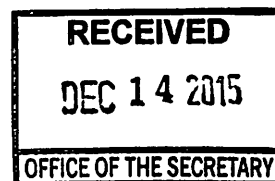


UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

ADMINISTRATIVE PROCEEDING
File No. 3-16876



In the Matter of

EFIM AKSANOV,

Respondent.

**DECLARATION OF RHONDA L. JUNG IN SUPPORT OF THE DIVISION OF
ENFORCEMENT'S MOTION FOR SUMMARY DISPOSITION**

I, Rhonda L. Jung, pursuant to 28 U.S.C. § 1746, declare as follows:

1. I am presently employed as Senior Counsel in the Division of Enforcement in the New York Regional Office of the Securities and Exchange Commission (the "Commission"). I submit this declaration in support of the Division of Enforcement's Motion for Summary Disposition against Respondent Efim Aksanov.

2. Attached hereto as Exhibit A is a true and correct copy of the criminal complaint in *United States v. Alexander Goldschmidt, et al.*, 13 Mag. 828 (HBP)(S.D.N.Y) filed on March 28, 2013.

3. Attached hereto as Exhibit B is a true and correct copy of the Superseding Indictment filed in *United States v. Alexander Goldschmidt, et al.*, 13 Cr. 410 (NRB) (S.D.N.Y) on August 15, 2013.

4. Attached hereto as Exhibit C is a true and correct copy of the Plea Transcript dated October 21, 2014 for Efim Aksanov in *United States v. Efim Aksanov*, 13 Cr. 410

(NRB)(S.D.N.Y). Aksanov pled guilty to one count of conspiracy to commit securities fraud in violation of 18 U.S.C. § 371.

5. Attached hereto as Exhibit D is a true and correct copy of the Sentencing Transcript dated March 30, 2015 for Efim Aksanov in *United States v. Efim Aksanov*, 13 Cr. 410 (NRB)(S.D.N.Y).

6. Attached hereto as Exhibit E are true and correct copies of the Judgment and Order of Forfeiture for Efim Aksanov in *United States v. Efim Aksanov*, 13 Cr. 410 (NRB)(S.D.N.Y). Aksanov was sentenced to 21 months imprisonment followed by three years of supervised release and ordered to forfeit \$21,750.

5. Attached as Exhibit F to this Declaration are true and correct copies of the following documents filed with the Commission by Face Up Entertainment Group, Inc. ("Face Up): (i) SEC Form 10-K filed for the fiscal year ended December 31, 2011; (ii) SEC Form 10-K filed for the fiscal year ended December 31, 2012; and (iii) Form 15 Certification and Notice of Termination of Registration of Securities dated May 14, 2013.

6. Attached as Exhibit G to this Declaration is a true and correct copy of the Bloomberg price volume chart for Face Up common stock from May 4, 2012 to April 3, 2013.

This Court is respectfully requested to take official notice of the above described documents pursuant to Rule 323 of the Commission's Rules of Practice, 17 C.F.R. § 201.323.

Executed in New York, New York, on December 11, 2015.

I declare under the penalty of perjury that the foregoing is true and correct.

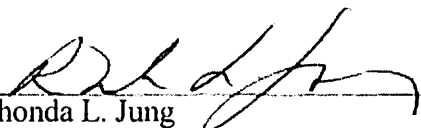

Rhonda L. Jung

EXHIBIT A

Approved:



JENNIFER E. BURNS/JASON A. MASIMORE
Assistant United States Attorneys

Before: HONORABLE HENRY B. PITMAN
United States Magistrate Judge
Southern District of New York

13 MAG 0828

-----X

UNITED STATES OF AMERICA

- v. -

ALEXANDER GOLDSHMIDT,
ALEX PUZAITZER,
MICHAEL VAX,
PAUL ORENA,
YITZ GROSSMAN,
EFIM AKSANOV, and
STEVE KOIFMAN,

Defendants.

: SEALED COMPLAINT

: Violations of
18 U.S.C. §§ 371, 1951

: COUNTY OF OFFENSE:
NEW YORK

-----X

STATE OF NEW YORK) ss:
SOUTHERN DISTRICT OF NEW YORK)

THOMAS ZUKAUSKAS, being duly sworn, deposes and says that he is a Special Agent with the Federal Bureau of Investigation, and charges as follows:

COUNT ONE

(Conspiracy to Commit Securities Fraud)

1. From at least in or about 2012, up to and including on or about March 27, 2013, in the Southern District of New York and elsewhere, ALEXANDER GOLDSHMIDT, ALEX PUZAITZER, MICHAEL VAX, PAUL ORENA, YITZ GROSSMAN, EFIM AKSANOV, and STEVE KOIFMAN, the defendants, and others known and unknown, willfully and knowingly did combine, conspire, confederate, and agree together and with each other to commit offenses against the United States, to wit, securities fraud in violation of Title 15, United States Code, Sections 78j(b) and 78ff, and Title 17, Code of Federal Regulations, Section 240.10b-5.

Object

2. It was a part and an object of the conspiracy that ALEXANDER GOLDSHMIDT, ALEX PUZAITZER, MICHAEL VAX, PAUL ORENA, YITZ GROSSMAN, EFIM AKSANOV, and STEVE KOIFMAN, the defendants, and others known and unknown, willfully and knowingly, directly and indirectly, by the use of means and instrumentalities of interstate commerce, and of the mails, and of facilities of national securities exchanges, would and did use and employ, in connection with the purchase and sale of securities, manipulative and deceptive devices and contrivances in contravention of Title 17, Code of Federal Regulations, Sections 240.10b-5, by: (a) employing devices, schemes and artifices to defraud; (b) making untrue statements of material fact and omitting to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; and (c) engaging in acts, practices and courses of business which operated and would operate as a fraud and deceit upon purchasers and sellers, all in violation of Title 15, United States Code, Sections 78j(b) and 78ff, and Title 17, Code of Federal Regulations, Section 240.10b-5.

Overt Acts

3. In furtherance of the conspiracy and to effect the illegal object thereof, ALEXANDER GOLDSHMIDT, ALEX PUZAITZER, MICHAEL VAX, PAUL ORENA, YITZ GROSSMAN, EFIM AKSANOV, and STEVE KOIFMAN, the defendants, and others known and unknown, committed the following overt acts, among others, in the Southern District of New York and elsewhere:

a. On or about July 19, 2012, at approximately 8:00 p.m., a co-conspirator not named as a defendant herein ("CC-1"), while in New York, New York, as set forth herein, placed a call to GOLDSHMIDT, during which call GOLDSHMIDT and CC-1 discussed the unlawful promotion of a stock.

b. On or about September 20, 2012, at approximately 4:52 p.m., as set forth herein, PUZAITZER placed a call to EFIM AKSANOV, the defendant, during which call PUZAITZER and AKSANOV discussed an unlawful stock market manipulation.

c. On or about August 31, 2012, at approximately 3:18 p.m., as set forth herein, GOLDSHMIDT placed a call to PAUL ORENA, the defendant, during which call GOLDSHMIDT and ORENA

discussed trading occurring as part of an unlawful stock promotion.

d. On or about February 26, 2013, at approximately 3:44 p.m., as set forth herein, PUZAITZER received a call from MICHAEL VAX, the defendant, during which they discussed an unlawful market manipulation scheme.

e. On or about September 25, 2012, at approximately 10:14 a.m., as set forth herein, AKSANOV placed a call to STEVE KOIFMAN, the defendant, during which they discussed trading patterns as part of an unlawful market manipulation scheme.

(Title 18, United States Code, Section 371.)

COUNT TWO

(Conspiracy to Commit Extortion)

4. From at least in or about February 2012, up to and including on or about March 27, 2013, in the Southern District of New York and elsewhere, ALEXANDER GOLDSHMIDT, ALEX PUZAITZER, MICHAEL VAX, PAUL ORENA, YITZ GROSSMAN, EFIM AKSANOV, and STEVE KOIFMAN, the defendants, and others known and unknown, willfully and knowingly combined, conspired, confederated, and agreed together and with each other to commit extortion, as that term is defined in Title 18, United States Code, Section 1951(b)(2), by obtaining money and property from and with the consent of another person, to wit, CC-1, which consent would have been and was induced by the wrongful use of actual and threatened force, violence, and fear, and thereby would have obstructed, delayed, and affected commerce and the movement of articles and commodities in commerce, as that term is defined in Title 18, United States Code, Section 1951(b)(3), to wit, GOLDSHMIDT, PUZAITZER, VAX, ORENA, GROSSMAN, AKSANOV, and KOIFMAN attempted to collect money and shares of publicly traded stock from CC-1 through the threat of force.

(Title 18, United States Code, Section 1951.)

The bases for my knowledge of the foregoing charges are, in part, as follows:

5. I have been a Special Agent with the FBI since May 2006. Since July of 2011, I have been assigned to Squad C-24, which is the Eurasian Organized Crime Task Force ("EOCTF"). Prior to July 2011, I was assigned to Squad C-1, the Securities

Fraud squad. As a Special Agent, I have conducted investigations into federal crimes relating to wire fraud, mail fraud, and securities fraud, among other things. During that time, I also have conducted or participated in surveillance, the execution of search warrants, debriefings of informants, and have participated in investigations that included the interception of wire and electronic communications. Through my training, education and experience, I have become familiar with market manipulation as it relates to securities fraud, including "pump and dump" schemes. I have been personally involved in the investigation of this matter. This affidavit is based upon my own knowledge, my conversations with other individuals, including other law enforcement agents, and my examination of reports and records. Because this affidavit is being submitted for the limited purpose of establishing probable cause, it does not include all the facts that I have learned during the course of my investigation. Where the contents of documents and the actions, statements, and conversations of others are reported herein, they are reported in substance and in part, except where otherwise indicated. Moreover, where I refer to the contents of previously recorded conversations (e.g., wiretap interceptions), my quotations and descriptions are based on preliminary draft transcripts and/or translations of those conversations and are reported in substance and in part.

Relevant Persons

6. At all times relevant to this Complaint, ALEXANDER GOLDSHMIDT, the defendant, was a partner of ALEX PUZAITZER, the defendant, and others in the promotion, purchase and sale of securities, and controlled and directed Dolton Consulting Services, Inc. ("Dolton"), including its purchase and sale of securities, and was one of the signatories on Dolton's bank accounts. Judicially authorized wiretap interceptions have revealed that GOLDSHMIDT, together with others known and unknown, participated in a "pump and dump" market manipulation scheme in which they worked to fraudulently inflate the prices and trading volumes of publicly traded stock of small cap companies in the small cap stock market, also known as "penny stocks," and then to sell shares of the stock at fraudulently inflated prices to the investing public for a profit.

7. At all times relevant to this Complaint, ALEX PUZAITZER, the defendant, was a partner of ALEXANDER GOLDSHMIDT, the defendant, and others known and unknown in the promotion, purchase and sale of securities. Judicially authorized wiretap interceptions have revealed that PUZAITZER, together with others

known and unknown, participated in a "pump and dump" market manipulation scheme in which they worked to fraudulently inflate the prices and trading volumes of publicly traded stock of small cap companies in the small cap stock market, also known as "penny stocks," and then to sell shares of the stock at fraudulently inflated prices to the investing public for a profit.

8. At all times relevant to this Complaint, YITZ GROSSMAN, the defendant, was engaged in a \$10,000 per month "consulting agreement" with Face Up Entertainment Group, Inc. ("FUEG") pursuant to which GROSSMAN was retained as a consultant to advise FUEG on "corporate development" and introduce FUEG to "some of [GROSSMAN's] contacts which may have an interest in investing in" FUEG. GROSSMAN is believed to have used GROSSMAN's position as an insider with FUEG to assist with the market manipulation of FUEG stock. GROSSMAN is using or has used the promotional services of others known and unknown to artificially inflate the price of shares of FUEG. Judicially authorized wiretap interceptions have revealed that GROSSMAN, together with others known and unknown, participated in a "pump and dump" market manipulation scheme involving several stocks.

9. At all times relevant to this Complaint, PAUL ORENA, the defendant, is believed to have been an associate of ALEXANDER GOLDSHMIDT and ALEX PUZAITZER, the defendants, who worked with GOLDSHMIDT, PUZAITZER and YITZ GROSSMAN, the defendant, as a promoter to artificially inflate the stock price of FUEG. ORENA coordinated the buying and selling of targeted stocks, including FUEG, to enhance artificial price increases by making them appear to the market as though there was increased interest in the stock. Judicially authorized wiretap interceptions have revealed that ORENA, together with others known and unknown, participated in a "pump and dump" market manipulation scheme involving several stocks.

10. At all times relevant to this Complaint, MICHAEL VAX, the defendant, is believed to have been a close associate of ALEXANDER GOLDSHMIDT and ALEX PUZAITZER, the defendants, who is working with GOLDSHMIDT, PUZAITZER, and PAUL ORENA, the defendant, in artificially inflating the stock price of FUEG and is involved in other stock schemes. VAX also worked on behalf of YITZ GROSSMAN, the defendant, in the extortion of CC-1.

11. At all times relevant to this Complaint, EFIM AKSANOV, the defendant, is believed to have been an associate of ALEXANDER GOLDSHMIDT, the defendant, who worked with ALEX PUZAITZER and YITZ GROSSMAN, the defendants, as a promoter to artificially inflate the stock price of FUEG. AKSANOV coordinated the buying and selling of targeted stocks, including FUEG, to enhance artificial price increases by making the stocks appear to the market as though there was interest in the stock. Judicially authorized wiretap interceptions have revealed that AKSANOV, together with others known and unknown, participated in a "pump and dump" market manipulation scheme involving several stocks.

12. At all times relevant to this Complaint, SYEVE KOIFMAN, the defendant, is believed to have been an associate of EFIM AKSANOV, the defendant, with whom KOIFMAN is working in artificially inflating the stock price of FUEG.

13. At all times relevant to this Complaint, a co-conspirator not named as a defendant herein ("CC-1"),¹ controlled and directed Marjorie Group, LLC ("Marjorie Group"), a company used to purchase and sell securities. CC-1's control included causing the purchase and sale of securities by Marjorie Group, and CC-1 was one of the signatories on Marjorie Group's bank accounts. Judicially authorized wiretap interceptions have revealed that CC-1, together with others known and unknown, participated in a "pump and dump" market manipulation scheme involving several stocks. As set forth below, CC-1 is the victim of the extortion conspiracy alleged in Count Two.

14. At all times relevant to this Complaint, a co-conspirator not named as a defendant herein ("CC-2") was a stock broker, acting as a President at a brokerage firm ("Brokerage-1") with offices in New York, New York and Brooklyn, New York. Judicially authorized wiretap interceptions have revealed that CC-2 assisted ALEXANDER GOLDSHMIDT, the defendant, and others in a "pump and dump" market manipulation scheme involving FUEG.

¹ CC-1 has retained counsel and is providing information to law enforcement in the hope of receiving lenient treatment when CC-1 ultimately is charged and sentenced in connection with CC-1's participation in stock fraud schemes. Information provided by CC-1 has been corroborated through, among other things, surveillance and wiretap interceptions. Accordingly, I believe CC-1 to be a reliable source of information concerning the subject matters described herein.

15. At all times relevant to this Complaint, a co-conspirator not named as a defendant herein ("CC-3") is believed to have been an associate of CC-1 who coordinated the promotional campaign used in market manipulations for the purposes of generating interest in the companies and fraudulently inflating the prices and trading volumes of the companies' shares, and who was approached to promote FUEG.

Relevant Entities

16. At various times relevant to this Complaint, Face Up Entertainment Group, Inc. ("FUEG") was a corporation that purportedly was involved in the reality gaming social network market, such as providing an online poker platform, with its principal place of business located in Valley Stream, New York, and which was publicly traded under the stock symbol "FUEG."² FUEG traded on the Over the Counter Bulletin Board ("OTCBB"), a regulated quotation service operated by the Financial Industry Regulatory Authority, Inc. ("FINRA") and OTCQB, a marketplace operated by OTC Markets Group, Inc. The OTCBB shows real-time quotes and trading volume information for securities not listed on a national securities exchange. Public companies quoted on the OTCBB and OTCQB, including FUEG, are subject to periodic filing requirements with the Securities and Exchange Commission ("SEC") and other regulatory authorities.

17. At all times relevant to this Complaint, Marjorie Group, LLC ("Marjorie Group") was a private company controlled by CC-1, with its principal place of business in New York, New York. Marjorie Group was a vehicle through which CC-1 executed trades of securities and received proceeds.

18. At all times relevant to this Complaint, Dolton Consulting Services, Inc. ("Dolton") was a private company controlled by ALEXANDER GOLDSHMIDT, the defendant, which, at various times relevant to this Complaint, operated out of the same office space as Marjorie Group. Dolton was a vehicle through which CC-1, GOLDSHMIDT and others executed trades of securities. Bank records reveal that GOLDSHMIDT is the signatory on DOLTON's bank account.

² On or about April 26, 2012, Face Up Entertainment Group, Inc., stock symbol IKCC, announced that effective April 27, 2012 it would change its ticker symbol from IKCC to FUEG.

"Pump and Dump" Stock Schemes

19. Based on my training and experience, including my experience investigating "pump and dump" cases, I am aware of the following:

a. Market manipulation schemes known as "pump and dump" schemes involve fraudulently inflating the price and trading volume of public company stocks and then selling those stocks at the fraudulently inflated prices to the investing public for a profit. There are generally three phases to a "pump and dump" scheme: (1) obtaining and concealing control of a significant portion of a publicly traded company's stock ("Phase 1"); (2) fraudulently inflating the price and trading volume of the company's stock through a variety of means ("Phase 2"); and (3) once the price of the stock has been fraudulently inflated, selling the stock at the fraudulently inflated price, thereby profiting at the expense of the investing public ("Phase 3").

b. During the Phase 1, the perpetrators of a "pump and dump" scheme typically obtain control over a substantial portion of the free trading shares of a publicly traded company. Generally, "free trading" shares are shares of stock that the shareholder can trade without restriction. After they have acquired control over a substantial portion of the company's free trading shares, the perpetrators are poised to profit from selling those shares as soon as the price and trading volume of the company's stock have been fraudulently inflated.

c. The perpetrators of a "pump and dump" scheme usually take steps to conceal from the investing public their control over a substantial portion of the company's free trading shares. Ordinarily, the perpetrators would have to disclose their control of the company's stock to the public, to comply with the rules and regulations requiring disclosure of the identities of all shareholders who own or control more than a certain percentage (usually five percent) of the company's stock. For that reason, among others, the perpetrators of "pump and dump" schemes often hide their control over the company's stock by purporting to transfer ownership of the shares to various nominee entities and individuals whom they, in fact, control. A nominee account is set up by a nominee (the registered owner) for administering securities or other assets held on behalf of the actual owner (the beneficial owner) under a custodial agreement. Accordingly, even if they do not hold the shares in their own names, the perpetrators maintain actual control over disposition of the shares through the nominees.

d. During Phase 2, the perpetrators fraudulently inflate the price and trading volume of the company's stock. The perpetrators typically use some or all of the following methods to generate interest in the company and fraudulently raise the price and trading volume of the company's stock:

i. The perpetrators buy shares of the company's stock on the open market shortly before launching a promotion campaign (a technique known as "priming the pump"), to raise the price of the stock and create the false appearance that there is an increased market demand for the stock.

ii. Using accounts that they control (either in their own or in the names of nominees), the perpetrators buy and sell the company's stock back and forth among themselves, often at increasingly higher prices (a technique known as "cross trading"), to create the false appearance that there is a high market demand for the stock.

iii. The perpetrators pay stock promoters and analysts to recommend the company's stock to the investing public. The promoters recommend the stock through a variety of methods, including mass mailings and emails, Internet chat rooms, television and Internet advertising, celebrity endorsements, "boiler room" operations and telemarketers, and other media outlets. The analysts, who often purport to offer independent and unbiased analysis of the company's stock to the investing public, tout the stock as underpriced, issue "buy" recommendations, and set unrealistically high target prices for the stock.

iv. The perpetrators, often including complicit officers at the company, issue false and misleading press releases to generate investor interest in the company's stock, including statements that exaggerate the nature and scope of the business activities and operations and misrepresent intentions to hire additional employees and develop new products.

e. During Phase 3, the perpetrators sell their shares of the company's stock in coordination to maximize their fraudulent profits from the scheme. This coordinated selling often causes the price of the stock to drop significantly, leaving investors who were deceived into buying the company's

stock at the fraudulently inflated price holding shares worth substantially less than what the investors had paid for them.

f. The perpetrators of "pump and dump" schemes often target publicly traded companies whose stocks trade at low prices, often less than a dollar per share ("penny stocks"), because it is possible to purchase large numbers of shares for less money, which increases the potential to reap substantial profits, and because it is easier to manipulate the prices.

FUEG "Pump and Dump" Conspiracy

20. As set forth in more detail below, I have probable cause to believe that from at least in or about 2012, up to and including on or about March 27, 2013, ALEXANDER GOLDSHMIDT, ALEX PUZAITZER, MICHAEL VAX, PAUL ORENA, YITZ GROSSMAN, EFIM AKSANOV, and STEVE KOIFMAN, the defendants, and others known and unknown, conspired to defraud unsuspecting investors through a "pump and dump" market manipulation scheme involving FUEG stock.

21. Specifically, ALEXANDER GOLDSHMIDT, ALEX PUZAITZER, MICHAEL VAX, PAUL ORENA, YITZ GROSSMAN, EFIM AKSANOV, and STEVE KOIFMAN, the defendants, and others known and unknown, conspired (1) to control a large portion of the publicly traded shares of FUEG; (2) purchase and sell shares of FUEG back and forth between investment accounts they controlled, timed to occur in connection with the issuance of press releases and other promotional, potential market-moving events, in an effort to create the appearance of trading volume in the security and to artificially inflate the price of the security; and (3) sell the artificially inflated shares of FUEG to unsuspecting investors.

Phase 1 - Participants in the FUEG "pump and dump" Scheme Exercise Control Over FUEG Stock

22. Based on my training and experience, familiarity with this investigation, and review of the following intercepted communications, among others, I believe that, beginning at least as early as July 2012 and continuing into at least September 2012, ALEXANDER GOLDSHMIDT, ALEX PUZAITZER, MICHAEL VAX, PAUL ORENA, YITZ GROSSMAN, EFIM AKSANOV and STEVE KOIFMAN, the defendants, and others were involved in planning who would control shares of FUEG to execute the scheme:

a. On or about July 17, 2012, at approximately 7:36 p.m., CC-1 placed a call using a cellular telephone assigned a

call number ending in 3772 ("CC-1 Phone-1")³ to GOLDSHMIDT ("AG") at a cellular telephone assigned a call number ending in 1829 ("GOLDSHMIDT Phone-1"),⁴ during which the following conversation took place, in substance and in part:

CC1: . . . How'd it go?

