant disregard for the substantial likelihood of causing him harm, particularly in his home state of Florida, thereby entitling Gen. Flynn to an award of punitive damages.

102. As a direct and proximate result of the misconduct of Defendant, Gen. Flynn is entitled to compensatory, special, and punitive damages in an amount to be proven at trial.

COUNT II
(Injurious Falsehood)

103. Gen. Flynn re-alleges and incorporates paragraphs 1 through 103.

104. Gen. Flynn is currently engaged in the business of promoting election integrity and reform.

105. Defendant's false statements, accusing Gen. Flynn of being a traitor, of participating in domestic terrorism and sedition, and of attempting the crimes of extortion and election interference, directly concern Gen. Flynn's business.

106. Defendant intended for his false statements to destroy Gen. Flynn's reputation, to ruin his ability to participate in politics, elections, and policy advocacy, and to harm him financially. Defendant reasonably recognized and intended that the publication of his statements about Gen. Flynn would result in pecuniary losses.

107. Defendant has explicitly stated his intent to damage Gen. Flynn's pecuniary interests and to target his businesses.

108. Gen. Flynn has suffered direct pecuniary losses as a result of Defendant's accusations, including costs associated with lost business opportunities and money spent to defend his own reputation, in an amount to be proven at trial.

Prayer for Relief

WHEREFORE, Plaintiff, Michael T. Flynn, demands judgment against Defendant, Everett Stern, as follows:

- a. An award of compensatory, special, and punitive damages of two hundred and fifty million dollars (\$250,000,000);
- b. Injunctive relief prohibiting the publication or republication of the defamatory statements;
- c. An award of Plaintiff's costs associated with this action, including but not limited to his reasonable attorneys' fees and expenses; and
- d. Such other and further relief as the Court deems just and appropriate to protect Plaintiff's rights and interests.

Demand for Jury Trial

Plaintiff demands a trial by jury on all issues so triable.

Dated: May 31, 2022

Respectfully, submitted

/s/ Jared J. Roberts

Jared J. Roberts (Fl. Bar No. 1036550)

Jason C. Greaves (*pro hac vice*
application forthcoming)

BINNALL LAW GROUP, PLLC

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Counsel for Plaintiff

CIVIL COVER SHEET

The JS 44 civil cover sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. (SEE INSTRUCTIONS ON NEXT PAGE OF THIS FORM.)

I. (a) PLAINTIFFS

MICHAEL T. FLYNN

(b) County of Residence of First Listed Plaintiff Sarasota County (EXCEPT IN U.S. PLAINTIFF CASES)

(c) Attorneys (Firm Name, Address, and Telephone Number)

Jared Roberts, Jason Greaves, Binnall Law Group, 717 King St., Ste 200, Alexandria, VA 22314 (703) 888-1943

DEFENDANTS

EVERETT STERN

County of Residence of First Listed Defendant Chester County (IN U.S. PLAINTIFF CASES ONLY)

NOTE: IN LAND CONDEMNATION CASES, USE THE LOCATION OF THE TRACT OF LAND INVOLVED.

Attorneys (If Known)

II. BASIS OF JURISDICTION (Place an "X" in One Box Only)

- 1 U.S. Government Plaintiff, 2 U.S. Government Defendant, 3 Federal Question (U.S. Government Not a Party), 4 Diversity (Indicate Citizenship of Parties in Item III)

III. CITIZENSHIP OF PRINCIPAL PARTIES (Place an "X" in One Box for Plaintiff and One Box for Defendant)

- Citizen of This State, Citizen of Another State, Citizen or Subject of a Foreign Country, PTF DEF, 1 1, 2 2, 3 3, 4 4, 5 5, 6 6

IV. NATURE OF SUIT (Place an "X" in One Box Only)

Click here for: Nature of Suit Code Descriptions.

Table with columns: CONTRACT, REAL PROPERTY, TORTS, CIVIL RIGHTS, PRISONER PETITIONS, FORFEITURE/PENALTY, LABOR, IMMIGRATION, BANKRUPTCY, SOCIAL SECURITY, FEDERAL TAX SUITS, OTHER STATUTES. Includes codes like 110 Insurance, 310 Airplane, 365 Personal Injury, etc.

V. ORIGIN (Place an "X" in One Box Only)

- 1 Original Proceeding, 2 Removed from State Court, 3 Remanded from Appellate Court, 4 Reinstated or Reopened, 5 Transferred from Another District, 6 Multidistrict Litigation - Transfer, 8 Multidistrict Litigation - Direct File

VI. CAUSE OF ACTION

Cite the U.S. Civil Statute under which you are filing (Do not cite jurisdictional statutes unless diversity): 28 U.S.C. 1332. Brief description of cause: Defamation

VII. REQUESTED IN COMPLAINT:

CHECK IF THIS IS A CLASS ACTION UNDER RULE 23, F.R.Cv.P. DEMAND \$ 250,000,000. CHECK YES only if demanded in complaint: JURY DEMAND: Yes No

VIII. RELATED CASE(S) IF ANY

(See instructions): JUDGE DOCKET NUMBER

DATE SIGNATURE OF ATTORNEY OF RECORD

May 31, 2022

Handwritten signature: Paul Roberts

FOR OFFICE USE ONLY

RECEIPT # AMOUNT APPLYING IFP JUDGE MAG. JUDGE

AO 440 (Rev. 06/12) Summons in a Civil Action

UNITED STATES DISTRICT COURT

for the

Middle District of Florida

MICHAEL T. FLYNN, an individual,

Plaintiff(s)

v.

EVERETT STERN, an individual,

Defendant(s)

Civil Action No.

SUMMONS IN A CIVIL ACTION

To: (Defendant's name and address) Everett Stern
890 S Matlack Street, Apt. 460
West Chester, PA 19382

A lawsuit has been filed against you.

Within 21 days after service of this summons on you (not counting the day you received it) — or 60 days if you are the United States or a United States agency, or an officer or employee of the United States described in Fed. R. Civ. P. 12 (a)(2) or (3) — you must serve on the plaintiff an answer to the attached complaint or a motion under Rule 12 of the Federal Rules of Civil Procedure. The answer or motion must be served on the plaintiff or plaintiff's attorney, whose name and address are:

Jared J. Roberts
Binnall Law Group, PLLC
717 King Street, Suite 200
Alexandria, Virginia 22314

If you fail to respond, judgment by default will be entered against you for the relief demanded in the complaint. You also must file your answer or motion with the court.