AG: It went, uh, at the end of it, it, uh, you know, it went ok. It was just, [unintelligible], uh, you know, because it started with, uh, that you spoke to them yesterday and you said that you were going to get the price up, so they told [GROSSMAN] that, you know, they gonna try to fix it, -and nothing happened again, and what the fuck, and what do we do? So I told them, I said listen we, we're dealing with this shit all day today . . . I said, you know, we're, you're making arrangements for [CC-3]. [CC-3]'s getting people to go so we'll have the schedule and who's going, and I said once we have that, we'll get the stock up tomorrow, day after whatever and uh, move on. You know, because that's why. . .

CC1: [OV] Yeah, well, "Number One" [PUZAITZER]⁵ told me a different story. He said don't do anything until we know.

AG: Don't do anything until we know what?

CC1: What the schedule is. He said he had a conversation with [AKSANOV].

AG: Listen to me, uh, you know, between me and you, I mean, you know, I don't want to put anybody on the spot. These

³ CC-1 Phone-1 is a prepaid cellular telephone. Based on wiretap interceptions, I recognize the voice of CC-1 as that being used on CC-1 Phone-1.

⁴ GOLDSHMIDT Phone-1 is a prepaid cellular telephone. Based on confidential source information, I learned that GOLDSHMIDT Phone-1 is a prepaid cellular telephone used by GOLDSHMIDT, which that source has used to communicate with GOLDSHMIDT. Information provided by the confidential source has been independently corroborated, and I believe the confidential source to be a reliable source of information about GOLDSHMIDT. Based on a review of information contained in the phone of CC-1 Phone-3, this number of GOLDSHMIDT Phone-1 was contained under the entry "Alex2."

⁵ During a debriefing, CC-1 stated, in sum and substance, that CC-1 nicknamed PUZAITZER "One," and GOLDSHMIDT "Two."

conversations with [AKSANOV] go absolutely nowhere, because [AKSANOV] doesn't really know him.

CC1: Doesn't know who?

AG: He [AKSANOV] doesn't know, he doesn't know Alex [PUZAITZER].

CC1: Yeah, so then I gotta take my, who do I get direction from if Alex [PUZAITZER] tells me one more thing, and then, I don't, I don't get. . .

AG: I'm telling you that, you know, they entertain these conversations but they don't really know the guy. You understand what I'm saying?

CC1: Yeah.

AG: He said he spoke to you last night.

CC1: Correct.

AG: So after our conversation last night his last conversation with [GROSSMAN] was around one o'clock in the fucking morning, ok?

CC1: Yeah, but he spoke to Alex [PUZAITZER] afterwards.

AG: Not after he spoke to [GROSSMAN], I don't think so.

CC1: Are you sure, 'cause Alex [PUZAITZER] told me that we're not going to do it until we know that we have a date or something like that and that he told [AKSANOV]. Alright? So then what do we have to do?

AG: Ok, but if, if [CC-3]'s going out over this, over the weekend? Right?

CC1: I, when he gives me a schedule of the five days, I told him to go.

Based on my training and experience, familiarity with this investigation, and review of other intercepted communications, I believe that GOLDSHMIDT and CC-1 were discussing FUEG stock. Specifically, GOLDSHMIDT's references to having a discussion with YITZ GROSSMAN, the defendant, about "get[ting] the price up" and "get[ting] the stock up" meant that he had been discussing with GROSSMAN how to inflate the share price of FUEG stock. When GOLDSHMIDT told CC-1 that GOLDSHMIDT had told

GROSSMAN that CC-3 was getting people together and they were determining "the schedule and who's going," GOLDSHMIDT was referring to CC-3, a stock promoter, preparing to purchase stock. CC-1's report to GOLDSHMIDT that when CC-3 gave CC-1 a "schedule of the five days," CC-1 had instructed CC-3 "to go," apparently meant that CC-1 authorized CC-3 to conduct an FUEG stock promotion or campaign targeting the investing public, in coordination with trades in FUEG stock by CC-1, GOLDSHMIDT and other participants in the "pump and dump" scheme, once they had determined the trading schedule (the "schedule") to follow in order to achieve the desired price.

Moreover, based on the following information, in part, I believe the discussion between CC-1 and GOLDSHMIDT about GROSSMAN described above reflects GROSSMAN's control over FUEG and FUEG stock, which GROSSMAN used to facilitate the FUEG "pump and dump" scheme:

i. Based on my review of the FUEG Form 10K for fiscal year 2011, which was publicly filed with the SEC, I am aware that two individuals served as directors and officers of FUEG during the relevant time period: (1) the President, CEO, CFO and one of the Directors ("FUEG Insider-1"); and (2) the Secretary and other FUEG Director ("FUEG Insider-2," together the "FUEG Insiders"). As reported in the FUEG 10K, FUEG Insider-2 is YITZ GROSSMAN's father-in-law, and, on February 22, 2011, FUEG entered into a \$10,000 per month "consulting agreement" with GROSSMAN, pursuant to which GROSSMAN was retained as a consultant to advise FUEG on "corporate development" and introduce FUEG to "some of his contacts which may have an interest in investing in" FUEG. The FUEG 10K also states that in late 2011, FUEG issued demand notes totaling \$206,000 to three entities purportedly controlled by GROSSMAN's wife, including one called Arevim, Inc., convertible on demand into shares of FUEG at \$0.10 per share. Demand notes are loans with no fixed term or set duration of repayment, which can be recalled upon the lender's request, assuming the notice required, if any, by the provisions of the loan are met.

ii. On or about September 20, 2012, at approximately 4:52 p.m., EFIM AKSANOV (EA), the defendant, received a call using a cellular telephone assigned a call number

ending in 5773 ("AKSANOV Phone-1")⁶ from ALEX PUZAITZER ("AP") at a cellular telephone assigned a call number ending in 7722 ("PUZAITZER Phone-1")⁷, during which the following conversation took place, in substance and in part:

EA: Well, listen, [ORENA] has already done something today, no?

AP: No. What do you mean?

EA: Today...

AP: [OV]⁸ [ORENA] bought...

EA: [OV] I understand...

AP: [ORENA] bought today - yes, he bought, but eighty - he had bought it all. There were 7[UI] sales on the market, and at 8/100 the bid was triggered. This was when I spoke to him - this was - uh - I was driving from the dentist's office - it was 3 o'clock. So, I...

EA: [OV] Tell me - tell me one - what - what is your relationship with [ORENA]? He thinks that he is going to do these deals with that - with [GROSSMAN], that [ORENA] will make money with him?

AP: I have no idea what he thinks. With [ORENA] I signed for 33% of his share. Ok? And he asked me to help out and guaranteed there'd be no headache for me. I say: "[ORENA], you are responsible for everything, so [GROSSMAN] [UI] doesn't call my guys." He says: "Alex [PUZAITZER], no question"...

EA: [OV] He - he is not letting me breathe, he calls me every day.

⁶ Based on a review of information provided by T-Mobile, I have learned that AKSANOV Phone-1 is subscribed in the name of ASKSANOV.

⁷ From records provided by AT&T, I am aware that PUZAITZER Phone-1 was subscribed to in the name of ALEX PUZAITZER, the defendant, at the address of his residence, as confirmed by public records checks and surveillance.

⁸ "OV" stands for "overlapping voices" heard during the interception.

AP: Yeah, well, send him to [ORENA]; if you're going to [UI], it's better to - Sasha [GOLDSHMIDT] told him yesterday, he says: "I'll be calling you", he says: "If you call me, I won't pick up." He says: "Why the fuck do I need you?" He told him this. He says: "You gave back the deal. Why are you now calling me regretting it [UI] - you look like a puppet running back and forth. It doesn't happen that way: either you are here or you're there."

EA: Well, I told him - I also told him: "Listen, you dropped out, you put me in such a situation where I've never been in all my life." I tell him...

AP: So that's it, send him to [UI]; now you don't have to re... - he's already dropped out and went with others. This was my reason, because Pushkin [GOLDSHMIDT] tells me: "Let's whatchamacallit - let him give us - try to give us back our money, go in for a share with [ORENA, we'll take this money and split it among ourselves." I say: "Sure, no question, let's..."

EA: [OV] To distance oneself from him...

AP: [OV] That's why I made a deal with [ORENA]. I say: "[ORENA], let's whatchamacallit... Sure, let me sign up with you." He says: "I am short - prices went up, they want to create a normal program - I am short 250 thousand." I say: "I'll give you 250,000 but go and work, make deals and figure things out with [GROSSMAN]." That's all. I wrote him a check made out to [ORENA]'s corporation and... that's it. I am going to - because I can't take out my 25 yet while all this shit...

Based on my training and experience, familiarity with this investigation, and review of other intercepted communications, I believe that PUZAITZER and AKSANOV were discussing the new roles of GOLDSHMIDT, PUZAITZER and ORENA in the FUEG stock market manipulation. PUZAITZER described PUZAITZER's stake by stating that he had "signed for 33%" of ORENA's "share" in the FUEG stock scheme, which allows "no headache" for PUZAITZER. PUZAITZER further explains GOLDSHMIDT's agreement with the arrangement by telling AKSANOV that GOLDSHMIDT had said to "let him [meaning ORENA] give us, try to give us back our money." Accordingly, ORENA is apparently operating at the direction of

GOLDSHMIDT and PUZAITZER, which was part of PUZAITZER's plan ("That's why I made a deal with [ORENA]").

The call continued:

EA: Yeah, but I don't understand what [ORENA] did in the beginning, he could've thought of selling to recoup - shit.

AP: [OV] The sale didn't work out, I'll explain to you what happened. Or maybe that's how [GROSSMAN] put it together. From his account at ["Brokerage-2"], when a person put in a bid, he shoved 120,000 at this person and then said: "Oh, there's been a mistake, I put in my order like this and sent an email, it's your problem, not mine; I can only email", and so on. These 44,000 that are on his account right now, just so you understand, have been bought by our guy, who should be let out of this, he is sitting on it. Do you understand this? And when they saw that this offer was getting hit, the guys stopped [ORENA] and said: "Listen, [UI]. What's going on, someone is hitting it."

Based on my training and experience, familiarity with this investigation, and review of other intercepted communications, I believe that, in this portion of the conversation, PUZAITZER and AKSANOV were discussing the trading by YITZ GROSSMAN and PAUL ORENA, the defendants, of FUEG stock in an effort to create the appearance of liquidity and depth in the FUEG marketplace.

The call continued:

* * *

AP: . . . So, tell me: so it turns out that yours are coming out when? They are coming out on Friday, well, they're coming out on Friday for Monday?

EA: On Friday after market close, Friday, Saturday, Sunday.

AP: Uh huh. Coming out for Monday, so it whatchamacallit there.

EA: Well, if he does all that's needed, if, I don't know, we'll see tomorrow.

AP: Pardon?

EA: We'll see tomorrow, if [GROSSMAN] says he is going to do whatchamacallit...

AP: Uh huh. So [GROSSMAN] hasn't confirmed it yet, so to speak?

EA: I spoke to him, he said: "Listen, [ORENA] is doing what he is supposed to be doing, he's told me that it'll be there, so if everything is alright, then we have the green light. If..."

AP: [OV] Uh huh. And he said - and he said that it'll - and he said that it would be 30 kopecks,⁹ right?

EA: That's what we agreed on, yeah, I... He started saying "35", I told him...

AP: [OV] It's...

EA: [OV] I tell him: "30 - 30 is more than enough."

AP: It's not going to get there, I don't see it - 10, 20, 30 - 30 is what's showing. And at 30 there are already 2; I already see 40. I think another 70 thousand or so need to be bought up.

EA: I don't know, he told me that he'd spoken to [ORENA], that everything would be alright, and he'd give his answer tomorrow.

AP: Well, [ORENA, ORENA] called me; he didn't tell him that exactly - he told him what he's doing, he doesn't know whether he'll be there, but 'there' is in the 20s, in the high 20s, and it'll happen, but he wasn't...

EA: I tried, but he told me - I told him: "If we - if it's at 28", he says: "What are we talking about?" He said that [ORENA] told him that it'll get there, that - so uh - you know, we'll see tomorrow.

⁹ "Kopecks" are coins in Russian currency.

Based on my training and experience, familiarity with this investigation, and review of other intercepted communications, I believe that PUZAITZER and AKSANOV were discussing the fact that the price of FUEG stock was likely never going to exceed 30 cents ("30 kopecks"), unless 70,000 more shares were purchased on the open market. Furthermore, PUZAITZER and AKSANOV discussed the anticipated coordinated FUEG promotional campaign "coming out on Friday, for Monday." Records checks reveal that FUEG issued a press release on Friday, September 21, 2012, at approximately 4:01 p.m. titled, "Face Up Entertainment Group, Inc. Reality Gaming Platform Built to Take Advantage of Ruling That Poker is Legal." Furthermore, PUZAITZER and AKSANOV were discussing the current FUEG stock price in the "20's" and where PUZAITZER and AKSANOV anticipate the FUEG stock price to be before the anticipated FUEG press release is released "if it's at 28 . . . [ORENA] told him it'll get there." I know from trading data for FUEG that, on September 20, 2012, FUEG shares had been trading between approximately \$0.20 and \$0.26. and closed at \$0.275 on Friday, September 21, 2012.

The call continued:

AP: [OV] This Jew [referring to GROSSMAN], he - he is so fucking nasty, he needs to have money taken from him, I am fucking sick of him.

EA: I - I - no, I can't talk to him, I just want to do it like this and then do it like this and say: "Listen, [GROSSMAN], here it's done, and..."

AP: [OV] Yeah.

EA: [OV] And if it didn't come out in the right way, and something didn't go correctly, later it's impossible to do, to tell him: "Listen, here I wanted to - you - make it up to you, and you fucked it up yourself, goodbye, have a good day."

AP: He needs to have it taken away from him, that fucker, because he is fucking nitpicker, he just walks around analyzing all this shit.

EA: Something is not right there - I am just telling you that...

AP: [OV] Yes, analysis here, analysis there - he analyzes every single fucking thing, but besides his analyses he doesn't - and he lectures everyone. This has put me in such a mood, I am going to call [ORENA] right now, and tell him to screw the fucker - so I don't call him and tell him this myself.

EA: I am just looking: the way this thing is going, it's a joke, because - uh - all of a sudden, this one knows that everybody is out of the way, and all of a sudden it's going where it needs to go. Uhhh... And then - you know, you have to see this, because maybe he... I don't even think it's him - you know who I think is doing this?

AP: Yeah? [OV] The market makers are fucking around.

EA: It's that fucking [FUEG Insider-1], motherfucker.

AP: Who?

EA: [FUEG Insider-1].

AP: Who is [FUEG Insider-1]?

EA: What do you mean, who is [FUEG Insider-1]? The CEO of the fucking company.

AP: You think he is doing this?

EA: . . . He - he had been in the game before. I think it's him, somehow - because I simply don't understand where all this paper is coming from.

AP: But it seems that he is watching that all his shit is in place, I don't know...

EA: This shit is what he is showing, but one person has [UI], which is never shown to the public. And when he creates the documents and prints them, he - he does it so he is never in there. How do you know? He gives you the documents, it's not like you see it on your...

AP: Yeah, you mean that [FUEG Insider-1], who was supposed to convert and receive all this shit. He had a converter there, someone who converted...

EA: [OV] You see, he has another racket going. I know what one guy did...

AP: Uh huh.

EA: The first - when it took off there - the first - you know, uh - 700 million shares was trading, everything was fine.

AP: Uh huh.

EA: All of a sudden the guy doesn't understand what's going on. He just put up the money, he sold...

AP: [OV] Uh huh.

EA: He sold 300 thousand, and then someone - out of nowhere - half a million, hitting on each side.

AP: Uh huh.

EA: He has no idea what's going on. He - he calls him, he says to him: "Listen, you told me that there's nothing there, where... We were trading out of a million shares, we've only sold 300 thousand, how can this be?"

AP: Uh huh.

EA: "I don't understand..."

AP: I got it.

EA: [OV] He later sold to him. You know? So it's - it's the same fairy tale as [UI] person told, you know?

AP: Yeah.

EA: Totally the same.

AP: Ok, and you - you - have you spoken with this trader?

EA: I spoke to the trader there, he doesn't even- they don't even look at this shit.

AP: But you told him that - these are friends, friendly, so to speak, right?

EA: I told him: "Listen, I know a person, who - you know, uh - I know a person, who owns this thing, and uh - he has asked me to speak to you. You are - you know - playing around, right - it's better for us to make a deal, you know, for him to give you a higher commission, and you leave him alone."

Based on my training and experience, familiarity with this investigation, and review of other intercepted communications, I believe that PUZAITZER and AKSANOV were discussing trading in FUEG that was taking place, and AKSANOV said AKSANOV believed that FUEG Insider-1 was trading, and that he "had been in the game before," meaning, I believe, that FUEG Insider-1 had been part of a prior market manipulation scheme ("the game"). When PUZAITZER pointed out that public records ("the documents") show that FUEG Insider-1 still owns all of the stock, AKSANOV indicated that AKSANOV believed FUEG Insider-1 was using other people ("a converter") to conduct trading to conceal the involvement of FUEG Insider-1 and YITZ GROSSMAN, the defendant. I believe that this discussion of who was conducting trading is reflective of Phase 1 activities in the FUEG "pump and dump" scheme.

iii. On or about August 31, 2012, at approximately 5:02 p.m., CC-1 placed a call using a cellular telephone assigned a call number ending in 5996 ("CC-1 Phone-2")¹⁰ to GOLDSHMIDT at a cellular telephone assigned a call number ending in 1143 ("GOLDSHMIDT Phone-2").¹¹ During the call, the following conversation took place in substance and in part:

CC1: [ORENA] looks like he's cleaning it up.

AG: I haven't even looked, uh, whatchamacallit, he, he called me. He said, uh, I spoke before, he says he spoke to you and you are arranging the stock. Then I

¹⁰ CC-1 Phone-2 is a prepaid cellular telephone. Based on wiretap interceptions, I recognize the voice of CC-1 as that being used on CC-1 Phone-2. Based on information provided by CC-1, I know that CC-1 Phone-2 is a prepaid cellular telephone provided to CC-1 by ALEX PUZAITZER, the defendant, within the past year and a half.

¹¹ GOLDSHMIDT Phone-2 is a prepaid cellular telephone. Based on wiretap interceptions, I recognize the voice of GOLDSHMIDT as that being used on GOLDSHMIDT Phone-2.

told him, I said, "calm that fucking guy [referring to YITZ GROSSMAN, the defendant] down because he keeps calling me." I said, "and you know, he's gonna get everything that I have so tell him to fucking relax."

CC1: Yeah, if he doesn't relax, tell him to go fuck himself. I'm not kidding around.

AG: . . . No, I don't want to tell him to go fuck himself, he, you know? I mean look, right? You know, uh, promise him, you know, whatever. It is what it is. What I [unintelligible], you know.

CC1: He's got, he's got all, he's got 99% of it so far.

AG: I know that, but here, here's the thing, I, when I spoke to what's his name, I spoke to [ORENA]. I told him, I said "explain to him that everything is under control." I said, "you know exactly what is going on." I said, "I can't tell him what is going on." Okay? "But you gotta somehow, you know, diffuse the situation, so tell him to fucking relax." So, he said he is gonna take care of it, so [unintelligible] that['s] where we are.

Based on my review of other recorded conversations and the context of this conversation, I am aware that CC-1 and GOLDSHMIDT were discussing the fact that GROSSMAN ("that fucking guy") was pressuring GOLDSHMIDT, CC-1 and the others through ORENA about returning FUEG stock that was distributed to controlled nominees to facilitate the concealment of the true identities of the traders of FUEG to effect the "pump and dump" scheme, and GOLDSHMIDT wanted GROSSMAN to "calm . . . down," meaning to stop harassing them on the telephone. I believe that CC-1's statement that GROSSMAN has "got 99% of it so far," referred to the fact that GROSSMAN controlled most of FUEG's publicly tradable stock.

iv. On or about September 7, 2012, at approximately 5:39 p.m., GOLDSHMIDT placed a call using GOLDSHMIDT Phone-2 to CC-1 at CC-1 Phone-2, during which the following conversation took place, in substance and in part:

AG: I didn't get anything yet.

CC1: It should be in your account.

AG: It's not.

CC1: Are you 1,000% positive?

AG: So I just, when I got home, I checked the account, the other shit is there, this shit is not there.

CC1: What other shit is there?

AG: The FU.

CC1: FU is not in your acc[ount]. . . it's not supposed to be in your account.

AG: FU is in my account.

CC1: It's supposed to be in the other idiot's account.

AG: No, FU is in my account.

CC1: Oh, these fucking idiots.

AG: OK, so FU is in my account, but that stuff is not in my account.

CC1: Oy vay. Alright, let me call [individual at Brokerage-1] right now. It's supposed to be in your, first of all, FU, just between you and I . . . is not supposed to be in your account, it's supposed to be in Arevim [unintelligible].

Based on my training and experience, familiarity with this investigation, and review of other intercepted communications, I believe that in this call, GOLDSHMIDT was stating that GOLDSHMIDT checked GOLDSHMIDT's brokerage account expecting to see shares of a different stock ("this shit"), but discovered that GOLDSHMIDT's account contained FUEG shares ("the other shit" and "FU"). CC-1 explained that the FUEG shares were supposed to have been transferred into someone else's ("the other idiot's") account. Based on the context and my familiarity with market manipulation schemes, I believe CC-1 was exhibiting knowledge of the use of nominee accounts to facilitate the concealment of the true identities of the traders of FUEG and referring to the fact that those FUEG shares had been transferred into the wrong nominee account for purposes of executing the scheme. Indeed, it is apparent that these FUEG shares were supposed to have been placed in a nominee account controlled by GROSSMAN called "Arevim." As noted above, based on my review of the FUEG Form 10K for fiscal year 2011, I am

aware that GROSSMAN's wife was described as the president of Arevim, Inc., to which, in late 2011, FUEG granted a demand note convertible to shares of FUEG. In addition, from reviewing a 2010 opinion of the Delaware Court of Chancery, I am aware that Arevim, Inc. is a Delaware corporation formed by GROSSMAN, whose officers consist of GROSSMAN and his wife, and its principal place of business is GROSSMAN's home address.

b. On or about July 17, 2012, at approximately 8:48 p.m., GOLDSHMIDT placed a call using GOLDSHMIDT Phone-1 to PUZAITZER at a cellular telephone assigned a call number ending in 8909 ("PUZAITZER Phone-2")¹², during which the following conversation took place, in substance and in part:

AP: What's up with [AKSANOV], that nut?

AG: Nothing, we're waiting for whatchamacallit, the thing he asked for. He told me, "[CC-1] told me that today something will happen so that the paper will get accepted. He hasn't done a fucking thing again."

AP: But I spoke with him. I told him, "[AKSANOV], if we don't know when, it costs us money." He is either dumb or doesn't really understand. When I called [CC-1] and said, "[CC-1], find out when from him." And I told that one personally yesterday, I said, "This one will be coming out; that one will be coming out. Are you okay with it?" He says, "Yeah, we have to go to him with Sasha [GOLDSHMIDT] and have a talk with him." I say, "Talk to him, meantime, meantime I'll tell him to make an arrangement. When we learn the dates, let him line some people up and find out." He says, "Okay, but we have to [unintelligible]." I say, "[AKSANOV]" He says, "Let him get out." I said, "[AKSANOV], it makes no sense to get out then; it's a waste of everything. You have to at least understand when, then you can get out a day earlier and do something." Either he's dumb or I'm bad at explaining.

AG: I think you just don't understand each other. Because in order for [GROSSMAN] to agree to do something, the paper should be raised to a certain level. And to raise the paper to a certain level, you have 10 thousand shares in your way. Because if you take a look at it now, you'll see that

¹² Based on a review of wiretap interceptions, I recognize the voice of PUZAITZER as that being used on PUZAITZER Phone-2.

no one is touching it. That's why you two speak different languages.

AP: We're not speaking different languages, Sashen'ka. As far as the theory goes, it's always . . . it's 10 thousand then, and 20 thousand after, and then you look and see that it's not gonna be 10 thousand again. And they won't raise it to the level he wants.

AG: Did you look at it?

AP: Yeah, I did look at it. What, what are we arguing for? Let's, let's just make a bet on a bottle of beer.

AG: What's the bet?

AP: The bet is that they won't raise it to 35 or to 30-35 like he wants.

AG: But, I guarantee that tomorrow, figuratively speaking, 20-25 thousand shares will come in.

Based on my training and experience, familiarity with this investigation, and review of other intercepted communications, I believe that GOLDSHMIDT's reference to CC-1 indicated that CC-1 was assisting with the transfer of shares of FUEG stock. Furthermore, GOLDSHMIDT describes the anticipated FUEG stock price "in order for [GROSSMAN] to agree to do something, the paper should be raised to a certain level" for GOLDSHMIDT, PUZAITZER, and others to be in a position to sell of FUEG stock in an artificially inflated market.

The call continued:

* * *

AP: No, because if that one wants to get out this weekend, they will come in tomorrow, you have to stand still for four days and it turns out you have to support it for four days.

AG: You don't have to support it, no one is touching it, Alik.

AP: Well okay. . .

AG: No one is touching it. You have no one on that offer. All the offers that were taken back, the ones that were there in the beginning of you remember, they were 20, 19, 20, 23

cents. They were all taken back. It costs 27.¹³ I can tell you more. Do you want me to make it 35 without him doing anything at all?

AP: If you do it, what do we need him for? I don't understand. . . . Because it has to be [unintelligible] because 27 [unintelligible]. [AKSANOV] is a nut, but he will take it back and will stand at 35. It has to be printed at 35, Alik

Based on my training and experience, familiarity with this investigation, and review of other intercepted communications, I believe that their references to "This one will be coming out; that one will be coming out" refer to pending FUEG stock promotions or campaigns coordinated by GOLDSHMIDT, PUZAITZER and others, and the "arrangement" refers to the coordination of trading between participants in the scheme, known as "cross trading," which is an essential component of a "pump and dump" scheme.

c. On or about July 19, 2012, at approximately 2:17 p.m., GOLDSHMIDT, using GOLDSHMIDT Phone-1, sent a text message to CC-1 at a cellular telephone assigned a call number ending in 3803 ("CC-1 Phone-3")¹⁴, stating, "Is anything going to happen with FU. [AKSANOV] keeps calling me, says that u promised him that u will get it up, so that [GROSSMAN] is alittle [sic] calm" GOLDSHMIDT replied by text, "Huh?" CC-1 replied, "R u free for a call?" GOLDSHMIDT responded, "I called you. What's up." CC-1 asked, "When did I speak to [AKSANOV]" GOLDSHMIDT replied, "Btw, do we need news for Monday?" Shortly after that GOLDSHMIDT texted CC-1 again, stating "Not his offer. If u can, take it." CC-1 replied approximately 8 minutes and 30 seconds later, "Bought what I thought was the offer and they reloaded."

Based on my training and experience, familiarity with this investigation, and review of other intercepted communications, I believe that GOLDSHMIDT's reference to "FU" meant FUEG, and that they were discussing the fact that GOLDSHMIDT heard from EFIM AKSANOV that CC-1 would be trading to increase the share price of FUEG ("u will get it up"). I believe that GOLDSHMIDT's question, "do we need news for Monday" was asking CC-1 whether a press release should be issued the next Monday to help move the

¹³ I know from trading records that the price of FUEG stock closed at \$0.27 per share on July 17, 2012.

¹⁴ Subscriber information for CC-1 Phone-3 lists CC-1 as the user.

price of FUEG. I believe that, later in the text exchange, CC-1 and GOLDSHMIDT were discussing matching bids and offers, known as "cross trading," for FUEG stock among the participants in the "pump and dump" scheme ("his offer," "if you can, take it," and "[b]rought what I thought was the offer"). Such "cross trading" is indicative of a "pump and dump" scheme because the participants are coordinating trades to achieve movements in price. Moreover, I know from trading records that, on July 19, 2012, CC-1, through Marjorie Group, purchased a total of 10,500 shares of FUEG believed to have been executed in two purchases of 8,000 and 2,500 shares for \$0.28 per share.

Phase 2 - FUEG Price Manipulation

23. On or about July 19, 2012, at approximately 8:00 p.m., ALEXANDER GOLDSHMIDT, the defendant, received a call on GOLDSHMIDT Phone-1 from CC-1, using CC-1 Phone-1, during which the following conversation took place, in substance and in part:

CC1: . . . How was your meeting with uh . . .

AG: Well, my meetings are, my meetings are all the same. You know, you promise the stock is going to be somewhere, then I spoke to . . .

CC1: I love it that we both go through the same fucking day.

AG: Bro, same shit every day. I'm telling you, I'm losing my mind.

CC1: It's "Groundhog Day."

AG: It's the same fucking conversation every fucking day. From morning till night. So, uh, whatchamacallit, he says, "Look you promised and [CC-1] promised that it's going to go, we're going to get it to the same level, and then the guys are going to go out and you can agree to it and he's fine with it."

CC1: Bro, I would love to, but the guy is leaning on the fucking stop like you can't imagine. I took 8,000. It was supposed to be gone. Boom, he reloads . . .

AG: I don't know what it was showing. Try to do something in the morning so that this guy. . . Here's the thing, then I spoke to [YITZ GROSSMAN, the defendant], okay? And [GROSSMAN] is like, he goes, "I understand the situation," he goes, "I'm sure you didn't need me for money, blah blah

blah, I don't want to see you lose money on the transaction," he goes, "but, uh, you know, uh, [EFIM AKSANOV, the defendant] said you guys were trying to do something for next week," he goes, "I'll be honest with you, I don't believe it." [unintelligible] [GROSSMAN], he goes, "You have all the help from me that you need. If you need more money, I will, I'll give you more money." You know what I'm saying? This is where these conversations are going now. He's like . . .

CC1: Wait. Say that again. Say that, what did he say?

AG: He said, if you know that [AKSANOV] told him that, you know, we're going to do something next week. Right? He goes, I don't believe it, but if I see it and you need more money to recoup with the bills, he goes, you can count me in and I'll help you even with the money. I just don't believe that you're going to do anything because it doesn't look to me like the stock is getting ready to do something.

CC1: I understand that. I would have, you're not following what I'm saying to you, [unintelligible] snoop-a-loop. Okay, like look at this. Well now it's gone, but at night it keeps reloading at 28; they don't want to, fucking to move it. Your World Co. guy is gone.

AG: Right.

CC1: You can't even get up.

AG: I think it was showing 5,000 at 28 before [unintelligible].

CC1: Dude, yeah, look at the time of sales. I bought 8,000 to do it at market 'cause I thought it was going to go to 32, and then all of a sudden he freaking reloads with another 8,600.

Based on my training and experience, familiarity with this investigation, and review of other intercepted communications, I believe that GOLDSHMIDT was relaying to CC-1 GOLDSHMIDT's meetings that day with others involved in the FUEG "pump and dump" scheme and GOLDSHMIDT's frustration with having to follow through with the "promise" that the price of FUEG "is going to be somewhere." CC-1 confirmed GOLDSHMIDT's frustration in describing CC-1's own trading that day in what appears to be FUEG stock, for what is believed to be the purpose of artificially inflating the FUEG market, by stating, "I took 8,000," which is believed to refer to CC-1's purchase of 8,000

FUEG shares. I know from trading records that CC-1 purchased a total of 10,500 shares of FUEG stock through Marjorie Group, on July 19, 2012, in two purchases of 8,000 and 2,500 shares. CC-1's reference to "28" appears to match the closing price of FUEG stock on July 19, 2012. Trading records show that the price of FUEG stock opened at \$0.18 per share on July 19, 2012, and closed at \$0.28 per share. The total volume of trading in FUEG stock on July 19, 2012, was approximately 12,000 shares, 10,500 of which CC-1 purchased. Accordingly, CC-1's purchase of 10,500 shares constituted approximately 88% of the trades in FUEG stock that occurred on July 19, 2012, and is therefore believed to have caused the closing price of FUEG to rise to \$0.28 per share.

24. On or about July 25, 2012, at approximately 2:14 p.m., ALEXANDER GOLDSHMIDT, the defendant, received a call on GOLDSHMIDT Phone-1 from CC-1, using CC-1 Phone-1, during which the following conversation took place, in substance and in part:

CC1: So, on the FUEG there is a bid for about 57,000 shares at 20.

AG: Ok.

CC1: What?

AG: Ok, don't do anything.

CC1: What?

AG: Don't do anything because he still won't do single back, so you know what I am saying?

CC1: I am not going to, I just asking you . . .

AG: No, no, no. Don't do it. Don't do it.

CC1: Should I take it down to 2 cents?

AG: Huh?

CC1: Should I take it to 2 cents?

AG: Well, that's what I am saying, don't do that.

CC1: Don't take it to 2 cents, or take it to 2 cents? I can't hear what you are saying, there's a Russian in the background.

AG: Don't, don't, don't. Why the fuck do you want to take it to 2 cents?

CC1: Take? You said to take it to 2 cents?

AG: No, I said don't do it.

CC1: Who is in the background?

AG: A bus.

CC1: Take it down to 2 cents, what?

AG: Yeah, okay. Stop being a wise ass.

CC1: Uh, can I get [unknown male] off my back and maybe have him sell a little bit to get him out of my ass. Are you there?

AG: What are you saying?

CC1: Can you hear me?

AG: Now I can hear you. What do you want me to [unintelligible]?

CC1: I am saying can I have [unknown male], sell a little bit so he is not up my ass?

AG: Uh, a little bit I guess, I don't know, I don't . . . It's your call.

CC1: What do you mean? It's your call too. We are responsible for it. We are not alone on it.

AG: I understand, but can we wait a day, 'cause to figure out what the fuck we are doing until tomorrow, can we hold off? Can you [unintelligible] hold him off 'til tomorrow?

CC1: Yes, I can tell him to chill out. Fine, I will call you back.

Based on my training and experience, familiarity with this investigation, and review of other intercepted communications, I believe that CC-1 and GOLDSHMIDT are discussing that CC-1 wants to sell a small amount of shares of FUEG to mollify someone with whom CC-1 is dealing. CC-1 also jokes with GOLDSHMIDT that CC-1 is going to reduce the share price of FUEG down to \$0.02. From my review of trading records I have learned that on July 25, 2012, CC-1, in CC-1's own name, sold 8,500 shares of FUEG for

\$0.20 per share, and, through Marjorie Group, bought 5,000 shares of FUEG for \$0.22 per share on the same day.

25. On or about July 25, 2012, at approximately 4:46 p.m., ALEXANDER GOLDSHMIDT, the defendant, placed a call on GOLDSHMIDT Phone-1 to CC-1, using CC-1 Phone-1, during which the following conversation took place, in substance and in part:

CC1: Alright, so what's the story here 'cause I have to give some answers back.

AG: As far as what?

CC1: Or is "Number One" [ALEX PUZAITZER, the defendant] taking over the whole FUE thing?

AG: FU thing. . . We'll deal with it tomorrow bro, I'm not dealing with FU today.

Based on my training and experience, familiarity with this investigation, and review of other intercepted communications, I believe that CC-1 was looking for direction from GOLDSHMIDT on the "FUE thing," or "FU thing," referring to FUEG, and CC-1 was concerned about answering to other unknown parties believed to be involved in the FUEG "pump and dump" scheme.

Phase 2 - Participants in the FUEG "Pump and Dump" Scheme
Coordinate Trading Around FUEG Press Release Campaign in Late
August and Early September 2012

26. On or about Friday, August 31, 2012, at approximately 1:58 p.m., ALEXANDER GOLDSHMIDT, the defendant, placed a call using GOLDSHMIDT Phone-2 to CC-2 at a telephone assigned a call number ending in 9100 ("CC-2 Phone-1"), during which the following conversation took place, in substance and in part:

AG: Ok, so we are all set for Tuesday, yes?

CC2: What?

AG: I'm just making sure we are all set for Tuesday, because they are . . . they are good.

CC2: They are good for Tuesday?

AG: Yep.

CC2: Ok.

AG: Ok?

CC2: Well, do you want it any particular price or here is good?

AG: Uhh, somewhere here is good. Somewhere here is fine, before the close it should be . . .

CC2: What?

AG: I said, before the close, if you could be a little higher it would be nice.

CC2: Ok.

AG: 40, 40, 42, something like that would be decent.

CC2: 42 is too big of a, of a, of a move.

AG: Then, watch the, let's do for, why don't you just do for . . . Whatever you think, whatever you think.

CC2: No, no, I want to explain something. If you do a big move before you do program, people don't buy the program because they see they are too late.

AG: Right.

CC2: If they see the stock was up 10 cent and up 25% the day before . . .

AG: [unintelligible]

CC2: Counterproductive.

AG: Ok, so do what uh, it needs a little volume before, the, before the close.

CC2: Ok.

Based on my training and experience, familiarity with this investigation, and review of other intercepted communications, I believe that this conversation relates to the FUEG "pump and dump" scheme. Specifically, GOLDSHMIDT is looking to conduct a fraudulent promotion designed to increase share price. I believe that CC-2 is a broker who is handling some of the trading of FUEG stock for GOLDSHMIDT and others. I know from publicly available information that CC-2 is a President at a brokerage firm with offices in New York, New York and Brooklyn, New York ("Brokerage-1"). GOLDSHMIDT's reference to being "all set for

Tuesday" referred to a promotion or "pump" planned to take place on Tuesday, September 4, 2012. I know in part from online records checks that there were a number of FUEG press releases issued to the investing public on September 4, 2012, including an article entitled, *Must Read Information on the Following Stocks (OTCOB: FUEG), . . . www.INSIDEBULLS.COM Is Issuing Updated Trend Analysis Reports on Stocks (OTCOB: FUEG)*. In that article, it stated that FUEG was "active this week." Based on my review of intercepted calls, I believe that these press releases were part of a coordinated effort by GOLDSHMIDT and the others to initiate public interest in FUEG stock. In anticipation of the September 4, 2012 FUEG press releases, CC-2 was confirming with GOLDSHMIDT that there would be a FUEG event or stock promotion so that CC-2 could start trading when CC-2 asked GOLDSHMIDT if "They are good for Tuesday [September 4, 2012]?" When GOLDSHMIDT told CC-2 that "before the close if you could be a little higher. It would be nice," I believe that GOLDSHMIDT was referring to inflating the price of FUEG stock by the close of the trading day on Friday, August 31, 2012, which was the last trading day until Tuesday, September 4 after the long Labor Day holiday weekend. GOLDSHMIDT wanted CC-2 to trade FUEG that afternoon to stoke the public's interest in FUEG at the opening of the market after the weekend. I believe that CC-2's response, "If you do a big move before you do program, people don't buy the program because they see they are too late," refers to his advice that pushing the FUEG stock price too high on August 31, 2012, prior to an upcoming main news event would be counter-productive. Based on my training and experience, the nature of GOLDSHMIDT's call with CC-2 indicates that CC-2 is aware that CC-2 is participating in a "pump and dump" scheme, because CC-2 was discussing the price and how to most effectively coordinate the purchases with the promotion.

27. On or about August 31, 2012, at approximately 2:12 p.m., ALEXANDER GOLDSHMIDT, the defendant, placed a call using GOLDSHMIDT Phone-2 to PAUL ORENA, the defendant, at the cellular telephone assigned a call number ending in 4667 ("ORENA Phone-1"),¹⁵ during which GOLDSHMIDT relayed the substance of his call with CC-2 to ORENA. During the call, the following conversation took place in substance and in part:

AG: Ok, uh, I spoke to him [CC-2], right?

PO: Yeah.

¹⁵Based on information provided by CC-1, I have learned that ORENA Phone-1 is a prepaid cellular phone used by CC-1 to communicate with ORENA.

AG: So, he says to me, uh, you know, he goes, "I think, uh where it is now."

PO: Yeah.

AG: "Where it should stay," he goes, because if it, because if it goes any higher than that, people are gonna think they already missed it.

PO: I agree completely. I was gonna call you, um and um, I just, let's tighten it up a little, you know what I mean?

AG: Ok, no, that's what I said. I said, "I need to make it look good and we need a little volume before the close." So he said, "No problem."

PO: Great.

AG: He goes, but . . .

PO: Correct.

AG: I said, I said, "Let's go 42." He says, "Too high." He wouldn't do it.

PO: Yes, I agree.

AG: Ok.

PO: I agree, yeah, you know, nothing more than 40.

AG: No, no, no, so that's what I told him. I said, "Either leave it the way it is at 40." He goes, "Over 40 is too high."

PO: Perfect, he knows exactly what he is doing.

AG: [OV] [unintelligible].

PO: I agree completely, no, it's too much.

AG: I just want to let you know that, you know, I just spoke to him so that the, you know, and he said, but ah, he goes "You on track for Tuesday?" I said, "Yes."

PO: Yeah.

AG: He goes, "ok."

PO: And remember you tell him news is 3:50 today, too.

AG: Huh?

PO: Ah, news is coming out at 3:50.

AG: Yeah, I didn't tell him, want to tell him that. I don't want to get into those conversations.

PO: Yeah, that's fine.

AG: How would I know that?

PO: Yeah, exactly.

AG: You know what I'm saying?

PO: Yeah.

AG: Some things I don't know.

PO: Yeah, yeah, you know how to handle him, I don't gotta tell you.

AG: No, he's on it. He's watching it, so . . .

PO: Alright, great, perfect.

Based on my training and experience, familiarity with this investigation, and review of other intercepted communications, I believe that, in this conversation, GOLDSHMIDT and ORENA were agreeing to the plan discussed in GOLDSHMIDT's conversations with CC-2 ("him") that they would do "nothing more than 40," meaning that they would not push the stock price above 40 cents per share before the close of the stock market on August 31, 2012, into the long Labor Day holiday weekend, and that 42 cents per share would have been "too high." ORENA asked whether GOLDSHMIDT had told CC-2 that the "news [was] coming out at 3:50" that afternoon. I believe that ORENA was referring to some promotional materials about FUEG that were about to be released and that GOLDSHMIDT's response that he did not pass along this information to CC-2 because "how would [GOLDSHMIDT] know that," and that "some things I don't know," indicates that GOLDSHMIDT was selectively providing information to CC-2 to tell him as little as possible on the phone. Based on my familiarity with this investigation, training and experience concerning "pump and dump" schemes, and the fact that they knew in advance it was going to be released, I believe the FUEG promotion they discussed was being released for the purpose of inflating the

stock price. Online records checks indicate that, on August 31, 2012, at approximately 3:50 p.m., FUEG distributed a press release entitled, *Face Up Entertainment Group, Inc., a Reality Gaming Social Network Company, Announces Broad Marketing Initiative, Face Up Entertainment Group, Inc. Initiates Multi-Faceted Branding and Marketing Campaign*. Trading records show that the price of FUEG stock closed at approximately \$0.36 on Friday, August 31, 2012.

28. On or about August 31, 2012, at approximately 2:16 p.m., ALEXANDER GOLDSHMIDT, the defendant, received a call on GOLDSHMIDT Phone-2 from ALEX PUZAITZER, the defendant, at a cellular telephone assigned a call number ending with 3573 ("PUZAITZER Phone-3")¹⁶, during which the following conversation took place, in substance and in part:

AP: You said you were going to call [YITZ GROSSMAN, the defendant] right now.

AG: Yes, of course, because I spoke to him.

AP: Oh yeah?

AG: He said to leave everything as is.

AP: Just like for today?

AG: Well, he'll add a little more volume.

AP: Uh huh.

AG: He said not to touch the price. Because, I said . . . he says, "where do you want it at?" I told him to do it at 40. He said that 40 is a lot. He said, "If you want to listen to me, the people who will see that it went up 25 kopecks in a week."

AP: Uh huh.

AG: "They will think they missed the program and no one is going to enter."

AP: Oh, so I have to tell [PAUL ORENA, the defendant] about this.

¹⁶ Based on a review of wiretap interceptions, I recognize the voice of PUZAITZER as that being used on PUZAITZER Phone-3.

AG: I called [ORENA]. [ORENA] said, "I actually was going to call you and tell you the same thing." Maybe the kid told him the same thing.

AP: Uh huh.

AG: That's what I think. He didn't say it was the kid. He said it was him. He said, "I was just going to call you and tell you the same thing." What does he know about this shit? You understand it yourself.

AP: Oh, yes.

AG: [unintelligible]

AP: Yes.

AG: Thee. . .

AP: He wanted 50-60. I said, "but it is too much, shit, what are you crazy? Who, how can you make it like that? 50-60-70, fuck."

AG: No, that's what I'm telling you. And that one told me right away. He says, "leave it as it is."