CLERK OF COURT

Date:

Signature of Clerk or Deputy Clerk

Civil Action No. _____

PROOF OF SERVICE

(This section should not be filed with the court unless required by Fed. R. Civ. P. 4 (l))

This summons for *(name of individual and title, if any)* _____
was received by me on *(date)* _____.

I personally served the summons on the individual at *(place)* _____
_____ on *(date)* _____; or

I left the summons at the individual's residence or usual place of abode with *(name)* _____
_____, a person of suitable age and discretion who resides there,
on *(date)* _____, and mailed a copy to the individual's last known address; or

I served the summons on *(name of individual)* _____, who is
designated by law to accept service of process on behalf of *(name of organization)* _____
_____ on *(date)* _____; or

I returned the summons unexecuted because _____; or

Other *(specify)*: _____

My fees are \$ _____ for travel and \$ _____ for services, for a total of \$ _____ 0.00 _____.

I declare under penalty of perjury that this information is true.

Date: _____

Server's signature

Printed name and title

Server's address

Additional information regarding attempted service, etc:

Submission

Regarding Continuing Violations By

HSBC Bank USA, N.A.
HSBC North America Holdings, Inc., and
HSBC Holdings plc

of

The Bank Secrecy Act of 1970
The Trading with the Enemy Act, and
The International Emergency Economic Powers Act

Submitted By: Everett A. Stern

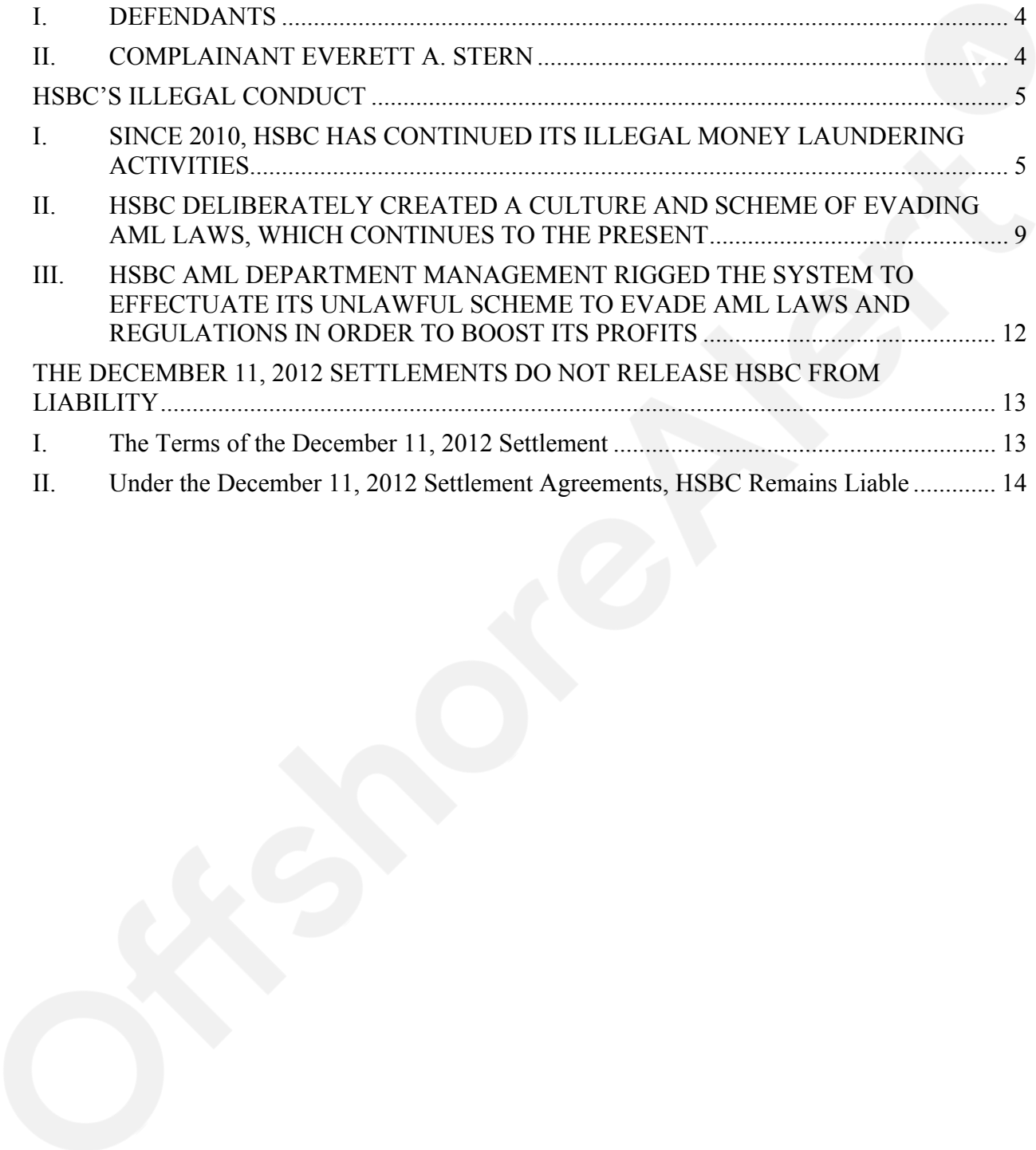
March 11, 2013

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OVERVIEW

Complainant Everett A. Stern, while employed in the Anti-Money Laundering (AML) Division of HSBC Bank USA in 2010 and 2011, discovered that HSBC was engaged in conduct that violated the Bank Secrecy Act of 1970, the Trading with the Enemy Act (TWEA), and the International Emergency Economic Powers Act, despite having agreed, pursuant to a Cease and Desist Order it had signed in October 2010, to cease and prevent any recurrence of all such illegal conduct. Stern discovered specific illegal acts of money laundering activity, concerted efforts designed to dupe the government into believing that HSBC was in compliance with the 2010 Cease and Desist Order and federal anti-money laundering laws and regulations when it was not, rules and incentives that created a general corporate culture that elevated bank profits from suspicious money laundering activity over compliance with the law, internal mechanisms designed to sweep potentially illegal money laundering activity under the rug before it could be properly investigated and reported to authorities, and the presence of gross conflicts of interest. The illegal conduct resulted in HSBC's blatant participation in, and enabling of, drug trafficking, terrorist activities and the channeling of money to sanctioned regimes abroad. Stern reported his findings to his superiors at HSBC and was at various times ignored, taunted, ridiculed and ultimately forced out. Stern also reported this information to the CIA and the FBI.