AP: No, I was not worried about the price. I am not saying for the price. There should be there at least 150 [unintelligible].

AG: I do not know for 150, I told him to do something. He said, "I'll do it for the close." You know Sabbos time... I say, "you know what needs to be done." He says, "You are on for Tuesday for sure?" I say, "We're on for Tuesday. I got the confirmation."

AP: Uh huh.

AG: He says, "Ok then, I know what to do." I say, "Ok."

AP: Ok, cool.

Based on my training and experience, familiarity with this investigation, and review of other intercepted communications, I believe that, in this conversation, GOLDSHMIDT is relaying his conversations with CC-2 and his subsequent call with PAUL ORENA, the defendant, regarding the FUEG "pump and dump" scheme, specifically the end-of-the-day trading ("the close") in FUEG on August 31, 2012, and GOLDSHMIDT's "confirmation" to CC-2 that

there will be a FUEG promotion on Tuesday, September 4, 2012 in connection with which CC-2 would trade FUEG stock to build market momentum. I further believe that the reference to "50-60-70" refers to the share price, in cents, that PUZAITZER said that ORENA wanted to achieve, which PUZAITZER did not think possible. I believe that PUZAITZER's reference to "at least 150," referred to his desire for the volume of trading to be at least 150,000 shares.

29. On or about August 31, 2012, at approximately 3:18 p.m., ALEXANDER GOLDSHMIDT, the defendant, placed a call using GOLDSHMIDT Phone-2 to PAUL ORENA, the defendant, at ORENA Phone-1, during which the following conversation took place, in substance and in part:

PO: Good, it was just to the bid, has like, had like 15 people on the bid right now, and there, uh, there was really no one left at the offer.

AG: Ok, so you gotta watch that, you know, for now.

PO: Yeah, yeah, yeah. So. . .

AG: What's the volume?

PO: Uh, it was, last I checked it was, uh, 99,000

AG: Ok, so we're fine, ok.

PO: Yeah, 99 and there was, uh, it's uh, it was 35, 34 over 41.

AG: I got you, ok.

PO: Alright, so, yeah, the kid, I spoke to kid. He's just like, you know, "It's up too much, 'cause, you know." So he goes, uh, so that's, that was his, you know, his philosophy, but, I'm going, I'm going to [individual at Brokerage-2's] now, then I'm going to meet with my guy.

AG: Ok, he might've left because, you know, it's Friday already. Maybe, I don't know. Uh, so keep an eye on it. If anything, have him put the hundred shares lower.

PO: Yeah.

AG: You know, uh . . .

PO: That's what I am saying. I, I'll call you, I'll call you, like in the, I'm pulling up to [individual at Brokerage-2's] in five minutes, when I'm out.

AG: Whatever, just get it done. If the guy is not there, just you know, have somebody, you know.

PO: Ok.

AG: Just a lower bid that's all.

PO: I know what you're saying.

AG: And, whatchamacallit, uh, but other than that, the kid is happy, right? Everything is good?

PO: Yeah. He's just, he says, you know, he goes, you know, "An offer's taken out a 40, 41 today, 'cause it's just a little too much." So that was his only concern, that, uh, it jumped too fast in three days.

AG: Alright. Ok.

PO: Alright? You know, but he's not worried from his end, he's just worried in general how it looks, you know?

AG: No. I understand, I understand.

PO: Yeah, so, but that's it.

AG: He's on for Tuesday, we're on for Tuesday, for sure.

PO: One thousand percent.

AG: Ok.

Based on my training and experience, familiarity with this investigation, and review of other intercepted communications, I believe that, in this conversation, GOLDSHMIDT and ORENA are discussing the current trading of FUEG in the market on August 31, 2012, specifically the FUEG volume of approximately "99,000" and stock price of "34, 35" cents per share. I know from trading records that FUEG stock traded at a volume of approximately 100,267 and closed at a price of \$0.36 per share on August 31, 2012. Furthermore, I believe GOLDSHMIDT is confirming that ORENA has coordinated an FUEG promotion for the following Tuesday, September 4, 2012, by asking ORENA "we're on for Tuesday, for sure," to which ORENA replies, "one thousand percent." I know from online records checks that there were approximately three

FUEG press releases issued to the investing public on Tuesday, September 4, 2012, and at least one promotional article released by "PennyStocksGuru.net" was entitled, *Must Read Information on the Following Stocks (OTCOB: FUEG), . . . www.InsideBulls.com Is Issuing Updated Trend Analysis Reports on Stocks (OTCOB: FUEG)*. In that article, it stated that FUEG was "active this week."

30. On or about August 31, 2012, at approximately 5:02 p.m., ALEXANDER GOLDSHMIDT, the defendant, received a call on GOLDSHMIDT Phone-2 from CC-1, using CC-1 Phone-2. During the call, the following conversation took place in substance and in part:

CC1: [PAUL ORENA, the defendant] looks like he's cleaning it up.

AG: I haven't even looked, uh, whatchamacallit, he, he called me. He said, uh, I spoke before, he says he spoke to you and you are arranging the stock. Then I told him, I said, "calm that fucking guy [referring to YITZ GROSSMAN, the defendant] down because he keeps calling me." I said, "and you know, he's gonna get everything that I have so tell him to fucking relax."

CC1: Yeah, if he doesn't relax, tell him to go fuck himself. I'm not kidding around.

AG: . . . No, I don't want to tell him to go fuck himself, he, you know? I mean look, right? You know, uh, promise him, you know, whatever. It is what it is. What I [unintelligible], you know.

CC1: He's got, he's got all, he's got 99% of it so far.

AG: I know that, but here, here's the thing, I, when I spoke to what's his name, I spoke to [ORENA]. I told him, I said "explain to him that everything is under control." I said, "you know exactly what is going on." I said, "I can't tell him what is going on." Okay? "But you gotta somehow, you know, diffuse the situation, so tell him to fucking relax." So, he said he is gonna take care of it, so [unintelligible] that['s] where we are.

Based on my training and experience, familiarity with this investigation, and review of other intercepted communications and context of this conversation, I believe that CC-1 and GOLDSHMIDT were discussing the fact that YITZ GROSSMAN, the defendant ("that fucking guy") was pressuring GOLDSHMIDT, CC-1 and others about returning FUEG stock that had been distributed

to controlled nominees to effect the "pump and dump" scheme, and GOLDSHMIDT wanted GROSSMAN to "calm . . . down," meaning to stop harassing them on the telephone. I believe that CC-1's statement that GROSSMAN has "got 99% of it so far," referred to GROSSMAN's significant control over most of FUEG's publicly traded stock.

28. I know from reviewing intercepted communications that the participants in the FUEG "pump and dump" scheme traded in coordination with FUEG press releases issued on September 4, 2012. From the following conversations, among others, it appears that during that day, ALEXANDER GOLDSHMIDT, the defendant, and the others lost control of the trading, such that the price of FUEG did not rise as high as they had anticipated, and as high as they needed to reap their intended profits from the unsuspecting public.

a. On or about September 4, 2012, at approximately 9:22 a.m., GOLDSHMIDT received a call on GOLDSHMIDT Phone-2 from ALEXANDER PUZAITZER, the defendant, using PUZAITZER Phone-3, during which the following conversation took place, in substance and in part:

AP: So, it's 30 pre-market, but it's going up [unintelligible]. It's already going at 41.

AG: So, alright, alright.

b. Later that morning, at approximately 9:51 a.m. GOLDSHMIDT placed a call using GOLDSHMIDT Phone-2 to PUZAITZER at PUZAITZER Phone-3, during which the following conversation took place, in substance and in part:

AG: What, is it fucked up there?

AP: No, no, he will be there all day. He is going for the whole day. He says he'll come in the afternoon so everything would creep up a bit, because he will make certain volume in the afternoon.

AG: Because this guy called me and told me it doesn't work.

AP: What do you mean it doesn't work? Hold on, ok?

AG: He called me and said that 300,000 was traded and everybody is selling. He said, "I don't know, I don't know what's going on, there are no buyers." He sees the market.

AP: Uh huh.

AG: And that's it.

AP: What do you mean, there are small trades there. There are a bunch of small ones going in, 200, 300, 500, 700.

AG: Yes, but the stock, the stock is going down, Alik.

AP: Well, the stock is going down a bit. It was knocked down when the traders-schmaders went in because he is mostly not supporting it completely. There is one on a bid and that's it. They see it, they tested, they tested, they went in from the short. There is a bunch of, there is a fucking bunch of market makers. Did you get there yet?

AG: No, I'm just now approaching the tunnel.

AP: Ok, come there and see.

c. Later that morning, at approximately 10:37 a.m., GOLDSHMIDT, using GOLDSHMIDT Phone-2, placed a call to PUZAITZER at PUZAITZER Phone-3, during which the following conversation took place, in substance and in part:

AG: . . . I said, "the trading is shitty." He says, "You guys are not coordinating, because," he says, "it seems like there is a bunch of competing orders," he says, "but meanwhile, I'm getting hit." He says, "That's why . . ."

AP: Then I'll explain to you what happened. [Brokerage-2] sold it by, on its own and rerouted it. Then they sent the email. You see, they are slick faggots. They sold 105,000. Obviously, this didn't go through [CC-2]. Do you see what I'm saying?

AG: They are the ones who sold it to him. He bought 100,000 out of these damn 300.

AP: Well, in short, they were sold, so I'm telling you, I'm explaining to you that this didn't go through him. They just were sold and not paid for. They competed with them. We just removed the order and will put the order through ["Brokerage-3"], but he just has to, the boy has to be told whether to turn this story on or turn it off, what he has to do with this.

d. Later that morning, at approximately 10:47 a.m., GOLDSHMIDT using GOLDSHMIDT Phone-2 placed a call to PUZAITZER

at PUZAITZER Phone-3, during which the following conversation took place, in substance and in part:

AP: Everything was sent to him.

AG: It was sent? There is still this ["Brokerage-4"] on offer and not going away. There's [Brokerage-4] and ["Brokerage-5"] were on offer, and [Brokerage-4] was supposed to have been our guy.

AP: Yeah, but neither of them has orders in right now, so they'll just limit his trades.

AG: I am explaining to you, [Brokerage-4] was our guy. He was helping with bids, but I don't know what he is doing on the offer side.

AP: He bought a few, now he is selling a little more, I am not sure. So, what should we be doing?

AG: I don't know, I don't know. He says that he doesn't even know what to do, because he says that the volume is not there and he doesn't know what to do.

AP: I am explaining to you, we can involve him right now. He is asking that we pull up the bid a little.

AG: Where can it be pulled up to? To pull it up, we have to buy offers. There are outstanding offers.

AP: Ok, so he should do this, we will tell him to go ahead, and we will pull it up. He is not worried about the volume. He turned it on, he turned on a permanent button, and it's doing its thing all day. He has just stopped it. He says, guys, he is not being supported, that trader, he is doing something wrong. I don't know. He says the trader is not doing good work.

Based on my training and experience, familiarity with this investigation, and review of other intercepted communications, I believe that, in these conversations on September 4, 2012, GOLDSHMIDT and PUZAITZER were discussing the coordinated effort by the participants in the FUEG "pump and dump" scheme to conduct cross trading of FUEG shares back and forth in the market among accounts they and others controlled, including accounts at Brokerages -3, -4, and -5, among others, to create the appearance of market depth and liquidity of FUEG stock to generate interest and momentum in FUEG in order to fraudulently

inflate the price of FUEG stock. Specifically at 9:22 a.m. on September 4, 2012, approximately 8 minutes prior to the opening of the stock market, GOLDSHMIDT and PUZAITZER were discussing the then current FEUG stock price prior to the open, "So, it's 30 pre-market, but it's going up [unintelligible]. It's already going at 41." Trading records reveal that FUEG traded between \$0.38 and \$0.23 at a volume of approximately 601,573 shares on September 4, 2012. Furthermore, trading analysis reveals that FUEG trades on September 4, 2012, reflected some orders in groups of "200, 300, 500, 700" shares, among others. I believe this call shows that GOLDSHMIDT and PUZAITZER and the others were confused about who was conducting which trades of FUEG, and became frustrated that the volume and price were not high enough to achieve the profits they anticipated.

CC-1 Expresses Concern Over Handling of FUEG Promotion Involving Spam Email Blast and Urges GOLDSHMIDT to Dump His Shares

31. On or about Saturday, September 22, 2012, at approximately 1:31 p.m., ALEXANDER GOLDSHMIDT, the defendant, received a call on GOLDSHMIDT Phone-2 from CC-1 using CC-1 Phone-2, during which the following conversation took place, in substance and in part:

CC1: . . . I don't want that thing to get even, coming close to your job.

AG: But, what if I don't sell it.

CC1: It doesn't matter, you don't want to have a single share.

AG: Ok, so we need to figure out what to do with it on Monday [September 24, 2012], right? And I don't know what to do with it on Monday. Did you tell "One" [ALEX PUZAITZER, the defendant] or not? How do you know this?

CC1: Dude, I am getting them all day. No disclosure, nothing. "Trending up, looks like something is going to happen, the market . . . the company is going very fast, read inside, Monday September 24, company Game Face F-U-E-G .27." They put a target of 2.61. "It's my new cool monster pick in the morning. The stock gets accumulated. New bounce play [unintelligible] at night. Noah Polack at yahoo.com." That's one, right? My next one, see this is a fucking retard. No disclaimer, no disclosure, no nothing. This is the shit that fucking almost put [unidentified individual]

in jail, and why he didn't come to the States for a long time.

AG: Let me ask you a question, did you tell "One" [PUZAITZER] this? Does "One" [PUZAITZER] know?

CC1: Why? "One" [PUZAITZER] doesn't have any stock.

AG: No, I know [unintelligible].

CC1: This literally gets you locked. First off, not only is it a securities violation, but it is an FTC fucking violation. They used a fucking bot to steal someone else's email address.

AG: I see.

CC1: It's a fucking FTC, SEC everything. I don't want that stock in your account.

AG: Ok, so think about Monday what to do [unintelligible].

CC1: I'll fucking deal with it on Monday.

Based on my review of information publicly available on the Internet, I am aware that several people complained publicly about receiving spam e-mails promoting FUEG on September 24, 2012. I believe that CC-1's reference to a "fucking bot" referred to the computer programs spammers use to send blast emails. Based on my training and experience, I believe that CC-1 was expressing concern that the spam email promotion of FUEG would result in increased scrutiny of FUEG trading that might lead to discovery of their involvement in the "pump and dump" scheme ("your job"). Therefore, CC-1 advises GOLDSHMIDT to distance himself from FUEG stock as soon as possible to avoid detection.

Phase 3 - Participants in the FUEG "pump and dump" Scheme
Plan to Extract Profits from Market by Selling FUEG

32. Based upon my review of intercepted communications, I am aware that, on or about September 20, 2012, at approximately 4:52 p.m., ALEX PUZAITZER, the defendant, placed a call from PUZAITZER Phone-1 to EFIM AKSANOV, the defendant, at AKSANOV Phone-1, during which the following conversation took place, in substance and in part:

AP: . . . Have you spoken to [YITZ GROSSMAN, the defendant] about that... exit?

EA: I did speak to him, he told me - at 30 cents, he will start selling. And I put a guy on the phone, we've already agreed with him about 30 plus what - at 31, at 32, till - how much from 30 to 40. So if he...

AP: Uh huh.

EA: He has to sell at the minimum - at the minimum, you know, uh - at least, so he gets half back.

AP: Uh huh.

EA: You understand what this means, right?

AP: Yes. Yes.

EA: And then, if everything is fine, we'll see what we're going to do. Also, I have a couple of guys here - we spoke - maybe, you know - but - the main thing to me, like I said, is to do this thing so he leaves me the fuck alone, and to recoup what he thinks...

AP: [OV] He's already left you alone, you can ignore him, because he dropped out of the deal - that's why I did this. And tell [unintelligible]: "Listen, there's [PAUL ORENA, the defendant], you and [ORENA] whatchamacallit, someone there intervened, he gave it back, everything is now out of my control, you owe me money." say it like that, [unintelligible] and that's it. And Sasha [ALEXANDER GOLDSHMIDT, the defendant] will say the same. And he - in peace - one just need to make sure that his money is taken out, so to speak. Firstly, I have to somehow take out my money, the 25 that I put in there in the beginning. Because it's plain craziness with [GROSSMAN], I have an impression that he is screwing everyone over.

Based on my training and experience, familiarity with this investigation, and review of other intercepted communications, I believe that, in this conversation, PUZAITZER and AKSANOV are coordinating the selling of the manipulated FUEG stock. Specifically, PUZAITZER asks AKSANOV, "Have you spoken to him about that . . . exit," to which AKSANOV replies that he had spoken to "him" and was told that "at 30 cents, he will start selling." I believe that PUZAITZER was confirming with AKSANOV the exit plan of YITZ GROSSMAN, the defendant, and others in

which they would begin selling or "dumping" FUEG stock into the market to unsuspecting buyers. AKSANOV acknowledges that he did speak to "him," believed to refer to GROSSMAN, and confirmed that they would start selling at "30 cents" per share.

33. On or about September 25, 2012, at approximately 10:14 a.m., EFIM AKSANOV, the defendant, placed a call using AKSANOV Phone-1 to STEVE KOIFMAN, the defendant, at a call number ending in 6378 ("KOIFMAN Phone-1").¹⁷ During that call, the following conversation, in substance and in part, took place.

SK: What's going on with ahhh FU [FUEG]? [UM1, a stock promoter] is ahh done today I see? Shit traded like 20,000 only.

EA: Yeah, you want to know why? Because those idiots - it was 28 cents in the morning they opened at 30 and someone bought 15,000 shares or 10,000 and it jumps to 31.¹⁸ I don't understand these - but I told him go there for 50 - 100 thousand shares at 29, you know, and then go to 30 - 50 [thousand] - you know go, you know every penny's, you know, [UI]. It's like dealing with knuckleheads, I swear that's why I...

SK: What's wrong with them? I don't understand literally like what's wrong with them? I don't....

EA: Steve, you want to know what's wrong with them? People are idiots, the guy said like this: unless this if this stock goes lower than 28 cents he's not selling one share. So you know what that means...

SK: See this is the problem dealing with him, this is the problem dealing with him bro [ov]

EA: Yeah, and that's the problem because if that wasn't a problem yesterday we would have made a lot of money.

SK: So you're trying to tell me we made no money yesterday, I paid this fucking \$60,000 worth or whatever and made no money yesterday?

¹⁷Based on subscriber information, KOIFMAN Phone-1 is subscribed in the name of KOIFMAN.

¹⁸Based on a review of trading data I have learned that on September 25, 2012, FEUG traded between .25 and .31, and opened at .30

EA: No he sold a 120,000 shares. Can I get....[ui] knows.

SK: After - after what needs to be paid for this thing, we're completely [ui] out.

EA: No I'm making cause no ahhh I cut a deal with him: I am only paying him 18 kopecks. And we - I told him 25, so that me and you make seven percent on top of that that [UM-1] has to give us back. Do you understand where I'm coming from?

SK: Yeah, but let's see if he even sends money for...

EA: He will send it - I told him, he's going to send money to him right now...he's ready, that's them calling me right now back anyway, let me call you back, [UM-1] is calling me, let me call you right back.

Based on my training and experience, familiarity with this investigation, and review of other intercepted communications, I believe that, in this conversation, AKSANOV and KOIFMAN were discussing the trading price and volume in FUEG that day and their frustration with a third party - UM-1 - who had not executed trades on their behalf. KOIFMAN expressed frustration that he had invested \$60,000 into what is believed to be the FUEG promotion but not made money.

34. On or about September 28, 2012, at approximately 6:12 p.m., EFIM AKSANOV, the defendant, placed a call using AKSANOV Phone-1 to STEVE KOIFMAN, the defendant, at KOIFMAN Phone-1. During that call, the following conversation, in substance and in part, took place.

SK: What's the story did you talk to this fucking jerk off?

EA: Who?

SK: What do you mean who? Your fucking Jew [YITZ GROSSMAN, the defendant].

EA: Yeah, I spoke to him.

SK: And?

EA: And?

SK: Yo, bro why am I pulling teeth from you? You told me you were going to call him talk to him about numbers and this that and the other so what's going on?

EA: I did talk to him about the numbers. Numbers aren't that good Steve...out of the whole week he sold 150,000 shares. Alright? That's the fucking number bro. Out of fucking 600,000 shares. Alright? So ahhh that's what he sold ahhh, I don't know what the fuck is going on, but yesterday the only thing that I didn't understand that whatever was bought throughout the day all sold at the end, it looks like he turned that you know [UM-1] did a maneuver on that somehow someway.

SK: [UM-1] didn't do a maneuver, these guys sold stock, no one did a maneuver bro, but anyways so.

EA: But he didn't sell it. So that's the point, you know.

SK: I'm not following: what's the point? What are the numbers? What's our end?

EA: The point is [ui] he sold basically x amount 40 something dollars worth of stock. Ok? [UM-1] is getting paid whatever he is, we have a little piece there, and the balance - whatever is there - goes into a pot. Ok? And once the pot accumulates, people are going to start reimbursing whatever they're owed [ov].

SK: Why do we have to wait for the pot to get accumulated, why can't he just pay whatever he owes?

EA: Because that, that's what it is because the stock not just me and you it's him, it's me and you, it's this guy Paul [ORENA, the defendant], it's this guy Alex [PUZAITZER, the defendant], and the other fucking Alex [GOLDSDHMIDT, the defendant] because everyone already put money in. People are holding shares bro. They sit with him at his office every day, and instead of them selling the shit and you know for all the things they've been buying, he cut a deal with them that everybody is in one pot and whatever the expenses are gets paid out of that one pot and then the balance grows until everyone has enough money to pull their money out. What am I going to say, for every all of them agreed and I'm going to say 'no, me and Steve don't agree'? He's going to say: "Ok, guys" - he's going to say: "guys, then go fuck yourselves."

SK: What do you mean, 'go fuck yourselves'? You're the guy that's fucking making this shit happen! Jeff I don't understand bro!

EA: Yitz [GROSSMAN]...Steve...he doesn't...what's happening and how it's playing out - you don't understand that these people that are sitting in his office...between me and you, they didn't give him everything on the side, they're quietly selling and telling him all this bullshit. That's what I believe is going on at the end of the day they're telling him to stop it, that they don't want this, that this is going to end up being a headache, that they have their people ready to go in. They're telling him on purpose, for the shit to go down, for them to re-buy to cover all the shit that they've been selling right now. I'm not a stupid guy....