Although HSBC entered into five Settlement Agreements with five different U.S. government agencies on December 11, 2012 pursuant to which HSBC agreed to pay \$1.92 billion in fines and penalties, those Settlement Agreements do not release the specific illegal conduct Stern complains of and reports herein, and pertain generally to conduct that occurred prior to Stern's employment with HSBC.

Startlingly, those Settlement Agreements cite HSBC's cooperation and remediation efforts as the basis for leniency in the terms imposed. Complainant's discoveries of continued intentional illegal conduct, detailed below, demonstrate the extent to which those five government agencies were duped by HSBC. It is also worth noting that the fines and penalties imposed on HSBC represent a mere four weeks of profits for this banking behemoth.¹

The U.S. Senate Permanent Subcommittee on Investigations held a hearing on July 13, 2012) regarding HSBC's conduct and issued a HSBC Case History Report on July 17, 2012). Although HSBC executives met with the Subcommittee prior to the hearing to make the case that it had implemented strong reforms since receiving the 2010 Cease and Desist Order, Stern uncovered evidence that some of these reforms were entirely bogus and, indeed, only worked to allow HSBC to increase its illegal conduct and its profits derived therefrom.

¹ “[T]he sum represents about four weeks’ earnings given the bank’s pre-tax profits of \$21.9bn last year.” <http://www.guardian.co.uk/business/nils-pratley-on-finance/2012/dec/11/hsbc-money-laundering-fine>

FACTUAL BACKGROUND

I. Defendants

HSBC Bank USA, N.A. is a federally chartered banking institution and subsidiary of HSBC North America Holdings, Inc. with its principal place of business at 452 Fifth Avenue, New York, NY 10018.

HSBC Holdings plc is a financial institution holding company organized under the laws of England and Wales (collectively with HSBC Bank USA, “HSBC” or the “bank”) with its U.S. headquarters at 452 Fifth Avenue, New York, NY 10018.

Stuart Thomson Gulliver is Group Chief Executive of HSBC Holdings plc. He is also Chairman of The Hong Kong and Shanghai Banking Corporation Limited, a position he has held since January 2011.

The Anti-Money Laundering (AML) Division of HSBC Bank USA was managed by the following personnel, notable for their lack of experience and expertise in discovering and preventing money laundering:

- Gary Peterson is Senior Executive Vice President/Chief Compliance Officer of HSBC Bank USA.
- Mike Troccia, a former FBI counterintelligence officer, was the Director of Compliance until his employment was terminated for cause in April 2011. He was replaced by Adam Fates, formerly with HSBC Card Services Division, who had no previous AML experience.
- Jeff Kraft was a Senior Vice President and Assistant Director in the AML Division until July 2012.
- Kristen Gaken started out as a temporary hire just out of law school and was promoted four times in eight months to become Senior Vice President of the AML Division.
- Stephanie Napier, who was a manager in the collections department for close to 30 years, was made Senior Vice President of Financial Intelligence in the AML Division. She was the head of Target Monitoring and managed the Wire Filter System.

II. Complainant Everett A. Stern

Complainant Stern earned an MBA in Finance from Stetson University in May 2010, with studies in Finance, Risk Management, Statistical Data Analysis and Applied Research. Prior to that, he earned a BA in Liberal Arts from Florida Atlantic University in May 2008, concentrating on Middle Eastern Studies, Economics, Statistics, Political Economy and Foreign Policy.

Complainant Stern was employed as an Anti-Money Laundering Officer at HSBC from October 2010 through October 2011. On September 26, 2011, Stern took a medical leave of

absence from HSBC due to discrimination, harassment and retaliation, having been subjected to a number of anti-Semitic comments and having been twice demoted for reporting illegal money laundering activity to his superiors at HSBC. Stern was first demoted in February 2011 to the Alert Team and then demoted again in June 2011 to the Low Risk Alert Team. In November 2011, Stern entered into a Separation Agreement and Release with HSBC, settling his retaliation and discrimination employment claims against HSBC.

HSBC'S ILLEGAL CONDUCT

In December 2012, HSBC entered into five separate settlement agreements with five different federal agencies, agreeing to fines and penalties of almost \$2 billion in exchange for a Deferred Prosecution Agreement from the Department of Justice.² Although these agreements were finalized and announced in December 2012, virtually all of the conduct identified in them was from 2010 and before. Those agreements described HSBC's ostensibly extensive remediation and compliance efforts between the October 2010 Cease and Desist Order and the December 2012 settlement agreements. HSBC signed those agreements describing their remediation and compliance procedures when they knew those procedures were merely window dressing and a sham to cover up its continuing violations of U.S. anti-money laundering law and lack of an effective compliance protocol.

I. Since 2010, HSBC Has Continued Its Illegal Money Laundering Activities

On October 6, 2010, HSBC Bank USA entered into a consent cease and desist order with the Office of the Comptroller of the Currency (attached hereto as [Exhibit 1](#)), which required the bank to take comprehensive corrective actions to improve its BSA compliance program. On October 4, 2010, HSBC North America (the indirect parent of HSBC Bank USA) entered into a consent cease and desist order with the Federal Reserve Board (attached hereto as [Exhibit 2](#)) to ensure the adequacy of the parent company's firm-wide compliance risk-management program (together, the "Cease and Desist Orders"). The Cease and Desist Orders followed extensive government investigations that found that HSBC had engaged in systematic and widespread violations of U.S. anti-money laundering laws.

Complainant Stern was hired as part of HSBC's effort to comply with these two Cease and Desist Orders, and began working as an Anti-Money Laundering (AML) Officer at HSBC on October 18, 2010. He was appointed to the Target Monitoring Team and the High Risk Alert Team, where his duties included investigating suspicious banking activity as part of HSBC's Anti-Money Laundering Program and investigating bank customers to ensure they did not do business with certain excluded countries. He was named as the department specialist on Middle Eastern transactions.