Based on my training and experience, familiarity with this investigation, and review of other intercepted communications, I believe that this conversation relates to the FUEG stock manipulation in which AKSANOV and KOIFMAN are involved with GROSSMAN, PUZAITZER, GOLDSDMIDT and ORENA. KOIFMAN is expressing frustration with GROSSMAN, with whom AKSANOV has the contact and relationship, due to KOIFMAN's belief that AKSANOV is handling most of the responsibility - "making the shit happen" - behind the FUEG market manipulation.

35. On or about February 26, 2013, at approximately 3:44 p.m., ALEX PUZAITZER ("AP") received an incoming call on a call number ending in 3516 ("PUZAITZER Phone-4")¹⁹ from MICHAEL VAX ("MV") using a call number ending in 7969 ("VAX Phone-1").²⁰ During that call, the following conversation, in substance and in part, took place. VAX discussed a stock sale that was not going very well. VAX stated that his stocks were "brought down to 12 cents" and he thinks that someone is doing this on purpose. VAX stated that "probably this is this fucking [unnamed broker-dealer]. They have no real explanation for what is going on in the market." PUZAITZER stated that it looks like some people want "to bring [the] market down." VAX stated that these people don't care about the market they are after money only - "if they could make 13 thousand they are happy." VAX is

¹⁹ Based on my review of CC-1 Phone-2, the number for PUZAITZER Phone-4 is a labeled as "1" in CC-1 Phone-2.

²⁰ Based on intercepted calls, VAX has been identified or identified himself when using VAX Phone-1.

angry and upset and will try to fix this situation. Based on my training and experience, familiarity with this investigation, and review of other intercepted communications, I believe that this conversation relates to the market manipulation of the stock of FUEG. Here VAX is upset that the price has gone down (brought down to 12 cents")²¹ based on actions he was not aware of and that have compromised his ability to sell the stock at a higher price.

CC-1 FUEG Trading Records for Marjorie Group

36. Based on my review of trading records for Marjorie Group, I am aware that CC-1, through one of CC-1's brokerage accounts maintained through Marjorie Group, engaged in the following transactions in FUEG stock:

DATE	TRANSACTION	NUMBER OF SHARES	SHARE PRICE
5/1/12	Transfer In	2,000,000	N/A
5/1/12	Transfer In	448,254	N/A
7/6/12	Buy	5,000	\$0.19
7/6/12	Buy	5,000	\$0.18
7/6/12	Buy	5,000	\$0.19
7/9/12	Buy	14,312	\$0.1877
7/12/12	Buy	20,000	\$0.2325
7/18/12	Buy	2,500	\$0.272
7/19/12	Buy	10,500	\$0.28
7/20/12	Buy	15,000	\$0.26
7/23/12	Buy	7,500	\$0.25334
7/25/12	Buy	5,000	\$0.22
8/16/12	Transfer Out	2,000,000	N/A
8/23/12	Transfer Out	538,066	N/A

37. Based on my review of trading records for FUEG shares, I am aware that CC-1, in CC-1's own name, sold 8,500 shares of FUEG for \$0.20 per share on July 25, 2012.

²¹ Based on a review of trading records I have learned that FUEG traded between .12 and .20 on February 26, 2013, and closing at .18.

38. Based on my review of trading records for a brokerage account of Dolton, I am aware that ALEXANDER GOLDSHMIDT, the defendant, through Dolton, engaged in the following transactions in FUEG stock:

DATE	TRANSACTION	NUMBER OF SHARES	SHARE PRICE
8/16/12	Transfer In (from Marjorie Group)	2,000,000	N/A
8/23/12	Transfer In (from Marjorie Group)	538,066	N/A
8/23/12	Transfer Out	538,066	N/A

The Extortion of CC-1 by the Defendants

39. CC-1, as set forth below, is the victim of an extortion conspiracy being perpetrated by ALEXANDER GOLDSHMIDT, ALEX PUZAITZER, MICHAEL VAX, PAUL ORENA, YITZ GROSSMAN, EFIM AKSANOV, and STEVE KOIFMAN, the defendants, who are seeking the return of FUEG shares, in connection with a failed FUEG stock promotion, and a planned stock promotion in FUEG which did not take place. GOLDSHMIDT, PUZAITZER, VAX, ORENA, GROSSMAN, AKSANOV, KOIFMAN and VAX, as set forth below, have threatened harm to CC-1, CC-1's family, CC-1's business and reputation, and the business and reputation of CC-1's father, a physician.

40. During debriefings of CC-1, I have learned that:

- a. In or about February or March 2012, CC-1 received a telephone call from EFIM AKSANOV, the defendant, during which call AKSANOV advised that AKSANOV was representing the interests of YITZ GROSSMAN, the defendant, and was traveling to New York to meet with CC-1 regarding Face Up Entertainment Group, which at that time traded under the stock symbol IKCC. CC-1 advised ALEX PUZAITZER and ALEXANDER GOLDSHMIDT, the defendants, about the call; GOLDSHMIDT told CC-1 that he knows AKSANOV well and gave CC-1 approval to meet with AKSANOV. CC-1 subsequently met with AKSANOV and GOLDSHMIDT at CC-1's office in New York, New York. During that meeting, AKSANOV advised CC-1 that GROSSMAN wanted CC-1 to return 1,000,000 shares of IKCC to PUZAITZER. CC-1 reported that CC-1 only had 440,000 IKCC shares left; AKSANOV stated that CC-1 would have to come up with the balance of the shares.

- b. In or about the summer of 2012, GOLDSHMIDT stated, in sum and substance, to CC-1 that STEVE KOIFMAN, the defendant, was a "big guy" who had beaten up people in the past, and had been arrested for assault. CC-1 understood KOIFMAN to be AKSANOV's partner.
- c. In or about the summer of 2012, GOLDSHMIDT, PUZAITZER, AKSANOV and KOIFMAN met with CC-1 in New York, New York and AKSANOV and KOIFMAN demanded \$350,000, return of FUEG shares, and that CC-1 conduct trading in FUEG. These demands were made in the presence of GOLDSHMIDT and PUZAITZER. Specifically, AKSANOV threatened CC-1 stating that AKSANOV would "put slugs into" the chest of CC-1 unless CC-1 met AKSANOV's demands. AKSANOV further stated that if CC-1 did not comply with AKSANOV's demands, AKSANOV and KOIFMAN were going to "call Moscow." After the meeting, PUZAITZER advised CC-1 that CC-1 did not want AKSANOV calling Moscow, that it would "not be a good thing" if that call were made. GOLDSHMIDT stated to CC-1 that CC-1 was lucky that KOIFMAN did not punch CC-1.

41. On or about July 27, 2012, at approximately 6:35 p.m., ALEXANDER GOLDSHMIDT, the defendant, received a call on GOLDSHMIDT Phone-1 from EFIM AKSANOV, the defendant, using AKSANOV Phone-1. During that call, the following conversation, in sum and substance, took place in which AKSANOV complained that CC-1 had not yet come up with any money as requested.

EA: How do we, uh, figure out this situation with [CC-1]? Because it's kinda fucked up that STEVE [KOIFMAN, the defendant] was sitting there with me and the kid [CC-1] said that he [CC-1] sent this much money, it never came in, he [CC-1] said he was going to do something. The kid [KOIFMAN] feels like he [CC-1] lied to him [KOIFMAN] in his face and he's . . . it's one thing if the kid [CC-1] came through with the 50, [CC-1] is working on this, [CC-1] is trying to do that, it's, uh, you know, it's one thing, you know where it comes out . . . where everyone is even. You know what I'm trying to say, Sash? Everybody wants to be on that same page. So he [KOIFMAN] feels that this kid [CC-1], you know he wasted a trip, he [CC-1] came down there. [CC-1] told him [KOIFMAN] something, [CC-1] purely lied to [KOIFMAN] in his face, in the diner and, you know

AG: Let him, let him [CC-1] pay us back and then let him [KOIFMAN] fuckin' crack him [CC-1], don't, don't crack him before we get the money, bro. Don't do anything before we get the money.

EA: Ok.

42. On or about July 30, 2012, at approximately 1:14 p.m., ALEXANDER GOLDSHMIDT, the defendant, placed an outgoing call on GOLDSHMIDT Phone-1, to EFIM AKSANOV, the defendant, at AKSANOV Phone-1. During that call, the following conversation, in sum and substance, took place. AKSANOV stated that another person, based on other intercepted calls, believed to be STEVE KOIFMAN, the defendant, wanted to fly in and see CC-1. GOLDSHMIDT asked whether they could resolve things before "he" flew in. AKSANOV responded that nothing is resolved because CC-1 "did not give a dollar."

43. On or about September 21, 2012, at approximately 4:32 p.m., EFIM AKSANOV, the defendant, using AKSANOV Phone-1, placed a call to STEVE KOIFMAN, the defendant at KOIFMAN Phone-1. During that call, the following conversation, in substance and in part, took place.

SK: Whoah, whoah, whoah, I'm talking about when I was in New York bro, what are you saying, I was in New York, we went to the diner with these fucking retards the next day you went to Brooklyn with your wife or something you went to Brooklyn, ok by yourself, and you met up with AP [ALEXANDER GOLDSHMIDT, the defendant] and all of a sudden you fucking gave him some leeway, you told them we wanted this shit to fucking come back by Friday whatever the case was and you did and you cut some new deal with them and you say no, no they're going to need to do something on Monday, we'll give them one more chance, blah, blah, stop it. This was when I was in New York. Don't fucking [ui] c'mon [ui] whatever.

EA: You see them, we gave them another chance and it didn't happen well in two weeks we gotta come there [ov] we gotta come, there we gotta come there.

SK: The bottom line is they figured ahh they're giving me another chance after you talked [ui] the kind of shit you talk and then you give them another chance and you fucker go fuck yourself.

EA: So listen we're going to go there in two weeks and break his [CC-1] head open what can I say.

SK: That's fine, let's go, let's go.

EA: There's no other choice here.

SK: I'm ready to go tomorrow, I'm ready to go tomorrow. I'm not joking I'm ready to go tomorrow. I'm in such a...I'm in such a dire straits bro, I mean it's just like a ridiculous already it's crazy

Based on my training and experience, familiarity with this investigation, and review of other intercepted communications, I believe that this conversation relates to the meeting held in the summer of 2102 in New York - "the diner" - between CC-1 and AKSANOV, KOIFMAN, PUZAITZER, and ALEXANDER GOLDSHMIDT, the defendants. I further believe that in this call, KOIFMAN was expressing frustration that CC-1 has not acted as promised and KOIFMAN and AKSANOV are now ready to "break [CC-1's] head."

44. On or about December 28, 2012, at approximately 2:54 p.m., ALEX PUZAITZER, the defendant, received a call on PUZAITZER Phone-4 from PAUL ORENA, the defendant, using ORENA Phone-1. During that call, the following conversation, in substance and in part, took place.

PO: When is this kid [CC-1] back, cause I gotta see him, cause I got some more, more information on him.

AP: [ov] He's coming back on Sunday.

PO: Ok, so I think I'm going to go up, if he's in the office Monday, just want to make sure he's up there, I'm going to go I gotta straighten him out because he's trying to manipulate you know I know what he what he said to [UM-2] because [UM-2] ran to my brother to basically apologize that he fucked up and this and that he told him all this shit from [CC-1] and what's going on so [CC-1] you played him, tried to manipulate, but know I'm going just straighten the kid out so, I'm going to go up you and you know he's going to have to deliver what he agreed to with me, so I'm not going to stand for any bullshit from this fucking kid.

AP: Yeah, absolutely.

PO: You know what I'll just smack him around the fucking office worst case.

AP: One, one thing I know as I told you before that whatever you have whatever we could get Two [ALEXANDER GOLDSHMIDT, the defendant] and I [ov].

PO: Comes to us, yeah, it's us, but why should he, why should he get more you know what I mean, he's he's ahhh you know I've had enough of his shit you know if he wants to go to the cops on me [ov] after I smack him [ov].

AP: He wants to use our credit, and to tell you the truth and the amount of credit we have is \$230,000 right?

PO: Yeah.

AP: So I don't know what it will bring, but.

PO: Yeah.

AP: But [ui] money has to be taken from the top because if everybody goes out at our expense the money has to be taken out.

PO: Yeah.

45. On or about January 10, 2013 at approximately 4:28 p.m. ALEX PUZAITZER (AP), the defendant, placed a call on PUZAITZER Phone-4 to PAUL ORENA (PO), the defendant, on ORENA Phone-1. During that call, the following conversation, in substance and in part, took place:

AP: You know discussing other shit also that is going on, [CC-1], I keep yelling at [CC-1]

PO: Yeah .

AP: It doesn't do any good.

PO: I sat out while you were away, it last Thursday, I sat outside his [CC-1's] office for like a half hour, I had some time to kill before another meeting, think I would get him smoking a cigarette he must have extended his trip , that's what [Individual-1] told me. So ah, I came back a day or two after.

AP: Yeah he came back last Thursday because he just

PO: Yeah

AP: Tuesday

PO: Yeah I think I was there Wednesday or something whatever day it was I spoke to [Individual-1], he said no no no, [CC-1] extended his trip [CC-1] is coming back the day. So I was trying to see if he was in the office but ah, other than that that's really it. You know, like I said, I did some really other good things too I wanted to bring you up to speed with.

Based on my training and experience, familiarity with this investigation, and review of other intercepted communications, I believe that, in this conversation, PUZAITZER and ORENA were discussing the fact that ORENA planned on waiting outside the office of CC-1 on or about December 31, 2012, hoping to see CC-1, and then waited outside the office of CC-1 in or around January 4, 2013. I believe that ORENA was doing so in an attempted effort to intimidate CC-1.

46. On or about February 25, 2013, at approximately 7:01 p.m., ALEX PUZAITZER, the defendant, using PUZAITZER Phone-4 placed a call to ALEXANDER GOLDSHMIDT, the defendant, at a call number ending in 1956 ("GOLDSHMIDT Phone-3")²². During that call, the following conversation, in substance and in part, took place:

AP: I think [CC-1] has to get a tiny slap in the face.

AG: [Laughs] I can do it in a nice way. We have to decide what day we meet with him and then we'll have to spare the entire day on that.

During this portion of the call, PUZAITZER and GOLDSHMIDT further agreed to talk about "it" the following day, February 26, 2013. GOLDSHMIDT promised to bring "all the witnesses" for the meeting. PUZAITZER offered to make it a surprise for "him", CC-1. GOLDSHMIDT stated that he still did not understand where his initial investment - "2200" - went. GOLDSHMIDT stated that he intended to ask CC-1 to show them the proof of all transactions - the "spreadsheet." GOLDSHMIDT and PUZAITZER agreed that that CC-1 is a thief and decided to get in touch the

²² Review of information contained in CC-1 Phone-2 reveals that CC-1 Phone-2 has the number for GOLDSHMIDT Phone-3 listed as "2", a reference to GOLDSHMIDT.

following day. Based on my training and experience, familiarity with this investigation, and review of other intercepted communications, I believe that, in this conversation, GOLDSHMIDT and PUZAITZER were expressing their frustration with CC-1, wanting to see records of trading, and that they planned to surprise CC-1 at a meeting with other individuals CC-1 was not told would be present.

The call continued:

AP: That retard [CC-1] is not calling me today at all.

AG: Retard? Why would he call you? What would he say to you?

AP: There is nothing more to say, he [CC-1] doesn't have the spreadsheet. He doesn't have the spreadsheet, he doesn't have anything to say anyway, he is making up a story about his sister being in labor, and so on. Vasya, he has to - he needs to be slapped around a little.

AG: [laughs]

AP: You get it? Because I don't know - as they say, it needs to be [IA], definitely when I fucking see him.

AG: [laughs]

AP: You get it?

AG: No, I - I will do it to him beautifully. We - you - and - you - we just need to figure out when we're meeting him...

AP: Mmm.

AG: Yeah. And... we need to free up the whole day for this. The whole day.

AP: Free up what?

AG: We need to be free all that day.

AP: Uh huh?

AG: The whole day.

47. On or about February 26, 2013, at approximately 10:14 a.m., ALEX PUZAITZER, the defendant, using PUZAITZER Phone-4 received a call from PAUL ORENA, the defendant, using ORENA Phone-1. During that call, the following conversation, in substance and in part, took place. ORENA relayed a conversation another person (UM-1) had with CC-1. CC-1 called UM-1 the day prior and said CC-1 had to sit with "the Russians" for two hours yesterday. CC-1 stated to UM-1 that they ["the Russians"] were "abusing" him and "shaking" him down for "this deal." CC-1 stated that they went to his apartment and "took his cell phone away." ORENA stated that "why we really we figure out a game plan we gotta sit down and take [the] right approach with this kid [CC-1]." ORENA stated that CC-1 may end up killing himself. PUZAITZER disagreed and stated that he thought CC-1 would attempt to "find a way out and [CC-1]'s not going to pay." ORENA and PUZAITZER then discussed others calling a meeting with CC-1 at which PUZAITZER and others would show up. ORENA stated that he was seeing YITZ GROSSMAN, the defendant, at 1:00 p.m. that day. Based on my training and experience, familiarity with this investigation, and review of other intercepted communications, I believe that, in this conversation, PUZAITZER and ORENA were discussing CC-1 being threatened by others - "the Russians" - and that CC-1 would "figure a way out." ORENA and PUZAITZER also planned to have a meeting with CC-1 to which they would bring others unbeknownst to CC-1, which I believe was being done to intimidate CC-1.

48. On or about March 5, 2013, at approximately 9:34 a.m., ALEX PUZAITZER, the defendant, received a call on PUZAITZER Phone-4 from ALEXANDER GOLDSHMIDT, the defendant, using GOLDSHMIDT Phone-3. During that call, the following conversation, in substance and in part, took place. GOLDSHMIDT and PUZAITZER discussed how they planned to confront CC-1 later that day. PUZAITZER stated that he was planning to tell CC-1, "You see, this way it will be completely... what you take into your hands. So you have a fucking choice: either you have a very down-and-out, miserable life or you must now find the solution somehow. No one is going to touch you, but you will be a fucking pauper." GOLDSHMIDT stated that he was still waiting for an envelope that CC-1 said was in the mail. PUZAITZER stated that they should confront CC-1 later today about everything that was allegedly sent and never reached anybody. PUZAITZER stated "this all needs to be explained [to CC-1]: 'All this shit is no good, there will be on more conversations, we're not asking you, we're telling you. And we're telling you that everything that we've invested with you, all the companies - you don't get a say - credits, IKCC, all that shit.'" GOLDSHMIDT stated that he has a

bill for CC-1 for \$1,000,000. PUZAITZER stated, "Right, including Yitz [GROSSMAN, the defendant]." PUZAITZER stated that he also plans to introduce Misha [MICHAEL VAX, the defendant] as CC-1's new contact, planning to tell CC-1 "here's Misha [VAX]- here's Misha, your new partner, in all your entrepreneurial efforts . . . communicate with him." Based on my training and experience, familiarity with this investigation, and review of other intercepted communications, I believe that, in this conversation, PUZAITZER and GOLDSHMIDT were discussing their plans to meet with CC-1 later that day at which they planned to get \$1,000,000 owed to themselves and GROSSMAN. I further believe that VAX was being brought to the meeting to exert influence over CC-1.

49. On or about March 5, 2013, at approximately 4:05 p.m., law enforcement agents conducted surveillance at the Setai Hotel, located in New York. From inside the hotel, one agent observed five men engaged in a conversation related to stocks. The agent recognized CC-1, and ALEX PUZAITZER, and ALEXANDER GOLDSHMIDT, the defendants. The agent recorded a portion of this meeting. The agent described an individual, later identified as MICHAEL VAX, the defendant, who the agent heard asking CC-1 "do you know who I am? Do you know who I am?"

50. Based on a debriefing of CC-1 regarding the March 5, 2013 meeting, I have learned the following:

- a. CC-1 met with PAUL ORENA, ALEX PUZAITZER, ALEXANDER GOLDSHMIDT and MICHAEL VAX, the defendants, at the Setai Hotel in New York, New York.
- b. ORENA, PUZAITZER, GOLDSHMIDT and VAX advised CC-1 to "return the shares," which CC-1 understood to be the approximately 374,000 FUEG shares CC-1 owned.
- c. CC-1 stated that these shares related to a failed promotion of FUEG stock, and another planned promotion that did not occur.
- d. PUZAITZER stated that CC-1's "life was going to take its course" and that CC-1 had to worry about his "two little children."
- e. ORENA, PUZAITZER, GOLDSHMIDT and VAX made clear that CC-1 would deal with VAX going forward.

f. CC-1 has stated that CC-1 is afraid of MICHAEL VAX, the defendant.

51. On or about March 5, 2013 at approximately 6:09 p.m., ALEX PUZAITZER, the defendant, while using PUZAITZER PHONE-4 to speak to ALEXANDER GOLDSHMIDT, the defendant, received a call on another telephone, one side of which was overheard. During that call, the following conversation, in substance and in part, took place. PUZAITZER advised CC-1 (referring to CC-1 by first name) to admit that he screwed up and stated that PUZAITZER should not even be speaking with CC-1. PUZAITZER stated "Given that you are in this mess and your head is going to explode and a lot of people would like to fucking burn you and kill you and whatever." PUZAITZER advised that there is a way for CC-1 to get out of this "situation" with the help of PUZAITZER and MICHAEL VAX, the defendant. PUZAITZER stated that Paul [ORENA, the defendant] will "understand" too but that everyone needs to be compensated. PUZAITZER advised CC-1 to "lay it all out" for VAX and if CC-1 is honest, VAX will help.

52. Based on a debriefing of CC-1, I learned that on or about March 6, 2013, CC-1 met with PAUL ORENA and MICHAEL VAX, the defendants, at CC-1's office in New York, New York. VAX and ORENA demanded 374,000 FUEG shares. During that meeting, VAX and ORENA demanded that CC-1 pay \$100,000 in addition to returning the shares, and stated that if CC-1 did so, all CC-1's "problems would go away." VAX demanded a list of all of CC-1's current deals so that VAX could review them and tell CC-1 which deals CC-1 could skim profit from to enable CC-1 to pay the money demanded.