When Stern started at HSBC in October of 2010, there were approximately 15-20 compliance officers. At the time of his departure in November of 2012, there were approximately 300 AML compliance officers. However, these new compliance officers were woefully

² These five different federal agencies are the U.S. Department of Justice, the Office of the Comptroller of the Currency (OCC), the Federal Reserve, the U.S. Department of Treasury's Office of Foreign Assets Control (OFAC), and the Financial Crimes Enforcement Network (FinCEN).

inadequate and unqualified to fulfill their duties. To fill the cubicles in its AML compliance program and to dupe the federal government into believing it was complying with the October 2010 Cease and Desist Orders, HSBC sold its credit card division to Capital One, freed up hundreds of debt collectors and customer service agents from its New Castle, DE call center who had no finance or AML experience and generally only a high school diploma, and hired 300 of them to work as AML compliance officers. HSBC paid these former debt collectors and customer-service agents as much as \$55,000 per year, and as a result, retained an enormous amount of leverage over them and their work product.

HSBC maintained a computer system infrastructure called CAMP (“Customer Account Monitoring Program”) which stored all of the bank’s transactions, including all wire transfers of money on behalf of all of its own banking customers and customers of its correspondent banks.³ A separate computer program, called the Alert Monitoring System, monitored CAMP and sent out an Alert, which notified AML Compliance Officers of suspicious activity regarding a transaction, such as a bank customer sending numerous small dollar wire transfers to multiple beneficiaries in countries designated by the U.S. Department of Treasury’s Office of Foreign Assets Control (OFAC) as subject to sanctions (*e.g.*, Iran, Cuba, Sudan, Libya and Burma). The Alert Monitoring System was replaced in the spring of 2011 by a new program called Norcom, which similarly triggered Alerts.

There were three possible dispositions of an Alert. The first was that an AML Compliance Officer would review an Alert and clear it, which would close any inquiry into the underlying transaction that gave rise to the Alert. To close an Alert, the investigator was required to write a narrative that identified some factual information about the entity and/or transaction in question that mitigated any risk posed by that Alert. As discussed below, HSBC used tremendous pressure and offered incentives for AML Officers to close as many Alerts as quickly as possible, to ensure the bank’s profits from the underlying transactions. The second disposition was that the Alert would be escalated to a Suspicious Activity Report (SAR), which was sent to Director of Compliance Mike Troccia and to the Treasury Department. Before such escalation occurred, a Request for Information (RFI) would be sent to the correspondent bank for more information about the transaction. The third disposition was that the Alert would be placed “on watch.” This meant that the Alert was not suspicious enough to be escalated to a SAR, but sufficiently suspicious such that the next time an Alert was generated that referenced the same entity, the investigator would be notified that there was a prior suspicious alert.

OFAC maintained a list of regimes, terrorists, international narcotics traffickers, and persons engaged in activities related to the proliferation of weapons of mass destruction. HSBC installed a Wire Filter System that contained all of the names on the OFAC list and was intended to halt any wire transfers or any other flow of funds to or from any OFAC listed person or entity.

³ Correspondent banks receive deposits from, make payments on behalf of, or handle other financial transactions for foreign financial institutions. In essence, correspondent banking involves the facilitation of wire transfers between foreign financial institutions and their customers, and other financial institutions with which the foreign financial institution does not have a direct relationship. Correspondent accounts are generally considered high risk because the U.S. bank does not have a direct relationship with, and therefore has done no due diligence on the foreign financial institution’s customers who initiated the wire transfers. To mitigate this risk, the Bank Secrecy Act requires financial institutions to conduct due diligence on all non-U.S. entities (*i.e.*, the foreign financial).

Entities that were the subject of HSBC Suspicious Activity Reports (SARs) were also entered into HSBC's Wire Filter System.

During the course of his employment, Stern discovered the following HSBC illegal activities, which he promptly reported to both HSBC senior management and U.S. government officials:

- In November 2010, Stern discovered that Crossbar FX Ltd., a Money Servicing Business (MSB) based in the UK, was sending large amounts of money (through low dollar amount transaction under the \$10,000 trigger) through HSBC to numerous individuals and entities in the Middle East and China. Crossbar FX claimed on its website to have a banking relationship with HSBC. To confirm his findings, Stern pretended to be an importer/exporter and phoned Crossbar FX. He spoke with a man named Ben Stevens, who identified himself as the owner and stated that Cross Bar was a one man operation that exchanged currency and that could provide lower exchange rates than banks. Stern searched the HSBC CAMP system and found that Crossbar had used coding on its wire transfers designed to evade HSBC's Alert Monitoring System and had funneled over \$40 million through HSBC to other MSBs in China and the Middle East. This is against AML regulations, which require the bank to know exactly who both the originator and beneficiary of a wire transfer is. Having a MSB on either end of a wire transfer is the paradigm of a classic money laundering scheme because it hides the true identities of both the originator and the beneficiary. Stern immediately reported this to his superiors Stephanie Napier, Jeff Kraft, Mike Troccia, and Kristen Gaken. In addition, on November 7, 2010, Stern sent an email from his personal email account to CIA recruiter Craig P. to report this discovery. (Attached as [Exhibit 3](#))
- In December 2010, Stern discovered that a Canadian shipping company was sending suspicious wires through HSBC to other shipping companies. Every bank client has a KYC (Know Your Customer) form on file at the bank. It contains summary information about the client, including a description, location information, ownership, contact information, etc. It was Stern's job to investigate both transactions and customers for any suspicious activities or ties. If Stern thought there was an issue with a bank client, he was to review the KYC and determine whether a SAR on that client should be filed. As part of his investigation of the KYC of this Canadian shipping company, Stern telephoned the shipping company and pretended to be an importer/exporter trying to get bullets into Iran, and explained that due to OFAC regulations he could not do so. The company offered to help and to have someone waiting at the airport in Tehran to unload the cargo and see that it gets to its proper destination in Iran. This was a violation of AML laws and regulations – the bank could not have a client that did business or otherwise had any ties to any OFAC-listed country, including Iran. Stern wanted to draft a SAR, which would have been sent to the Treasury Department, and immediately notified his superiors Stephanie Napier, Jeff Kraft and Mike Troccia of these facts. Jeff Kraft made light of this infraction and said to Stern at Stern's desk, "You pulled me away from my work for this?" All of the Canadian shipping company's bank transactions were subsequently approved. Stern promptly reported this information to the CIA through the CIA on line Tip Portal at www.CIA.gov.

- In January 2011, Stern discovered that HSBC was allowing hundreds of millions of dollars in terrorist funds to move through HSBC and Standard Chartered Bank (a correspondent bank of HSBC) from Africa to Beirut, Lebanon. The money was originating from Kairiba Supermarkets and Shopping Centres (an OFAC-listed sanctioned company) in Gambia and going to Tajco, a company based in Beirut (also an OFAC-listed sanctioned company) that owns a majority interest in Kairaba. Tajco is run by the Tajideen Brothers, OFAC-listed persons who the U.S. State Department has determined are terrorists and the financiers of Hezbollah.⁴ Although Kairaba and Tajco had been entered into the Wire Filter System, those names had been misspelled. Because the Wire Filter only reads exact names and does not pick up misspellings or any slight variation in the name, these illegal money transfers were allowed to go through. Stern immediately notified management of this problem, but no corrections were made in the Wire Filter. Thus, Hezbollah was allowed to continue to launder money through HSBC. Stern believes that this illegal activity still continues to this day. Stern promptly reported this information to the CIA through the CIA on line Tip Portal at www.CIA.gov.
- In March 2011, Stern discovered that Sharbatly Fruit, a Saudi Arabian fruit distribution company banking with SABB (a correspondent bank of HSBC formerly known as The Saudi British Bank), was sending millions of dollars to an individual in Yemen. Stern researched the individual and found that he was a leading party member of the Yemeni Party of Reform, frequently called Islah or Al-Islah, which is the main opposition party in Yemen that was created in September 1990 by Yemeni members of the Muslim Brotherhood. Because Saudi Arabia was labeled a high risk country by HSBC and because the funds were going to a Yemeni political person (in industry parlance, known as a PEP, or “Politically Exposed Person”), this was a highly suspicious activity that should have risen to the level of a SAR. Stern outlined his concerns in a written Alert narrative requesting that it be elevated to a SAR and attached all supporting documentation, including articles from the Brookings Institute and other academic articles proving the link to the Muslim Brotherhood. Stern was scolded for using the words “possible terrorist financing” and “suspicious activity” in his report. His request for a SAR was denied by Kristen Gaken and all of Sharbatly Fruit’s transactions were approved. Stern promptly reported this information to the CIA through the CIA on line Tip Portal at www.CIA.gov.
- In June of 2011, as the specialist on the Middle East, Stern discovered that a number of the former HSBC debt collectors who were appointed AML Compliance Officers were approving transactions going to foundations in the Gaza Strip. Stern reported this to his superiors, and warned that Hamas, which the U.S. State Department has deemed a terrorist organization, is the elected government of Gaza and that this money could be used to fund terrorism. He did so by sending an email titled “Compliance Error” to Jeff Kraft and Luis Viteri (attached as [Exhibit 4](#)). Subsequently, Jeff Kraft pulled Stern into a conference room

⁴ “The US Treasury Department's Office of Foreign Assets Control has blacklisted Hezbollah fundraisers Ali Tajideen and Husayn Tajideen, claiming they provided support to the Islamist terrorist group. These men are the brothers and business partners of Kassim Tajideen, who was previously designated by OFAC for financing Hezbollah. OFAC's latest action also targeted a network of businesses owned or controlled by the Tajideen brothers in Gambia, Lebanon, Sierra Leone, the Democratic Republic of Congo, Angola, and the British Virgin Islands.” <http://www.complinet.com/global/news/news/article.html?ref=139160>

and threatened to fire him. Kraft stated, “Do you know what would happen if the government found out about the Compliance Error email. They would shut us down. Do you fucking understand we are under a cease and desist order and you are putting in writing that we have a compliance error!? Gary Peterson would fire you in two seconds if he found out about this.” When Stern tried to explain the situation to Kraft, Kraft stated, “ Hamas is not a terrorist organization - they were elected to power.” Stern reminded Kraft that even though Hamas was elected, it was still considered a terrorist organization by the U.S. government and was on the OFAC list. Nothing was done and all wires into Gaza were approved. Stern promptly reported this information to the CIA through the CIA on line Tip Portal at www.CIA.gov.

Currently, HSBC Senior Vice President Jeff Kraft, under orders from Chief Compliance Officer Gary Peterson, is now setting up operations in Sri Lanka for AML Investigations to be conducted overseas by foreign nationals. This is highly improper as HSBC itself rates Sri Lanka as a high-risk country for money laundering. It leaves HSBC’s AML functions open to being infiltrated, improperly influenced and exploited by corrupt local employees.

Recently, Stern was told by a senior member of the HSBC AML compliance program team that in the summer of 2012 and as a favor to HSBC Hong Kong, Senior Vice President of Financial Intelligence Stephanie Napier altered the Wire Filter System to remove certain OFAC-listed entities, which allowed millions of dollars of wire transactions initiated by HSBC Hong Kong to go through. These were transactions that had previously been held up by the Wire Filter System because the money was either going to or coming from an OFAC-listed entity. Napier sent an internal HSBC email to AML staff outlining her actions.

II. HSBC Deliberately Created a Culture and Scheme of Evading AML Laws, which Continues to the Present

HSBC created a culture of evading AML rules and regulations among its AML compliance program investigators by encouraging, motivating and rewarding those investigators to close as many Alerts as possible (and thus ensure the bank’s profits), regardless of the circumstances and red flags present in the transaction. Investigators were specifically pushed not to identify and eliminate transactions with suspicious activity, because eliminating such transactions would decrease bank profits. The goal was to close the Alerts and green-light the underlying transactions and avoid elevating the Alert to a Suspicious Activity Report (SAR). Although federal regulations are designed to reduce illegal money laundering and prohibit such financing transactions, the bank that is charged with ferreting out and voiding these transactions makes more money if those transactions slide through the bank undetected. Rather than honor its regulatory obligations to detect and eliminate illegal transactions, HSBC erected a facade of compliance efforts while encouraging its compliance personnel to actually approve the illegal transactions. HSBC created this culture in the following way.