53. On or about March 18, 2013, at approximately 8:00 a.m., CC-1 met with MICHAEL VAX and PAUL ORENA, the defendants, at a diner located on West 38th Street in New York, New York. Prior to that meeting, CC-1 was equipped with a recording device. Based on that recording, I have learned that the following conversation, in substance and in part, took place. VAX stated to CC-1 "you're going to give me 374 [shares] today," and if not, CC-1 would "deal with them" himself, and VAX would go to Yitz [GROSSMAN, the defendant]. VAX stated that if CC-1 wanted to "deal with them this way," CC-1 would be "arrested in a couple of days. [VAX had] been there before." ORENA then conveyed that another individual had made an appointment to see CC-1's father. CC-1 asked ORENA to cancel that meeting because CC-1's father was "off limits." ORENA stated that "these guys are fucking real," and "easier for [ORENA] to control," but "a guy like Yitz [GROSSMAN] is a lot harder for ORENA to control

because [YITZ] listens for a day or two." ORENA then stated that "One" - ALEX PUZAITZER, the defendant - had made the appointment with CC-1's father. Based on my training and experience, familiarity with this investigation, debriefing of CC-1, and review of intercepted communications, I believe that, in this conversation, VAX was exerting pressure on CC-1 by stating that if CC-1 did not do what VAX asked, CC-1 would have to deal with more dangerous individuals - "them." ORENA also intimated that GROSSMAN was unlikely to listen to ORENA and VAX on CC-1's behalf for much longer. I further believe that ORENA and VAX were making clear the GROSSMAN was directing their actions in seeking the shares and money from CC-1. CC-1's father is a doctor.

54. During an intercepted call on or about March 13, 2013, at approximately 6:09 p.m., ALEX PUZAITZER, the defendant, using PUZAITZER Phone-4, discussed with PAUL ORENA, the defendant, the fact that PUZAITZER made an appointment at the office of CC-1's father. The following conversation, in substance and in part, took place. PUZAITZER was relaying to ORENA what should be said to CC-1.

AP: ...so know you have an issue with One [PUZAITZER], and besides the point now listen to this, One [PUZAITZER] wants to go see your father. As a matter of a fact he made an appointment.

PO: [laughter]. Yeah.

AP: He made an appointment.

PO: Yeah.

AP: You can check with the secretary.

PO: Hmmm

AP: He made an appointment to go and see you father, he's fuming. He wants to have a friendly conversation, friendly conversation with your dad and then he wants to have a friendly conversation with your wife.

PO: Yeah, and I think that's smart and what I said to Yitz [GROSSMAN, the defendant] just so I don't forget, is I told him I said listen I said is I hope you understand and appreciate that we were here for no other intention other than to make things right, the whole group, meaning me,

Mike [VAX], and Alex, ok, meaning Two [GOLDSHMIDT], 'cause you're, he [CC-1] doesn't know, know you're really involved in the day to day.

AP: Right.

PO: Ummm, I said, so if you and go do your own thing because you seem to not listen to well...hmmm, I said you have to protect us as well. He [GROSSMAN] goes, 'it would be my pleasure, I wish you guys would let me do it.' He goes, 'I would love to protect everybody.'

AP: Hmmm.

PO: So, I said listen it's about getting money back, that we have a loss and going over everything and have transparency and no one is looking to make money on you, no one is looking to do anything other than collect what this kid stole and make no one got hurt for money, I said that's really what it boils down to, so he [GROSSMAN] said 'I will do anything if these guys ask me to do to protect.' He goes, 'I don't want to see this kid [CC-1] get away with one extra dollar.' He says to me, 'he's a Madoff....jr.'

55. On or about March 19, 2013, at approximately 10:12 a.m., CC-1 received a call on a call number ending in 3517 ("CC-1 Phone-4")²³ from MICHAEL VAX, the defendant, on a call number ending in 4500 ("VAX Phone-2").²⁴ That call was recorded. VAX stated that he had to go see YITZ GROSSMAN, the defendant, before meeting CC-1. VAX further that "we'll meet before, before your departure. It's important and that's why I went to see Yitz before I see you."

56. On or about March 20, 2013, at approximately 10:00 a.m., CC-1 met with MICHAEL VAX, the defendant, at the Algonquin Hotel, in New York, New York. Prior to that meeting, CC-1 was equipped with a recording device. Based on that recording, I have learned that the following conversation, in substance and in part, took place. VAX stated that others were going to see CC-1's father and tell him that CC-1 was a "thief" and that CC-1's father can "lose his license." VAX further stated that "Alex" would "have to testify against [CC-1]. Otherwise [ALEX]

²³ CC-1 has reported to law enforcement that CC-1 uses CC-1 Phone-4.

²⁴ VAX Phone-2 is subscribed to "Marina Vax," with "MICHAEL" listed as the contact on the account.

is in a conspiracy to commit fraud." VAX continued that "you're going to be on bail. You're not going to be able, if you get on bail, you're not going to be able to move. You're going to have a hundred people come to the court, testify against you," "people don't like you too much." CC-1 asked VAX "did you hear that they are gonna do something harmful to me?", to which VAX responded "yes," that they would hurt CC-1 "legally." VAX further explained that as to CC-1's father, they were going to damage his medical practice. VAX stated that "Alex and Alex [GOLDSHMIDT and PUZAITZER, the defendants] think that they, that you [CC-1] owe them." VAX stated that others involved in the stock deal would testify against CC-1 and then if the loss was "over a million dollars total, mind you, the minimum is 60 months." VAX explained that based on his own experience in serving prison time²⁵ that CC-1's relationship with his family would suffer. VAX promised CC-1 that he would "deal on [CC-1's] Dad. And [] deal on Yitz [GROSSMAN]."

57. On or about March 20, 2013, at approximately 1:08 p.m., CC-1 placed a call from CC-1 Phone-2 to PAUL ORENA, the defendant, at ORENA Phone-1. That call was recorded. During that call, the following conversation, in substance and in part took place. ORENA stated that as to visiting CC-1's parents, ORENA "told everybody to hold off." ORENA stated that VAX had gone to see YITZ GROSSMAN, the defendant, because VAX was "literally, [] really trying to help [CC-1], and that GROSSMAN was "listening to" VAX. ORENA stated that "the Yitz issue is the main issue," that "Yitz is the type of guy who wants to have justice, in whatever way shape or form." When CC-1 complained about deadlines being imposed on CC-1, ORENA stated "but the problem is, it's not Mike [VAX]'s pressure, its Yitz's pressure to Mike. I sat with them both yesterday and Yitz basically told him, 'If I don't see any results... then i have to go forward.. I have all the pieces together, I want to fry and sauté every one of them, including 2 [ALEXANDER GOLDSHMIDT, the defendant].' Mike is just buying time to deliver something to this guy so he has a month."

²⁵ Based on a review of criminal history reports, I learned that on or about April 20, 1995, MICHAEL VAX, the defendant, was convicted of Conspiracy to Engage in Racketeering, and sentenced to a term of 41 months' imprisonment.

WHEREFORE, deponent asks that a warrant be issued for the arrest of ALEXANDER GOLDSHMIDT, ALEX PUZAITZER, MICHAEL VAX, PAUL ORENA, YITZ GROSSMAN, EFIM AKSANOV, and STEVE KOIFMAN, the defendants, and that they be imprisoned, or bailed, as the case may be.



THOMAS ZUKAUSKAS
Special Agent
Federal Bureau of Investigation

Sworn to before me this
28 day of March, 2013.



THE HONORABLE HENRY B. PITMAN
UNITED STATES MAGISTRATE JUDGE
SOUTHERN DISTRICT OF NEW YORK

EXHIBIT B

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

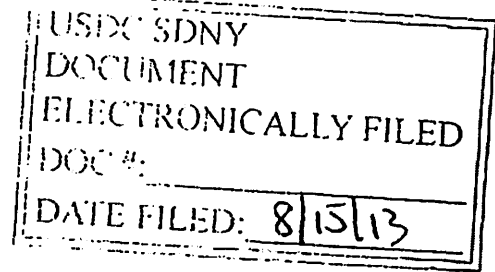
----- X

UNITED STATES OF AMERICA : SUPERSEDING INDICTMENT

-v.- : S2 13 Cr. 410 (NRB)

ALEXANDER GOLDSHMIDT, :
ALEX PUZAITZER, :
MICHAEL VAX, :
PAUL ORENA, :
YITZ GROSSMAN, :
EFIM AKSANOV, and :
STEVE KOIFMAN, :

Defendants. :
----- X



COUNT ONE

(Conspiracy to Commit Securities Fraud)

The Grand Jury charges:

1. From at least in or about 2012, up to and including on or about March 27, 2013, in the Southern District of New York and elsewhere, ALEXANDER GOLDSHMIDT, ALEX PUZAITZER, MICHAEL VAX, PAUL ORENA, YITZ GROSSMAN, EFIM AKSANOV, and STEVE KOIFMAN, the defendants, and others known and unknown, willfully and knowingly did combine, conspire, confederate, and agree together and with each other to commit offenses against the United States, to wit, securities fraud in violation of Title 15, United States Code, Sections 78j(b) and 78ff, and Title 17, Code of Federal Regulations, Section 240.10b-5.

2. It was a part and an object of the conspiracy that ALEXANDER GOLDSHMIDT, ALEX PUZAITZER, MICHAEL VAX, PAUL ORENA,

YITZ GROSSMAN, EFIM AKSANOV, and STEVE KOIFMAN, the defendants, and others known and unknown, willfully and knowingly, directly and indirectly, by the use of means and instrumentalities of interstate commerce, and of the mails, and of facilities of national securities exchanges, would and did use and employ, in connection with the purchase and sale of securities, manipulative and deceptive devices and contrivances in contravention of Title 17, Code of Federal Regulations, Sections 240.10b-5, by: (a) employing devices, schemes and artifices to defraud; (b) making untrue statements of material fact and omitting to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; and (c) engaging in acts, practices and courses of business which operated and would operate as a fraud and deceit upon purchasers and sellers, all in violation of Title 15, United States Code, Sections 78j(b) and 78ff, and Title 17, Code of Federal Regulations, Section 240.10b-5.

Overt Acts

3. In furtherance of the conspiracy and to effect the illegal object thereof, ALEXANDER GOLDSHMIDT, ALEX PUZAITZER, MICHAEL VAX, PAUL ORENA, YITZ GROSSMAN, EFIM AKSANOV, and STEVE KOIFMAN, the defendants, and others known and unknown,

committed the following overt acts, among others, in the Southern District of New York and elsewhere:

a. On or about July 19, 2012, at approximately 8:00 p.m., a co-conspirator not named as a defendant herein ("CC-1"), while in New York, New York, placed a call to AALEXANDER GOLDSHMIDT, the defendant, during which call GOLDSHMIDT and CC-1 discussed the unlawful promotion of a stock.

b. On or about August 31, 2012, at approximately 3:18 p.m., GOLDSHMIDT placed a call to PAUL ORENA, the defendant, during which call GOLDSHMIDT and ORENA discussed trading occurring as part of an unlawful stock promotion.

c. On or about September 12, 2012, at approximately 2:52 p.m., YITZ GROSSMAN, the defendant, placed a call to EFIM AKSANOV, the defendant, during which call GROSSMAN and AKSANOV discussed an unlawful stock market manipulation.

d. On or about September 20, 2012, at approximately 4:52 p.m., ALEX PUZAITZER, the defendant, placed a call to AKSANOV, during which call PUZAITZER and AKSANOV discussed an unlawful stock market manipulation.

e. On or about February 26, 2013, at approximately 3:44 p.m., PUZAITZER received a call from MICHAEL VAX, the defendant, during which they discussed an unlawful market manipulation scheme.

f. On or about September 25, 2012, at approximately 10:14 a.m., AKSANOV placed a call to STEVE KOIFMAN, the defendant, during which they discussed trading patterns as part of an unlawful market manipulation scheme.

(Title 18, United States Code, Section 371.)

COUNT TWO

(Conspiracy to Commit Extortion)

The Grand Jury further charges:

4. From at least in or about February 2012, up to and including on or about March 27, 2013, in the Southern District of New York and elsewhere, ALEXANDER GOLDSHMIDT, ALEX PUZAITZER, MICHAEL VAX, PAUL ORENA, EFIM AKSANOV, and STEVE KOIFMAN, the defendants, and others known and unknown, willfully and knowingly combined, conspired, confederated, and agreed together and with each other to commit extortion, as that term is defined in Title 18, United States Code, Section 1951(b)(2), by obtaining money and property from and with the consent of another person, to wit, the individual identified as CC-1 in Count One of this Indictment, which consent would have been and was induced by the wrongful use of actual and threatened force, violence, and fear, and thereby would and did obstruct, delay, and affect commerce and the movement of articles and commodities in commerce, as that term is defined in Title 18, United States Code, Section 1951(b)(3), to wit,

GOLDSHMIDT, PUZAITZER, VAX, ORENA, AKSANOV, and KOIFMAN attempted to collect money and shares of publicly traded stock from the individual identified as CC-1 in Count One of this Indictment through the threat of force.

(Title 18, United States Code, Section 1951.)

FORFEITURE ALLEGATION

5. As the result of committing one or more of the conspiracy to commit securities fraud and conspiracy to commit extortion offenses alleged in Counts One and Two of this Indictment, ALEXANDER GOLDSHMIDT, ALEX PUZAITZER, MICHAEL VAX, PAUL ORENA, YITZ GROSSMAN, EFIM AKSANOV, and STEVE KOIFMAN, the defendants, shall forfeit to the United States, pursuant to 18 U.S.C. § 981(a)(1)(C) and 28 U.S.C § 2461, all property, real and personal, that constitutes or is derived, directly and indirectly, from gross proceeds traceable to the commission of said offenses.

Substitute Asset Provision

6. If any of the above-described forfeitable property, as a result of any act or omission of the defendants:

(a) cannot be located upon the exercise of due diligence;

(b) has been transferred or sold to, or deposited with, a third person;

(c) has been placed beyond the jurisdiction of the Court;

(d) has been substantially diminished in value; or

(e) has been commingled with other property which cannot be subdivided without difficulty;

it is the intent of the United States, pursuant to Title 21, United States Code, Section 853(p), to seek forfeiture of any other property of said defendants up to the value of the above forfeitable property.

(Title 18, United States Code, Section 981, and Title 28, United States Code, Section 2461.)

Susan Mack
FOREPERSON

Preet Bharara
PREET BHARARA *PM*
United States Attorney

CERTIFIED AS A TRUE COPY ON

THIS DATE 7/13/15

BY *Mary Salcedo*

Clerk
 Deputy

Form No. USA-33s-274 (Ed. 9-25-58)

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

UNITED STATES OF AMERICA

- v. -

ALEXANDER GOLDSHMIDT,
ALEX PUZAITZER,
MICHAEL VAX,
PAUL ORENA,
YITZ GROSSMAN,
EFIM AKSANOV, and
STEVE KOIFMAN,

Defendants.

INDICTMENT

S2 13 Cr. 410 (NRB)

(18 U.S.C. §§ 371, 1951;
15 U.S.C. §§ 78j(b) & 78ff).

PREET BHARARA

United States Attorney.

A TRUE BILL


Foreperson.

8-15-13
MB

Filed (S2) superseding indictment
Ellis, USMJ

EXHIBIT C

1 UNITED STATES DISTRICT COURT
2 SOUTHERN DISTRICT OF NEW YORK

-----x

3 UNITED STATES OF AMERICA,

4 v.

13 CR 410 (NRB)

5 EFRIM AKSANOV,

6 Defendant.

7 -----x

8 New York, N.Y.
9 October 21, 2014
11:08 a.m.

10 Before:

11 HON. NAOMI REICE BUCHWALD,

12 District Judge

13
14 APPEARANCES

15 PREET BHARARA,
16 United States Attorney for the
Southern District of New York
17 BY: JASON MASIMORE
Assistant United States Attorney

18 BRADFORD COHEN
19 Attorney for Defendant

20
21
22
23
24
25

1 (In open court)

2 (Case called)

3 MR. MASIMORE: Good morning, your Honor. Jason
4 Masimore for the government.

5 MR. COHEN: Good morning, your Honor. Nice to see you
6 again. Brad Cohen on behalf of Efrim Aksanov. Mr. Aksanov is
7 in the courtroom sitting to my left.

8 THE COURT: I, obviously, gather from the documents in
9 front of me that Mr. Aksanov is planning to plead guilty to
10 Count One of the S2 indictment; is that correct?

11 MR. COHEN: Yes, ma'am.

12 THE COURT: Okay. Mr. Aksanov, can I ask you to stand
13 for a moment. Would you raise your right hand.

14 (Defendant sworn)

15 THE COURT: Could you tell me your full name, please?

16 THE DEFENDANT: Efrim Jeff Aksanov.

17 THE COURT: And how old are you, sir?

18 THE DEFENDANT: [REDACTED]

19 THE COURT: Why don't you sit down. Mr. Aksanov --
20 Aksanov, correct?

21 THE DEFENDANT: Aksanov, correct.

22 THE COURT: Aksanov, correct. Mr. Aksanov, what is
23 the highest level of school that you completed?

24 THE DEFENDANT: 10th grade.

25 THE COURT: Are you now or have you recently been

1 under the care of a doctor or a mental health professional?

2 THE DEFENDANT: [REDACTED]

3 THE COURT: Okay. Well, are you currently in active
4 treatment for any particular medical condition?

5 THE DEFENDANT: Not at this point.

6 THE COURT: Okay. Have you ever been hospitalized or
7 treated for [REDACTED]

8 THE DEFENDANT: Yes, Judge.

9 THE COURT: Okay. And when was that?

10 THE DEFENDANT: A few years back.

11 THE COURT: Okay. What was it the [REDACTED]

12 THE DEFENDANT: Both.

13 THE COURT: Both. Okay. And are you [REDACTED]

14 [REDACTED]

15 THE DEFENDANT: No, I'm not, Judge.

16 THE COURT: And for how long have you been, I guess,
17 as they say, in the --

18 THE DEFENDANT: [REDACTED]

19 THE COURT: [REDACTED]

20 THE DEFENDANT: [REDACTED] [REDACTED]

21 MR. COHEN: It was part of his bond agreement, Judge.

22 [REDACTED]

23 THE COURT: You should look at the positive side of
24 things.

25 MR. COHEN: I try.

1 THE COURT: So, Mr. Aksanov, how are you feeling
2 physically today?

3 THE DEFENDANT: Very hard question to describe, Judge.

4 THE COURT: All right. Well, let's break it down. In
5 a purely sort of physical sense, separate from a kind of
6 psychological or emotional sense, how are you doing physically?

7 THE DEFENDANT: Okay, Judge.

8 THE COURT: Okay. And emotionally or psychologically?

9 THE DEFENDANT: Depressed.

10 THE COURT: Depressed. Okay. All right. If at any
11 time you're having any difficulty understanding any question I
12 ask you or following the proceedings, would you please let me
13 know?

14 THE DEFENDANT: Yes, I will, Judge.

15 THE COURT: Have you had sufficient time to discuss
16 the charges against you and your plea with your attorney,
17 Mr. Cohen?

18 THE DEFENDANT: Yes, I have.

19 THE COURT: And have you been satisfied with the
20 advice and counsel that he's given to you?

21 THE DEFENDANT: Yes, I have.

22 THE COURT: And are you ready to enter a plea at this
23 time?

24 THE DEFENDANT: Yes, I am, Judge.

25 THE COURT: And what is your plea with respect to

1 Count One of the superseding indictment?

2 THE DEFENDANT: Guilty, your Honor.

3 THE COURT: All right. Mr. Aksanov, in order to
4 determine whether your plea is voluntary and made with a full
5 understanding of the charges against you and the consequences
6 of your plea, I will make certain statements to you and I will
7 ask you certain questions.

8 I want you to understand that I need not accept your
9 plea unless I'm satisfied that you are guilty and that you
10 fully understand your rights.

11 Now, the charge against you in Count One is conspiracy
12 to commit securities fraud. This crime carries a maximum
13 possible term of imprisonment of five years, a maximum term of
14 supervised release of three years, a maximum fine of the
15 greatest of \$250,000 or twice the gross monetary gain derived
16 from the offense or twice the gross monetary loss to a person
17 other than yourself as a result of the offense and a
18 \$100 mandatory special assessment.

19 Do you understand that that is the crime that you have
20 been charged with and the maximum possible penalties applicable
21 to that crime?

22 THE DEFENDANT: Yes, Judge.

23 THE COURT: And do you understand that part of your
24 plea is also to admit the forfeiture allegation contained in
25 the indictment with respect to Count One?

1 THE DEFENDANT: Yes, Judge.

2 THE COURT: And do you understand that in exchange for
3 your plea of guilty to Count One, that the government has
4 agreed not to prosecute you any further for the crimes that are
5 described in the second paragraph on Page 1 of your plea
6 agreement?

7 THE DEFENDANT: Yes, Judge.

8 THE COURT: And do you understand that you have the
9 right to plead not guilty and the right to a trial on the
10 charges against you and, in fact, the right to a jury trial?

11 THE DEFENDANT: Yes, Judge.

12 THE COURT: At this time, I would ask the government
13 please to recite the elements of the crime charged.

14 MR. MASIMORE: Yes, your Honor. Title 18 United
15 States Code Section 371 has three elements.

16 First, that the charged conspiracy existed; that is,
17 there was an agreement between two or more persons to violate
18 the securities laws and regulations of the United States.

19 Second, that the defendant knowingly became a member
20 of that conspiracy.

21 And, third, that a member of the conspiracy undertook
22 an overt act in furtherance of the conspiracy.

23 THE COURT: And, Mr. Aksanov, do you understand that
24 if you pled not guilty and went to trial, that the burden would
25 be on the government to prove each and every element of the

1 crime charged in order to convict you?

2 THE DEFENDANT: Yes, Judge.

3 THE COURT: And do you understand that, at a trial,
4 you'd have the right to be represented by an attorney at all
5 stages of the proceeding and, if necessary, an attorney would
6 be appointed for you?

7 THE DEFENDANT: Yes, Judge.

8 THE COURT: And do you understand that, at a trial,
9 you would have the right to confront and cross-examine
10 witnesses against you and the right not to be compelled to
11 incriminate yourself?

12 THE DEFENDANT: Yes, Judge.

13 THE COURT: And do you understand that, at a trial,
14 you would be presumed innocent until such time, if ever, the
15 government established your guilt by competent evidence to the
16 satisfaction of the trier of fact beyond a reasonable doubt?

17 THE DEFENDANT: Yes, Judge.

18 THE COURT: And do you understand that, at a trial,
19 you'd have the right to testify and would also be entitled to
20 compulsory process, in other words, the right to call other
21 witnesses on your behalf?

22 THE DEFENDANT: Yes, Judge.

23 THE COURT: And do you understand that if your plea is
24 accepted, that there will be no further trial of any kind; so
25 that by pleading guilty, you are waiving your right to a trial?