- An investigator who closed more alerts earned public recognition from senior management (specifically Mike Troccia and Jeff Kraft). Kraft, on a daily basis, would send out emails with lists and ranks of which investigators were closing the most Alerts (attached hereto as [Exhibit 5](#)). Kraft would also have a “floor meeting” in the middle of the cubicles announcing

the winners of the week. Mike Troccia would stand on investigator's desks to address the room and announce the winning investigators.

- An investigator who consistently closed a high volume alerts was considered for promotion. The Organization/Δ Time Table attached as [Exhibit 6](#) shows in just a small cross-section of the organization, the numerous promotions in a short time span. Investigators wanted to be considered for a promotion, which meant they spent less time on investigating and more time simply closing Alerts.
- Mike Troccia routinely took investigators out to lunch when he visited from New York to reward those who had closed a large number of high-level alerts.
- AML team management set minimum Alert clearing goals to keep production high. During the summer of 2011, management set the weekly minimum of Alert clearings at 72 Alerts per week per investigator. The investigators were flabbergasted by this announcement and openly protested, saying it could not be done. Jeff Kraft replied, "Find a way." Indeed, Stern was specifically told by Senior Vice President Kristen Gaken, "You have to find a way to mitigate risk - you have to find a way." Gaken was instructing Stern to find anything that he could use to show that the risk of a transaction being related to money laundering was mitigated such that the corresponding Alert could be closed.
- Management offered financial rewards in an attempt to close more Alerts. Jeff Kraft and HSBC Senior Vice President/COO Jennifer Strybel presented each AML employee with an optional contract which, if signed, obligated investigators to work longer hours and close more Alerts in return for a salary increase. An investigator received an additional 25% of base salary if he agreed to work 55 hours per week. Stern signed this contract. In all instances, the emphasis was simply on the number of alerts that were closed, not the quality of the investigation.
- Management loosened the criteria to clear an Alert when a backlog of Alerts developed, and later reversed course when the backlog subsided. This occurred in February 2011 when Troccia sent an email to all the investigators stating that transactions through The Saudi British Bank could be closed or closed on watch without sending a RFI to Saudi British Bank to get more information because Saudi British Bank could be trusted. Any Alert related to Saudi British Bank was automatically cleared, despite the fact that Saudi Arabia was labeled by HSBC as a high risk country. The same thing happened with HSBC Hong Kong in June 2011.
- Management determined and informed the investigators that no investigations were needed for bank-to-bank transfers. As such, Alerts based on such transfers could be automatically closed. Investigators routinely sought out these Alerts to examine because they were the easiest to close. This is a gross violation of AML rules. Just because transfers are from one bank to another does not mean that money isn't being laundered or funneled to terrorist organizations or OFAC-listed entities. Not all foreign banks can be trusted.

- Quality Assurance (QA) was minimal and defective. The QA teams did not exist until March of 2011, and once in effect, did not properly check the quality of investigations. The QA analysts did not thoroughly examine investigations as they were supposed to, but simply made sure all of the required paperwork was attached. For example, an investigation submitted on Norcom (the internal HSBC computer program that replaced The Alert Monitoring System in the spring of 2011) needed to have a narrative of why the risk posed by that transaction was mitigated and a PDF of the website of the entity in question. QA did not look at the PDF to ensure it was related to the entity in question. QA merely looked at the PDF to make sure it was attached. The investigator could (and frequently did) take a PDF of the website of an unrelated entity and attach it to the investigation, and QA would (and did) approve the transaction.

Furthermore, QA made their guidelines more lenient when there were large backlogs of Alerts. For example, QA initially required that both the originator and beneficiary of a suspicious money transfer that was the subject of an Alert be properly vetted before an Alert could be cleared. When there was a backlog of Alerts to be cleared, QA only required due diligence on the focal entity. Thus, if an entity was transferring money through HSBC to five different companies, only the entity had to be examined and not the other five corporations.

In addition, QA changed the sample size from investigator to investigator. If a QA chose a sample of two from an investigator who performed 10 investigations and determined that one of those two investigations was defective, that investigator would receive an error rating of 10% (one defective out of 10). This would motivate the investigator to perform more investigations quickly so that his error rating would drop. If he performed 40 more, then his error rating became one out of 50, or 2%.

Also, QA made their examination criteria known to the investigators, allowing the investigators to do the absolute bare minimum when clearing an Alert that was required for the Alert to pass muster with QA, which was far less than a complete investigation. QA made their examination criteria known to the investigators at numerous meetings with investigation teams and by posting signs on investigators' computers outlining QA rules. This negated the QA function altogether by allowing investigators to craft their paperwork so as to avoid problems with QA.

- Norcom, which went live at HSBC in April 2011, replaced the Alert Monitoring System. Norcom was put in place after a backlog of Alerts developed because it allowed for the bulk closings of blocks of Alerts that were generated against the same focal entity. Teams in the United States and India comprised of untrained employees worked on closing assigned blocks of Alerts, and often did so indiscriminately and incorrectly.
- SARs were written by unqualified people and were submitted beyond their deadlines. Prior to June 2011, the investigator who discovered suspicious activity had to be the one to write up a SAR on the transaction. In June 2011 a team was created to only write SARs, in an effort to increase productivity. The SAR team was comprised of incompetent personnel who did not have a thorough understanding of the underlying suspicious activity and were merely an effort to close the tremendous backlog of Alerts by freeing up the other investigators.

- Management closed alerts before they were investigated sufficiently and reopened them later, which would start the clock back at zero and allow an additional thirty days for the investigation. As a result, HSBC would be submitting false reports of closed Alerts to the Treasury Department.
- RFIs (Requests for Information) were not handled properly. The RFI procedures were vague. There was no standardization of how RFIs should be prepared, and there was no monitoring of RFIs, either before they went out or after they were returned. Also, there was no verification of the information disclosed on a returned RFI.

III. HSBC AML Department Management Rigged the System to Effectuate Its Unlawful Scheme to Evade AML Laws and Regulations in order to Boost Its Profits

Since 2010, the managers of AML Department deliberately employed tactics to rig HSBC's AML compliance program to evade AML laws and clear Alerts without the due diligence required by both federal law and the 2010 Cease and Desist Order. These tactics included the following:

- Troccia allowed investigators to automatically close Alerts generated by bank-to-bank transfers. In fact, Troccia drafted the actual language for the narrative that an investigator was to complete after examining such a bank-to-bank Alert and emailed the wording to all of the investigators. This made bank-to-bank transaction Alerts the easiest to close, because no investigation was now required.
- Director of AML Compliance Gary Peterson also runs IMAG Consulting Services, which has a contract with HSBC to provide personnel to handle QA of Alerts and to investigate Alerts. IMAG is substantially owned by Peterson's wife. IMAG consultants earn \$500.00/hour while working for HSBC. Thus, Peterson is conflicted in his role as Director of AML Compliance and the IMAG consultants at HSBC are not independent and not motivated to objectively analyze HSBC's AML work product.
- Troccia ordered all the investigators to use Lexis/Nexis to gather information for their investigative narratives without any training on Lexis/Nexis. In addition, Troccia provided the investigators with standardized legal language to paste into their narratives, which allowed for a cookie-cutter approach to quickly close more Alerts. Troccia then misrepresented to the Treasury Department that independent investigations were being performed on Alerts pursuant to research on Lexis/Nexis.
- Mike Troccia submitted Suspicious Activity Reports (SARs) to the Treasury Department under his signature that he did not write. A SAR was written by an AML investigator and then sent to Kristen Gaken, who then reviewed it and signed the SAR with Troccia's signature before submitting it to the Treasury Department.
- Unqualified personnel were quickly promoted up the AML Department ranks. For example, Kristen Gaken began working at HSBC as a temporary independent contractor in the summer

of 2010. She started around the same time as Mike Troccia, and was very close to him. Mike Troccia promoted Kristen from Temporary Employee to Full Time Employee to Team Leader to Assistant Vice President and then to Senior Vice President - all within an (8) month duration. In addition, Stephanie Napier, who spent most of her 30 year career at HSBC in collections and card services and who held no formal higher education beyond a paralegal degree, was made Senior Vice President of Financial Intelligence.

THE DECEMBER 11, 2012 SETTLEMENTS
DO NOT RELEASE HSBC FROM LIABILITY

I. The Terms of the December 11, 2012 Settlement

On December 11, 2012, HSBC entered into a deferred prosecution agreement ("DPA")⁵ pursuant to which the Department of Justice filed a four-count Criminal Information in the United States District Court for the Eastern District of New York and agreed to defer prosecution, and HSBC agreed, among other things, to pay \$1.92 billion fines and penalties.⁶ The Criminal Information charged the HSBC Parties with the following illegal activity:

- (a) willfully failing to maintain an effective anti-money laundering program, in violation of The Bank Secrecy Act of 1970 (BSA), Title 31, United States Code, section 5318(h) and regulations issued thereunder;
- (b) wilfully failing to conduct and maintain due diligence on correspondent bank accounts held on behalf of foreign persons, in violation of the BSA, Title 31, United States Code, Section 5318(i) and regulations issued thereunder;
- (c) wilfully violating and attempting to violate the Trading with the Enemy Act (TWEA), Title 50 United States Code Appendix Sections 3,5,16, and regulations issued thereunder; and
- (d) wilfully violating and attempting to violate the International Emergency Economic Powers Act (IEEPA), Title 50 United States Code Sections 1702 and 1705, and regulations issued thereunder.

The HSBC Group violated IEEPA and TWEA by illegally conducting transactions on behalf of customers in Cuba, Iran, Libya, Sudan and Burma – all countries that were subject to sanctions enforced by the Office of Foreign Assets Control (OFAC) at the time of the transactions.

⁵ The DPA is currently pending court approval in the United States District Court for the Eastern District of New York.

⁶ This includes \$1.256 billion in forfeiture to the Department of Justice, \$500 million to the Office of the Comptroller of the Currency (OCC), \$165 million to the Federal Reserve, and a \$375 million settlement with the U.S. Department of Treasury's Office of Foreign Assets Control (OFAC) (which is satisfied by the forfeiture to the Department of Justice). The OCC penalty also satisfies a \$500 million civil penalty of the Financial Crimes Enforcement Network (FinCEN).

HSBC's illegal acts, as set forth in the Statement of Facts attached to the DPA, include:

- (1) lack of an effective anti-money laundering (AML) function in 2006 through 2010 that facilitated the laundering of at least \$881 million in drug proceeds through the U.S. financial system;
- (2) failure to adequately monitor over \$200 trillion in wire transfers between 2006 and 2009 from customers located in countries that HSBC Bank USA classified as "standard" or "medium" risk;
- (3) from the mid-1990s through September 2006, allowing approximately \$660 million in OFAC-prohibited transactions to move through the U.S. financial system on behalf of banks located in Cuba, Iran, Libya, Sudan, and Burma, in violation of U.S. economic sanctions; and
- (4) from 2006 to 2010, severely understaffing its AML compliance function and failing to implement an anti-money laundering program capable of adequately monitoring suspicious transactions and activities from HSBC Group Affiliates, particularly HSBC Mexico. This included a failure to monitor billions of dollars in purchases of physical U.S. dollars, or "banknotes," from these affiliates.

In conjunction with the DPA, each of the following U.S. government agencies entered into its own Settlement Agreement (collectively, the "Settlements") with HSBC on December 11, 2012:⁷

- Board of Governors of the U.S. Federal Reserve System,
- U.S. Department of Treasury's Office of Foreign Assets Control (OFAC),
- Office of the Comptroller of the Currency (OCC), and
- Financial Crimes Enforcement Network (FinCEN) of the Treasury Department

II. Under the December 11, 2012 Settlement Agreements, HSBC Remains Liable

The December 11, 2012 Settlements do in any way release HSBC's liability for the violations of the BSA, IEEPA and TWEA set forth herein for the following reasons.