1 THE DEFENDANT: Yes, Judge.

2 THE COURT: Mr. Aksanov, do you understand that if you
3 are sentenced to a period of supervised release and if you
4 violate the terms of your supervised release, that an
5 additional period of jail time may be imposed without credit
6 for the time that you had previously spent on supervised
7 release?

8 THE DEFENDANT: Yes, Judge.

9 THE COURT: And do you understand that in connection
10 with your plea of guilty, that the Court may ask you certain
11 questions about the offense to which you have pled, and if you
12 answer those questions under oath and on the record and in the
13 presence of your lawyer, that your answers, if false, may later
14 be used against you in a prosecution for perjury or false
15 statement?

16 THE DEFENDANT: Yes, Judge.

17 THE COURT: Mr. Aksanov, what country are you a
18 citizen of?

19 THE DEFENDANT: The United States.

20 THE COURT: Did you sign a plea agreement earlier
21 today?

22 THE DEFENDANT: Yes, I have, Judge.

23 THE COURT: And before you signed it, did you discuss
24 it with your attorney?

25 THE DEFENDANT: Yes, Judge.

1 THE COURT: And before you signed it, did you read it?

2 THE DEFENDANT: Yes, I have.

3 THE COURT: Putting that plea agreement to one side,
4 and separate and apart from the plea agreement, have any
5 threats or promises been made to you to make you plead guilty?

6 THE DEFENDANT: No, Judge.

7 THE COURT: Again, separate and apart from the plea
8 agreement, have any understandings or promises been made to you
9 concerning the sentence you will receive?

10 THE DEFENDANT: No, Judge.

11 THE COURT: Is your plea voluntary, in other words, of
12 your own freewill?

13 THE DEFENDANT: Yes, Judge.

14 THE COURT: All right. I'd like to review a few
15 portions of the plea agreement with you. First, do you
16 understand that the plea agreement contains a stipulated
17 guidelines range of from 37 to 46 months and an applicable fine
18 range from 7,500 to \$75,000?

19 THE DEFENDANT: Yes, I do, Judge.

20 THE COURT: And do you understand that the parties
21 have agreed that neither a downward or upward departure from
22 the stipulated guidelines range, as set forth above, is
23 warranted but that either party may seek a sentence outside of
24 the stipulated guidelines range?

25 THE DEFENDANT: Yes, Judge.

1 THE COURT: And do you understand that the government
2 has reserved the right, in the event that you don't clearly
3 demonstrate acceptance of responsibility or if you have engaged
4 in conduct unknown to the government that constitutes an
5 obstruction of justice or if you commit another crime after
6 signing this agreement, that the government has reserved the
7 right to seek an adjustment in the guidelines calculation and
8 specifically to seek the denial of adjustment for the
9 acceptance of responsibility?

10 THE DEFENDANT: Yes, Judge.

11 THE COURT: And do you understand that neither the
12 probation office nor the Court is bound by the stipulated
13 guidelines range and that the sentence to be imposed on you is
14 determined solely by the Court?

15 THE DEFENDANT: Yes, Judge.

16 THE COURT: And do you understand that if you receive
17 a sentence within or below the stipulated guidelines range,
18 that you agree not to appeal the sentence or otherwise
19 challenge it?

20 THE DEFENDANT: Yes, Judge.

21 THE COURT: And are you pleading guilty because you
22 are, in fact, guilty?

23 THE DEFENDANT: Yes, Judge.

24 THE COURT: And do you understand that this plea
25 agreement does not bind any other prosecuting office, other

1 than the United States Attorney's Office for the Southern
2 District of New York?

3 THE DEFENDANT: Yes, Judge.

4 THE COURT: And do you understand that this plea
5 agreement takes the place of any prior agreement that you may
6 have had with the United States Attorney's Office, and that
7 this agreement cannot be changed except in a writing signed by
8 all parties?

9 THE DEFENDANT: Yes, Judge.

10 THE COURT: And, actually, that if you had a prior
11 written proffer agreement, that this agreement doesn't
12 supersede that prior written proffer agreement?

13 THE DEFENDANT: Yes, Judge.

14 THE COURT: Okay. Mr. Aksanov, did you commit the
15 offense that you've been charged with?

16 THE DEFENDANT: Yes, your Honor.

17 THE COURT: Would you tell me, please, what you did?

18 THE DEFENDANT: I realize, Judge, what I did was
19 wrong. I admit that I was involved in this scheme to
20 manipulate the stock price of FUEG company to entice people to
21 purchase the stock so that the individuals involved in the
22 scheme would profit from it, and made interstate calls involved
23 in the stock.

24 Along the way, I attempted to get back monies that I
25 accepted from Yitz Grossman to pay for the marketing, the

1 threat made to CC-1 to do bodily harms to him; although, I
2 never carried through those attempts and immediately apologized
3 for making them. I understand that it is not an excuse for it,
4 and I accept responsibility for all my actions leading to the
5 charges that are filed against me.

6 THE COURT: And in what respect did this scheme that
7 you were involved in involve New York, the Southern District
8 specifically?

9 THE DEFENDANT: The calls that were made.

10 THE COURT: Were made into the Southern District?

11 THE DEFENDANT: Yes, and we met in Southern
12 District --

13 THE COURT: Okay.

14 MR. COHEN: -- to discuss the scheme.

15 THE COURT: Mr. Massimore, is there anything else?

16 MR. MASIMORE: No, your Honor. I believe his
17 allocution is sufficient.

18 If we were put to our burden of proof at trial, we
19 would present evidence, including documents, wiretap
20 recordings, including of the defendants and his
21 co-conspirators, including Mr. Grossman, whom he just
22 mentioned, text messages, e-mails, surveillance.

23 We would have cooperating witness testimony that would
24 prove that Mr. Aksanov was involved in a conspiracy with others
25 to manipulate the share price of FUEG, a stock that was traded

1 on the stock exchange.

2 THE COURT: Sounds like you have some of every kind of
3 evidence there is.

4 MR. MASIMORE: We tried, your Honor, yes.

5 THE COURT: Mr. Aksanov, do you still wish to plead
6 guilty?

7 THE DEFENDANT: Yes, Judge.

8 THE COURT: Mr. Cohen, do you know of any reason why
9 Mr. Aksanov should not plead guilty?

10 MR. COHEN: No, Judge.

11 THE COURT: All right. Mr. Aksanov, I'm satisfied
12 that you understand the nature of the charge against you and
13 the consequences of your plea and that your plea is made
14 voluntarily and knowingly and that there is a factual basis for
15 it. Accordingly, I will accept your plea of guilty and direct
16 that a presentence report be prepared.

17 (Pause)

18 All right. Here's a proposal for sentencing purposes.

19 MR. COHEN: Yes, ma'am.

20 THE COURT: I'll set the sentence for February 26th,
21 with the defendant's submission due February 13th and the
22 government's due February 20th. Is that okay?

23 MR. COHEN: That should work for now, Judge. Then
24 we'll see where the other defendants fall, maybe -- if
25 there's -- we'll see. I think that's good.

1 THE COURT: Well, we have two other sentencings in the
2 case on January 30th. We can't go that early. It doesn't
3 work.

4 MR. COHEN: No.

5 MR. MASIMORE: Right.

6 THE COURT: So I certainly like to, if possible, group
7 sentences in the same case. So if it turns out that, as I
8 think there's some assumption, there will be some other pleas,
9 depending on when they happen, we might put this off.

10 MR. COHEN: That's fine.

11 THE COURT: But we do need a placeholder.

12 MR. COHEN: That's perfect, Judge.

13 THE COURT: All right. So we'll just say for now make
14 it 3:00. Let me also give you, because you're from out of
15 district, our standing order with respect to the completion of
16 presentence reports.

17 MR. COHEN: No problem.

18 THE COURT: That will tell you what you need.

19 MR. COHEN: Thanks, Judge.

20 THE COURT: Is there anything else we need to cover?

21 MR. MASIMORE: Not from the government. Thank you,
22 your Honor.

23 THE COURT: Okay. Very good.

24 MR. COHEN: Not from the defense. Thank you, Judge.

25 (Adjourned)

EXHIBIT D

1 UNITED STATES DISTRICT COURT
2 SOUTHERN DISTRICT OF NEW YORK

3 -----x
4 UNITED STATES OF AMERICA

5 v.

13 CR 410 (NRB)
Sentence

6 EFIM AKSANOV

7 Defendant

8 -----x

9 New York, N.Y.
10 March 30, 2015
11 11:00 a.m.

12 Before:

13 HON. NAOMI REICE BUCHWALD
14 District Judge

15 APPEARANCES

16 PREET BHARARA
17 United States Attorney for the
18 Southern District of New York
19 JENNIFER BURNS
20 Assistant United States Attorney

21 BRADFORD M. COHEN
22 Attorney for Defendant Askanov

23 -also present-

24 DENIELE DEBOER - FBI
25

1 (Case called)

2 THE DEPUTY CLERK: Is the government present and ready
3 to proceed?

4 MS. BURNS: Yes. Jennifer Burns for the government.
5 I'm joined today by Special Agent Deniele Deboer of the FBI.
6 Good morning, your Honor.

7 THE DEPUTY CLERK: Defendant present and ready to
8 proceed?

9 MR. COHEN: Yes. Bradford Cohen on behalf of
10 defendant Efim Aksanov. Mr. Aksanov is present.

11 THE COURT: Let me just confirm that I have received
12 everything that I should have in connection with the sentence.
13 First, there is the report of the probation office. My copy
14 has a cover memo date of January 14. Then I received from
15 defense counsel a response. After a request for alternate
16 sentence, I received an original and an amended response. The
17 amended response I received on March 23. There were a number
18 of exhibits to that submission. Finally, I have the sentencing
19 memorandum from the U.S. Attorney's office dated March 25,
20 2015.

21 Are there any other documents that I haven't
22 mentioned?

23 MS. BURNS: Your Honor, the only one we did provide
24 your Honor's clerk this morning was a copy of the consent order
25 of forfeiture that has been sign by the parties for your

1 Honor's review.

2 MR. COHEN: Nothing for the defense, Judge.

3 THE COURT: Let me confirm that you both received a
4 copy of the report from the probation department.

5 MS. BURNS: We did, your Honor.

6 MR. COHEN: Yes, ma'am.

7 THE COURT: Do you have any objections to it?

8 MS. BURNS: Your Honor, we don't have any objections,
9 but as I noted in our sentencing submission -- and I regret
10 that we did not catch this between the first and second
11 publication -- it appears that the probation department relied
12 on an inaccurate plea agreement. It doesn't affect the bottom
13 line calculations, but there are a few places in the
14 presentence report that refer to a plea to Count Two. And so
15 that an accurate document follows the defendant, it should be
16 stricken and revised. I can briefly summarize them for your
17 Honor.

18 THE COURT: Sure.

19 MS. BURNS: I can submit something in writing after
20 the procedure to make sure it's all clear, but essentially it
21 would be paragraph five, which summarizes the plea agreement
22 Subsections E through H.

23 Then paragraph 63 to 72 should all be stricken.

24 Then there are small changes to paragraphs 137, 140,
25 143, 146 and 147, just to take out any reference to Count Two.

1 As I indicated and I've discussed it with Mr. Cohen,
2 the bottom line guideline is the same. I don't think it
3 affects the probation department's recommendation in any way,
4 but we want to make sure an accurate document follows the
5 defendant as he goes forward.

6 I can summarize that and send it to your Honor's
7 chambers when I get back to the office, if that would be
8 easier.

9 THE COURT: Sure. That would be great. And maybe we
10 can get the probation department to issue a revised letter.

11 MS. BURNS: They may.

12 THE COURT: That would seem to be preferable.

13 MS. BURNS: I think if your Honor asked them to do it,
14 they will.

15 THE COURT: No, I will ask them. I meant I would ask.

16 MS. BURNS: Thank you.

17 MR. COHEN: But the score is the same, Judge.

18 THE COURT: Yes. Just to confirm, Mr. Cohen, do you
19 have any objections to the report other than the ones Ms. Burns
20 has referenced?

21 MR. COHEN: No, Judge, other than the ones she has
22 already referenced, we don't have any objections to the factual
23 data set forth in the report, Judge.

24 THE COURT: I know that the guidelines were calculated
25 based on losses between \$200,000 and \$400,000. I don't recall

1 where within the submission the forfeiture amount was
2 specifically discussed. Could I just know what it represents?

3 MS. BURNS: Certainly, your Honor. Your Honor is
4 correct, it was not in the submission. Mr. Cohen and I have
5 been discussing it since the filing of it. It is based in part
6 on statements the defendant made in proffers with the
7 government that have been referred to in both sentencing
8 submissions, as well as certain checks that we could identify
9 that were proceeds coming directly from co-defendant Yitz
10 Grossman who the defendant was primarily engaged with. So, it
11 is a combination of those two sources of information.

12 THE COURT: Mr. Cohen, why don't I give you the floor.

13 MR. COHEN: I didn't hear you, your Honor.

14 THE COURT: I said, why don't I give you the floor.

15 MR. COHEN: Thank you, Judge.

16 Judge, as you can see from the motion that we filed in
17 regards to the defendant, I laid out several issues for a
18 variance, although in the plea agreement we did discuss whether
19 or not we'd be able to argue a variance, and the government
20 allowed us to argue a variance based on 3553.

21 In looking at that, Judge, I think our strongest
22 argument is the argument for cooperation. So what happened
23 was, Judge, that the defendant was arrested in April of 2013.
24 As soon as he was arrested, I think I would say within 24
25 hours, I spoke with, I believe, Jason Masimore. We discussed

1 him cooperating. I mean, literally within 24 hours. That was
2 the basis originally why Mr. Aksanov received a bond in
3 Florida, and he wasn't just transported up here and then gone
4 before your Honor to get a bond.

5 So, we discussed cooperation immediately, and I think
6 within, I would guess, two to three weeks of him being
7 arrested, he was in New York. I flew up. He flew up. We had
8 our first meeting with the government.

9 In doing this for awhile and doing a lot of proffers
10 with the government, you have a couple different kind of
11 defendants that proffer before the government. There are some
12 that are the greatest in the world, and they come in and they
13 understand the system. Those are usually guys that had a lot
14 of contact with the system. They understand what the
15 government is looking for, and they understand the kind of
16 information and how to lay out that information. They think --
17 I don't want to say think like a lawyer -- but they think
18 logically in terms of compartmentalizing what is needed to get
19 to the final goal. So I always say: We're at point A. You
20 have to get to point B. Draw a straight line. Some defendants
21 can do that.

22 Mr. Aksanov is more of a
23 go-around-the-corner-and-come-back-from-the-store kind of
24 defendant where he attempted to cooperate that first time. He
25 gave information. I mean, certainly it wasn't that he wasn't

1 giving information. He did give information. He gave
2 information about the players, about how they all kind of
3 coordinate, his role in the conspiracy. I think the government
4 felt that he minimized his role a little bit. But the fact is
5 in the conspiracy in the large scheme of things, to simplify
6 this case, Yitz Grossman was wanting to pump and dump stock of
7 FUEG. He wanted to pump and dump that stock.

8 He hired a group of people to do that that he felt I
9 think wasn't doing a good job. Then he came to Mr Aksanov to
10 do the same thing, but Mr. Aksanov is more of a middleman than
11 he has the wherewithal to do the pump and dump.

12 So he essentially goes to these people that he thought
13 would get the job done. These are the original people anyway.
14 It is a very kind of convoluted thing. They didn't want
15 Mr. Grossman to know they were involved, and eventually they
16 became involved.

17 What happened was the money that Yitz Grossman gave to
18 Mr. Aksanov that Mr. Aksanov then gave to these other
19 individuals, those individuals never completed the
20 pump-and-dump scheme. That is where the kind of extortion
21 arises because now Mr. Grossman liens on Mr. Aksanov and says
22 "I want my money back. Nothing is happening. I want my money
23 back." So now Mr. Aksanov feeling the pressure from
24 Mr. Grossman, he then does the facts that arise that give rise
25 to the extortion. He lays that out for the government. He

1 lays out essentially kind of the whole scheme.

2 We meet with the government another three times
3 formally. I fly up every time, and Mr. Aksanov I think once or
4 twice he was already in New York, but flies up when he was
5 required to. We continue kind of down that road. Like I said,
6 Mr. Aksanov does not have a lot of contact with the judicial
7 system. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

13 Ultimately, the government felt that they didn't want
14 to use Mr. Aksanov in their case in chief. Obviously, that is
15 their choice, but I believe that he should be given a variance
16 for at least the attempted cooperation that he gave. Then even
17 when he knew they weren't going to use him, and he knew the gig
18 was up in terms of not getting credit for that, even though he
19 knew that, he provided a -- I call it a knock list, but it's
20 for secret agents -- but it's a list, essentially, of all the
21 individuals who are holding stock for Yitz Grossman and that
22 Yitz Grossman would be able to call and be able to trade those
23 stocks on those individuals' behalf. They included his son,
24 rabbis, synagogues, a lot of information that the government
25 wouldn't have but for this list. It gives detailed accounts of

1 how many shares of stock they own and the individual that owns
2 them. Whether or not the government is going to take advantage
3 of that, I don't think they have to this point. I don't know
4 if they are going to in the future.

5 THE COURT: What company? Is it Face-Up or is it
6 another company?

7 MR. COHEN: It's Face-Up and another one. It was two
8 companies that Yitz Grossman -- Yitz Grossman is an individual
9 who is kind of the top of the chain of a bunch of individuals
10 that are retaining stock for his benefit without disclosing
11 that to the authorities. So, Yitz Grossman is sitting at the
12 top of this pyramid, and all of these people are below him
13 holding 200,000 shares here, 500,000 shares there, so what he
14 can do is manipulate the stock price and manipulate the flow of
15 the stock by having Bob Smith trade it, so it doesn't look like
16 it's coming from Yitz Grossman. He provided that list to the
17 government. Again, I don't know if the government is going to
18 use it. To this point they told me they haven't. I have no
19 reason to doubt what they tell me.

20 THE COURT: How did Mr. Aksanov come into that
21 information?

22 MR. COHEN: The information was given to him by Yitz
23 Grossman. So, what happened was Yitz Grossman says, "I want to
24 do this stock. I want to pump and dumb this stock. I have
25 control over all these individuals." And Mr. Aksanov says,

1 "Who are the individuals? How many shares do they have?" He
2 writes it all down so that he had that information. So he got
3 it from Yitz Grossman.

4 Even though we knew that we weren't getting a 5K, we
5 went ahead and provided that to the government -- I mean,
6 ultimately, we'd like to benefit from it, obviously. I don't
7 want to tell your Honor that he didn't want to benefit from it.
8 But that being said, I think he should be given a benefit for
9 it because I believe it's truly something they could use if
10 they wanted to in the future or if it would assist in further
11 prosecutions.

12 On the day he actually took his plea, he relayed to
13 me -- and I'm not disclosing anything that the government
14 doesn't know -- he related to me that Yitz Grossman was
15 reaching out to him or tried to reach out to him and often -- I
16 think he was using the bathroom during that day, and, against
17 what he was supposed to be doing, said, "Listen, I want to meet
18 and discuss our cases. Call this rabbi. The rabbi will have
19 us meet in the synagogue and we'll talk about our defenses and
20 what I want you to say," and things like that. He immediately
21 told me. I immediately told the government. That was the day
22 we took our plea, and we had what would be considered a very
23 brief fifth proffer in the jury room where Mr. Aksanov told
24 them everything that Yitz Grossman told to them, and I think
25 ultimately -- although he didn't know at the time -- ultimately

1 he was confirming what I think another defendant or at least
2 one or two other defendants told the government in that
3 Mr. Grossman is meeting them in a synagogue to essentially tell
4 them what to testify to.

5 I think it ultimately led to -- was it another
6 superseding indictment? I am not sure, but I think there was
7 another charge against Mr. Grossman for obstruction of justice
8 in regards to him trying to manipulate witnesses.

9 So I have some arguments, Judge, in addition to those,
10 in regards to his child; I did attach that. I know that your
11 Honor gives certain weight to certain things. I'd like to
12 start off with the weightiest. I think that is really the
13 heaviest argument I have is the attempted cooperation.

14 I think the things that flow after that are really his
15 [REDACTED] His wife is
16 here. I submitted with my motion separately a letter from the
17 school saying [REDACTED] [REDACTED]

18 [REDACTED]
19 [REDACTED]
20 THE COURT: I don't want to minimize the problems that
21 Mr. Aksanov's [REDACTED] is having, but they did preexist.

22 MR. COHEN: Absolutely, your Honor. Like I said, I
23 try to give -- the Court is going to give the weight the Court
24 wants to certain things. I just put out the argument that I
25 feel are the strongest first, and I gradually go down the list.

1 That's another issue, Judge.

2 One of the other issues also is that in terms of the
3 extortion, the accusations are essentially that he threatened
4 bodily harm to this one individual to get back these monies
5 that he felt were owed to Grossman; that Grossman was saying,
6 "You got to get my money back."

7 THE COURT: How much money did Mr. Grossman give to
8 Mr. Aksanov?

9 MR. COHEN: It was approximately \$350,000 or \$400,000.
10 I think it was 350 or 400. But because of exchange rates, he
11 had to send it overseas to send it back because of exchange
12 rates. I think it was about \$350, I believe.

13 THE COURT: I'm curious, Mr. Aksanov had business with
14 co-conspirator Mr. Koifman.

15 MR. COHEN: Yes.

16 THE COURT: That business is called Stock News and
17 Info.

18 MR. COHEN: Right.

19 THE COURT: What does it do? Is there a legitimate of
20 aspect of that business or is it really not a legitimate
21 business?

22 MR. COHEN: Do you want to know mine version of it or
23 the government's version?

24 THE COURT: Well, I believe in the adversary system.
25 Well, you can go first. You have the floor.

1 MR. COHEN: Essentially, Judge, my client is saying
2 they were a legitimate middleman kind of business where
3 legitimate companies would come to them to do press releases
4 and things of that nature. Now, whether or not the government
5 believes that -- I don't think the government believes that
6 everything -- obviously, he is not saying everything was
7 legitimate because obviously this case came about. But
8 certainly there were legitimate aspects of the business. It
9 wasn't what you would classify as a complete scam in regards to
10 advertising stocks and things of that nature.

11 But they didn't have the ability to -- they weren't
12 the type of business that was doing the emails themselves or
13 anything like that. They would always have to go to a third
14 party. They are like the middleman of the situation, even in
15 this case, where they don't have the ability to send out these
16 emails. They don't have own RagingBull.com or any of the dot
17 coms that are typically associated with penny stocks.