First, the illegal conduct that Stern complains of herein is not addressed by the Settlement. Each of the five Settlement Agreements entered into by HSBC on December 11, 2012 contains its own factual findings and release language. **Each of those Agreements specifically refers to HSBC conduct that occurred in 2010 or prior, and not during the time period Stern worked at HSBC and independently observed illegal conduct as reported herein.** The release language in each of those Agreements, in general, only releases HSBC from liability for conduct that (i) was specifically disclosed to the government agencies, (ii) was set forth in factual findings, and/or (iii) occurred during the time period generally discussed in the

⁷ Attached hereto as [Exhibit 7](#) (Department of Justice), [Exhibit 8](#) (Federal Reserve), [Exhibit 9](#) (OFAC), [Exhibit 10](#) (OCC) and [Exhibit 11](#) (FinCEN).

factual findings. In fact, the Department of Justice Settlement Agreement with HSBC specifically states that HSBC may still be prosecuted for knowingly and willfully transmitting or approving the transmission of funds to or from OFAC-designated entities, other than for transactions disclosed and documented to the U.S. ([Exhibit 7](#), pp. 14-15) Thus, the conduct that Stern complains of, which forms the basis of his allegations herein, is not released in the Settlement.

Second, the Settlements relate to conduct that occurred in 2010 and prior, and not to conduct that Stern complains of which occurred after the date Stern began working at HSBC in December 2010.

Thus, there remain viable claims for HSBC's violations of AML laws and regulations beginning in December 2010 and continuing to the present.

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Exhibit 2

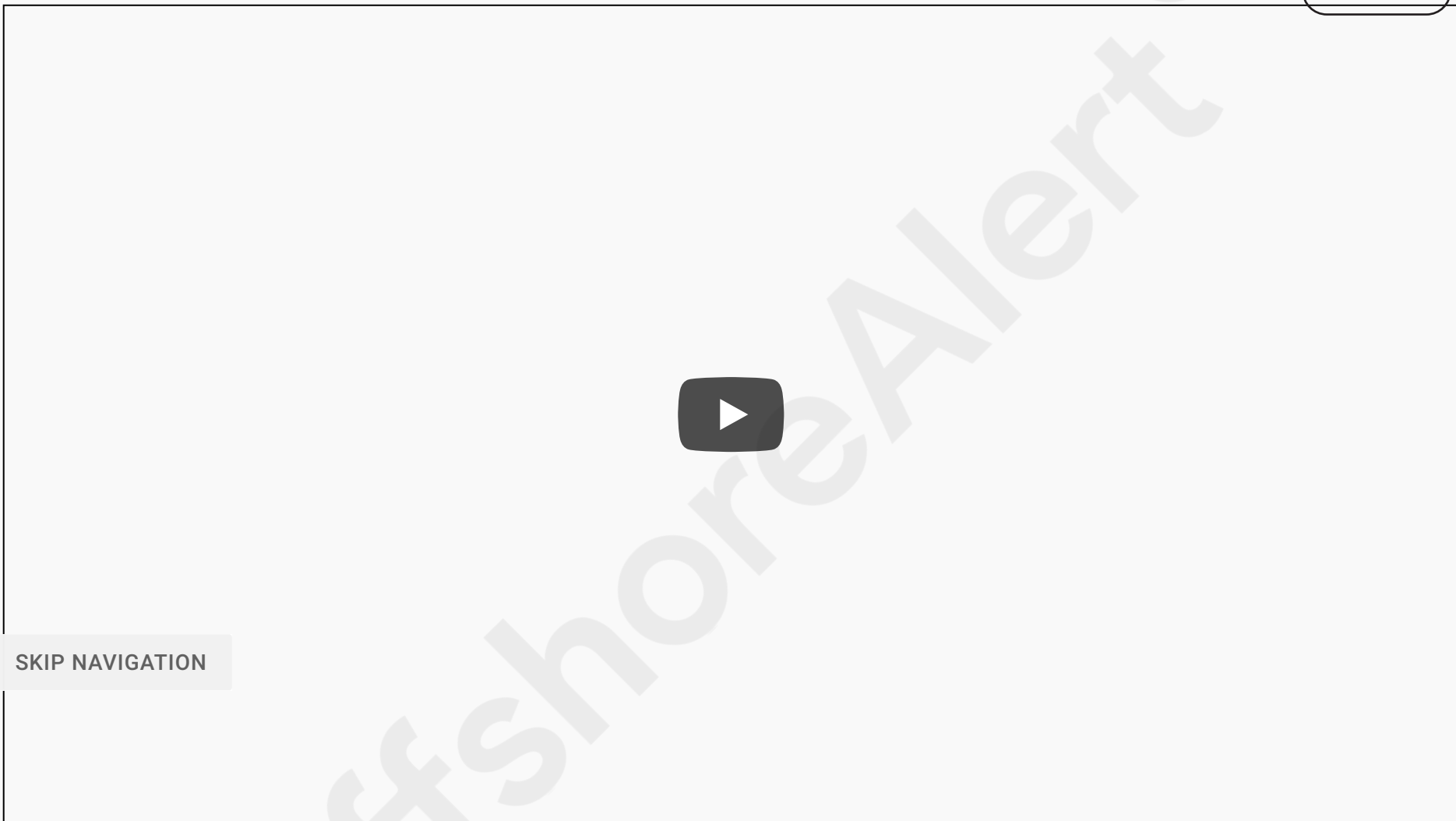
Video

<https://www.youtube.com/watch?v=0hJxwENx468>

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SKIP NAVIGATION

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Everett Stern is a U.S. Senate candidate from Pennsylvania and considered a hero by many. He is also the CEO and intelligence director of the private intelligence agency Tactical Rabbit, Inc. Everett has uncovered a trove of evidence that links ongoing domestic terror threats against members of Congress – which are being directed by a group headed by former National Security Advisor Michael Flynn and his attorney Ivan Raiklin. This group, the Patriot Caucus, is a well-financed extremist group working to undermine U.S. national security.

Everett Stern held a press conference on October 30, 2021 discussing the findings of an intelligence operation that links an ongoing domestic terror threat conducted by an organization led by Gen. Michael Flynn.

Everett is the HSBC whistleblower who, in 2012, uncovered evidence that his employer HSBC was laundering money for several major international terrorist and drug cartel financing operations around the world. Everett's whistleblower actions resulted in a \$1.92 billion fine, the largest against a bank in U.S. history.

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