18 So their role is essentially -- if a legitimate
19 company came to them and said, "We're coming out with a new
20 heart defibrillator," they would say, "OK. We'll hire a PR
21 company agency to get out press releases for a heart
22 defibrillator."

23 THE COURT: When you say he is a middle man -- I think
24 I understand Mr. Grossman's role. What is he paying other
25 people to do?

1 MR. COHEN: To pump and dump. Essentially.

2 THE COURT: So just to trade, to manipulate --

3 MR. COHEN: No, not just to trade, Judge. What
4 happens is essentially they are paying to put out false
5 information into the realm of the internet or whatever they can
6 possibly do. So Yitz Grossman essentially would try and hire
7 an individual -- not just my client, he would try and hire a
8 bunch of individuals -- to put out stock releases that Face-Up
9 is the greatest thing since sliced bread.

10 What that would do is entice buyers -- the intent is
11 to entice buyers out there in the market, "Hey, we got to buy
12 Face-Up stock because it is going to go through the roof." You
13 get these emails that say: Face-Up stock is ready to pop.
14 It's got new technology that does X, Y and Z. It's not a true
15 press release.

16 What Yitz Grossman was doing is he would hire
17 individuals to send out email blasts or they own dotcoms, like,
18 for example -- and I'm not saying it is one of them -- but, for
19 example, like ragingbull.com or greatpennystocks.com. They
20 would post it on greatpennystocks.com, hey, our recommendation
21 is Face-Up because Face-Up is coming out with a great new
22 product. And all these people that read these stock reports
23 would then buy the stock, not knowing that the people that are
24 pumping it really own the stock, and that it would go up to a
25 certain price.

1 And those people like Yitz Grossman that own millions
2 of shares would then get his people to dump some shares on to
3 the market. He would take the profit. He wouldn't let it go
4 down too much. Because if you dump penny stocks -- penny
5 stocks are very volatile because they are not traded very
6 often. So when you trade a bunch of it, sometimes there are
7 not enough buyers on the market. So you have to get a bunch of
8 buyers out there to buy your million shares because if you just
9 dump a million shares on the market, there might not be buyers
10 for it.

11 So that was kind of this scheme of how this was going
12 to proceed. That is typically what a pump and dump is, is that
13 one individual puts out or hires someone or does some work to
14 put out false information about a stock, so that stock would be
15 falsely inflated, people would then buy it, the price would go
16 up and then he would sell out his position, and he'd make
17 millions and millions of dollars.

18 THE COURT: Isn't it kind of risky to hire a whole
19 bunch of different people to send out press releases?

20 MR. COHEN: Yes.

21 THE COURT: What if they're contradictory or
22 inconsistent? It doesn't sound like a particularly logical way
23 to commit this fraud.

24 MS. BURNS: I think if I could just give one point of
25 clarification is that Mr. Grossman did hire multiple people but

1 in succession. In other words, as one sort of did not complete
2 the job, he would move on to new people.

3 MR. COHEN: I'm sorry I didn't make that clear. So
4 what would happen is, he would hire his first team of people to
5 do this pump and dump. He felt the first team wasn't getting
6 it done. Now he think Mr. Aksanov can get it done.

7 Unbeknownst to Mr. Grossman, Mr. Aksanov is
8 essentially the middle man, and he unknowingly goes back to the
9 original people that Mr. Grossman had required in the first
10 place because he thought those were the guys who could it. So
11 he gives them 350, and they essentially just take the 350 and
12 never get anything done.

13 Mr. Grossman says, hey, you're the guy I hired. Where
14 is my \$350,000? He goes back to the original guys and says,
15 hey, if you don't give me \$350,000, you know, Grossman is
16 leaning on me, I'm going to lean on you. That's where the
17 extortion comes from.

18 THE COURT: So his not pleading to extortion is just
19 the deal.

20 MR. COHEN: The extortionist conduct is one of my
21 notes as well. The extortionist conduct in the government's
22 view is encompassed in the enhancement confirmed by the
23 behavior in Count One. So we put it as a two-point enhancement
24 in the securities fraud count as opposed to adding a plea to a
25 second count. As the inaccurate PSR makes clear, it actually

1 ends up at the same bottom line guidelines, but we felt that
2 since the violent conduct related directly to this same scheme
3 that was charged in Count One; that adding those two points
4 under 2E1.1 would account for the conduct.

5

6 THE COURT: How did Mr. Grossman know to involve Mr.
7 Aksanov?

8 MR. COHEN: I's like a Russian community kind of
9 thing. I don't know what to say. Wait. Essentially, it is
10 the same thing I was saying. So, essentially in that penny
11 stock world, everybody knows everybody, like the players. It's
12 not just Russians. He wants to correct me.

13 MS. BURNS: That's fair.

14 THE COURT: OK. The penny stock world, people just
15 know different players that are -- I know this person buys and
16 sells penny stocks. I know this person buys and sells penny
17 stocks. So they would go to these people that they thought
18 would be able to accomplish their conspiracy theory -- their
19 conspiracy theory -- to further their conspiracy. That is why
20 they end up with Mr. Aksanov. But, like I said, Mr. Grossman
21 didn't realize Mr. Aksanov was just going to pass the ball
22 essentially.

23 That being said, Judge, I am not giving excuses for
24 his behavior nor am I trying to minimize it. Certainly after
25 he paid the money, he still had an active role. He was like

1 still telling them, hey, we need to do this, we need to do
2 that. The individuals that he paid the money were complaining
3 that certain things weren't done or certain insiders that
4 weren't in the conspiracy were either buying or selling, and it
5 was screwing up the price. So he had further conversations
6 about it.

7 But, in essence, Mr. Aksanov out of the whole scheme
8 of things really made what the forfeiture is. He made about
9 \$20,000 from it. So, in looking at a variance off of the 37
10 months -- like I said, my strongest argument I think is the
11 cooperation. My second argument is that he didn't really
12 benefit that much.

13 THE COURT: I don't think this was a very successful
14 scheme as I understand it across the board.

15 MS. BURNS: I think we've tried to be frank with the
16 Court that we will be charging another defendant to come before
17 the Court, that it wasn't the successful, but obviously we have
18 to consider the harm that could have been had it been. And
19 there is an argument here that had it been successful, perhaps
20 Mr. Aksanov would have continued to work with Mr. Grossman.
21 Based on the lack of success with FUEG, that was largely the
22 end of their relationship.

23 I think there was a hope of making far more money.
24 Obviously, the amount that was put into the deal, approximately
25 \$350,000 reflects -- you obviously are going to hope to make

1 more than you put into it. They were hoping and expecting this
2 to be a very successful venture, but it did not prove to be so.

3 MR. COHEN: You know organized crime? This is
4 disorganized crime.

5 THE COURT: There is the view that disorganized crime
6 is actually worse than organized crime.

7 MR. COHEN: There is a view of that, yes, Judge.
8 Nothing ended up happening with it.

9 In terms of the extortion, like I said, he made a
10 threat to an individual at a diner. I don't think the
11 government would argue that after he made that threat -- first
12 of all, he's never had any violence in his past whatsoever.
13 Never been accused of any violence and I don't believe he had
14 any violence in his past. I think even in his youth it was a
15 theft -- I think it was two thefts, and I think one was no pros
16 and the other one he was adjudicated.

17 That being said, the individual that he threatened was
18 either working with the government at the time or subsequently
19 did work for the government. But within ten minutes of making
20 that threat, he went outside and apologized. He said there was
21 a lot of stress on him from Mr. Grossman. He didn't mean it.
22 You know, I have never threatened anybody in terms of the
23 way -- so it's hard to relate.

24 THE COURT: It's pretty harsh language he used. Slugs
25 into. He would have to call Moscow. I guess on some level we

1 can all acquire certain skill set from movies and television,
2 but nonetheless, you do make a choice of words.

3 MR. COHEN: Without holding anything back, I think he
4 is stupid to even say those things. I think it was a
5 heat-of-the-moment kind of thing. Judge, like I said, I don't
6 think I've ever used those words. I don't think I will ever
7 use those words. But in terms of whether or not that was a
8 viable threat, I've gotten to know Mr Aksanov for the past two
9 years. It is kind of a side note of being a criminal defense
10 attorney. You essentially become friends with your clients and
11 you get to know them. He calls me literally like six times a
12 day. He calls me all the time. We talk about different
13 things. We've talked about the case many times. We've gone
14 over the facts of the case ad nauseum.

15 Do I think that those threats were credible? No. And
16 I'll tell you why. Not just because I know Mr Aksanov and I've
17 gotten to know him over the past two years. But because,
18 number one, he went outside and apologized for it immediately.
19 Number two is after that, he didn't have any contact with that
20 individual again. He basically was trying to get away from the
21 whole thing, but Mr. Grossman kept saying he wants to get his
22 money back, he wants to do another deal. So Mr. Aksanov felt
23 he owed Mr. Grossman, and he continued to try and get Mr.
24 Grossman hooked up with another stock promoter or to help him
25 pump and dump, and it was never successful.

1 After that original threat, he never made another
2 threat. He never made another threat after that, and didn't
3 have any contact with that individual until the arrest which
4 was like six months later. If it was a viable threat, I think
5 the FBI would have immediately -- I don't want to speak for the
6 FBI. But I think if it was a viable threat in my experience,
7 the federal authorities would have immediately quelled the
8 situation either by arresting the person who made the threat or
9 by taking the person who got threatened into custody to protect
10 that individual. That wasn't done in this case.

11 So that kind of goes to his behavior. And I think
12 also in looking at a variance because they're sweeping that
13 into Count One and saying there was threats of violence, he
14 probably, although he needs the RDAP program, he probably --

15 THE COURT: You have to take a position on that.

16 MR. COHEN: I can't have it both ways.

17 THE COURT: Your position is: Judge, please don't
18 sentence him to enough time to forego the RDAP program.

19 MR. COHEN: It's a tricky situation, but I would like
20 to stick with my original amount of time of the 18 months.
21 That is what I would be asking the Court for. Like I say, I
22 don't even know if he is going to qualify for RDAP. I would
23 rather not risk it. I think with the threats of violence he is
24 probably going to get a medium -- most likely he will get
25 assigned to a medium jail facility, so that would eliminate --

1 I would ask the Court after we finish to designate him to
2 Pensicola, but I don't even know if he is going to qualify for
3 that with the threats of violence.

4 It's not in the current PSR, but if it get's amended
5 to add the two points to correct it, obviously they are going
6 to see the PSR and that there were threats of violence, and I
7 don't know if he is going to qualify for that.

8 So, if he doesn't qualify for RDAP and doesn't qualify
9 for early release to a halfway house --

10 THE COURT: But I thought his wife and son are in New
11 Jersey? Or are they in Florida?

12 MS. BURNS: I don't know if we they are moving back to
13 Florida or not. They are kind of in limbo, so we were
14 discussing where to be.

15 They are in limbo because of the issue there is no
16 income coming in from Mr. Aksanov, aside from working things on
17 the side like that a food concession stand at carnivals.
18 They're not sure if they're going to end up moving back to
19 Florida because they do have a residence in Florida that they
20 could live in, or if his family is going to stay up here.

21 The belief is for the benefit of the child, it is
22 probably better to move back to Florida because he has more
23 friends and things of that nature. There are a lot of moving
24 parts to that. We were hoping to get a designation of
25 Pensicola because I think that ultimately they are going to go

F3uQaksS

1 back to Florida. And Miami -- I'm from Florida, and the
2 people who usually get designated to Miami, there is a large
3 population that don't speak English. There are not a lot of
4 people that he could relate to. We discussed where the
5 designation would be for him to be, if he was in Florida, and
6 Pensicola would be the best fit if he was allowed to go there.

7 THE COURT: What is the level in Pensicola.

8 MR. COHEN: There is a camp and a low -- I don't think
9 there is a medium. I think it's just a camp and a low.

10 MS. BURNS: As far as I know, there's just a camp.

11 MR. COHEN: There's a low too, I think. Now, I don't
12 know if he is going to qualify for that because of the threat
13 of violence. That is why I'm asking for the 18 months because
14 if he doesn't qualify for those things, he won't qualify for
15 his last six months in a halfway house or anything like that
16 and he will end up serving more time because of that. I don't
17 think his behavior should qualify him to serve additional time
18 for that.

19 THE COURT: I don't think I'm following you.

20 What is the relevance of 18 months and more and how
21 much time. Does that mean he qualifies for a halfway house?

22 MR. COHEN: Let's say, for example, he was to get 37
23 months, and he qualified for RDAP, RDAP typically at 37'
24 months -- you have to have a minimum up to 37. At 30 months I
25 think you get six months off your sentence if you complete 500

1 hours of RDAP.

2 At 37 months, you get 12 months off your sentence if
3 you finish your RDAP program. In addition to that, you get
4 your last six months of incarceration, you are allowed attend a
5 halfway house as long as the accusations are not -- they
6 quality that with certain crimes, but they also give a blanket
7 statement of no violent crimes.

8 So, in my opinion, with the fact that there is a
9 threat component, that may throw off the RDAP program. And I
10 truly believe he could benefit from the RDAP program. There
11 are many clients and many defendant that they read the RDAP
12 program and they know by coming into my office, and they're
13 like, oh, I have alcohol problems.

14 THE COURT: Isn't RDAP normally for marijuana use?

15 MR. COHEN: Yes. It is drug and alcohol use. It's
16 both, Judge. If it was just an occasional -- that he
17 occasionally smokes marijuana and I didn't think it would be a
18 problem, I probably wouldn't even ask for the RDAP program, but
19 he has been smoking marijuana since he was like 15 years old.
20 He is a chronic marijuana smoker, as opposed to someone who
21 uses recreationally, that is still not okay, but it's not
22 something that affects their daily lives. This affects his
23 decision-making, it affects his daily life, it affects his
24 memory.

25 Even when we were meeting with the government, he was

F3uQaksS

1 like, listen, that happened like ten years ago. I smoke
2 marijuana every day. There are issues that he has that are
3 directly related to his drug use. The only reason he wasn't
4 smoking these past two years is because everyday I was like,
5 you can't be smoking because it would be a violation of his
6 bond conditions. And he hasn't violated any of his bond since
7 he's been on it.

8 MS. BURNS: That's correct. We've received no report.

9 MR. COHEN: That's where I stand, Judge, in terms of
10 the different areas you can go for a variance.

11 I think a fair sentence in this case because of the
12 facts and circumstances, and because he also tried to assist, I
13 think a fair sentence is 18 months. I think it gives enough
14 time where it would still give deterrence.

15 I don't think anyone would read the newspaper and say,
16 oh, he got 18 months instead of 37 months; I'm still going to
17 go out and commit stock fraud. I think it is still a
18 deterrence.

19 To me, if you don't have a lot of prior criminal
20 history, which is the defendant -- he has very little prior
21 criminal history; most of it was as a juvenile -- and now
22 you're facing going to possibly a medium security prison, even
23 for 18 months, I think that's a pretty large deterrent.

24 A case in state court, most state courts usually
25 result in a lengthy probationary term, maybe some local jail

1 sentence, but when you are going to a prison for 18 months, and
2 possibly a medium security prison, I think that is a very large
3 deterrence. I don't think that anyone would feel that isn't a
4 deterrence.

5 I think looking at the totality of the circumstances
6 and all the arguments that I made in the motion plus what I
7 made orally, Judge, I think it is a fair sentence because, like
8 I said, I don't think he is going to qualify for the other
9 programs that hare offered.

10 Let me just tell you, Judge, working with the
11 government also -- I wanted to add this -- they have been
12 extremely professional. We've always had open communication.
13 We've tried to work certain situations out. As your Honor can
14 see, we signed the forfeiture, and part of that forfeiture was
15 because he did give a proffer to any amounts that he made.
16 Even in the forfeiture he was forthcoming. He didn't make the
17 government go out and try to find amounts that they might not
18 even be able to find in terms of profits that he made off the
19 situation.

20 Like I say, he has tried to cooperate. Has he been
21 successful in cooperating? I think to some extent. Again,
22 that's my opinion. I think he really did put a lot of the
23 pieces of the puzzle together. Whether or not that was enough
24 to qualify for a 5K, obviously it's not in this case.

25 In different jurisdictions, it works differently.

1 Here, it is a little bit different in terms of the proffers and
2 how it works. In Florida, if an individual comes in and they
3 start proffering, they are given some credit even if it doesn't
4 rise to the level of a 5K. The government usually says, we're
5 not going to use it; it didn't rise to that that level, but we
6 are going to give him some credit. Different jurisdictions are
7 different.

8 Here, he hasn't been given the credit of that
9 cooperation, although he tried. The government was very
10 forthcoming in their response. The government said he
11 attempted to. He tried to help. Some of the information was
12 helpful, but and they felt like he was minimizing his role in
13 it and it wasn't complete. I understand where they are coming
14 from in terms of whether or not it was complete because he just
15 doesn't understand the system.

16 It was difficult to explain to him that you have to
17 admit that when you were 20-years-old, you bought marijuana --
18 they want to know every single thing you've ever done in your
19 life that is illegal. It is hard to explain that to somebody
20 who has never really had a lot of contact with the system, that
21 that will benefit you ultimately. He was doubtful of that, and
22 he wasn't sure that the government -- although I said I thought
23 the government was forthcoming; I think they are going to be
24 helpful in sentencing. He was not as convinced that that would
25 happen.

1 He thought he would be admitting to, oh, I bought
2 marijuana when I was 20, and now they're going to charge me
3 with that. And then they're going to charge me with, you know,
4 when I was 25, I bought another drug, or whatever it was, he
5 felt that he wasn't going to get the benefit of the
6 cooperation, and he was going to be waiving statutory minimums.

7 That's it, Judge.

8 THE COURT: Let me give the government a chance to
9 respond.

10 MS. BURNS: Sure. Your Honor, I don't have much to
11 add. There was not very much in dispute between the two
12 submissions. I just to clarify a few things that came up today
13 and obviously I want to answer any questions your Honor may
14 have.

15 Regarding the list of accounts and holdings that
16 related to Yitz Grossman. The list itself was not in disclosed
17 in any way as part of discovery or anything. There was never a
18 point at which it would have been directly turned over to
19 defense counsel. It certainly informs that government's
20 investigation, particularly here where Yitz Grossman did take a
21 lot of efforts to hide his accounts and his holdings because he
22 was a prior convicted felon and he couldn't be involved to the
23 degree that he was. So that information is certainly relevant
24 and significant to the government.

25 The information the defendant gave on the day of his

1 plea about being approached in the restroom and meeting in a
2 synagogue, we focused in our submission that that was
3 corroborative of other information that we had received and led
4 to in part enhancement for obstruction of justice on Yitz
5 Grossman. It also affects other defendants whom we brought to
6 the attention of the Court that they engaged in that type of
7 conduct as well in violation of their bail terms. So his
8 information not only affected Mr. Grossman, but also other
9 defendants in the case.

10 As to the cooperation, this comes up more frequently
11 now now that the guidelines are not binding when you consider
12 it under 3553. That is why we want to be clear with the Court
13 that sometimes we have defendants that come in and they proffer
14 fully, but by the time they come in, it's too late or the
15 information just can't be used in a meaningful way, and it's a
16 lack of substantial assistance.

17 Here, the first part never quite got there. Mr. Cohen
18 was correct, we believe Mr. Aksanov was minimizing to some
19 degree. However, he certainly did provide truthful information
20 that was relevant to the investigation and helpful. So we
21 wanted to make sure that your Honor understood that we do not
22 oppose his application in any way. We do think his efforts
23 were helpful, but in no way did we think we would enter into a
24 cooperation agreement because we never completed that first
25 step of having a full understanding of his own conduct. But

1 it's certainly is a very relevant consideration here. He is
2 the only defendant that has pled guilty that will be presenting
3 that situation to your Honor of attempting to cooperate.

4 THE COURT: Could you tell me what the government's
5 view is of the legitimacy, or the lack thereof, with the
6 business of Stock News Info?

7 MS. BURNS: Your Honor, I think we have a similar
8 view, but maybe perhaps stronger that I don't believe there is
9 necessarily any legitimacy to it. It was a penny stock market.

10 I think the most important point Mr. Cohen also hit on
11 is that having that business is what led Mr. Aksanov into this
12 world with Mr. Grossman and the others, the point of which is
13 to pump and dump stocks through various means. False press
14 releases were focused on here, but also as well was relevant in
15 FUEG creating an appearance of liquidity in the market that is
16 not actually true, where Yitz Grossman was controlling all of
17 the shares, and buyers were purchasing into it thinking it was
18 actually a free-trading market, and it was not.

19 So there are multiple components to it. I can't say
20 that it is one hundred percent illegitimate, but based on our
21 information, not a hundred percent legitimate either.

22 THE COURT: Mr. Aksanov, you have a chance to speak if
23 you'd like.

24 THE DEFENDANT: I just want to tell the Court that
25 I've very sorry for what I've done. At the time that I was

1 doing it, I did not know a hundred percent that it was not
2 legal. The business from Stock News Info I got involved in
3 that my business my partner, Steve Koifman. He was more of a
4 stock guy than I was, and I believed 78 percent of everything
5 that he told me based on the fact that we were friends, and we
6 knew each other for a long time; that most of this stuff was
7 legit because we were just introducing people and getting a fee
8 for it.

9 Now, once you introduce people, you introduce people
10 to, you know, different people, different companies, we
11 basically, you know, knew a few different companies out there.
12 How did we get involved on the internet, we got in contact with
13 a few people from different websites that basically take news,
14 put the news out, and in accordance with that news, stocks
15 usually trade or they don't. It's a 50/50.

16 And throughout a few years of working, I never really
17 basically participated in the company too much. I let my
18 partner do that. Some of the deals. Most of the connections
19 were based through him, and we were just introduce -- like I
20 said, we were just introducing. When Yitz Grossman came to us,
21 we basically introduced a few different people that had
22 websites and introduced those websites to Yitz Grossman and
23 Face-Up Entertainment.

24 At the end of the day, we did not know a hundred
25 percent that Yitz Grossman was going to put fake news out into

1 the marketplace in the beginning. We did not know too much
2 what his real intentions were until later on into our
3 relationship.

4 And like I said, I know two wrongs don't make a right.
5 I want to apologize to my family, to my wife, to the Court, to
6 everyone whomever I hurt. In connection with this conspiracy
7 and whoever did suffer, I just wanted to apologize to all of
8 them. I am willing to give back all of the money that I
9 received from Yitz Grossman and move on with my life, and
10 hopefully just be a regular normal person and never be in this
11 type of situation again.

12 I have never been in the system. I've never really
13 got in trouble. I didn't realize what kind of effect it would
14 have for my family until that actually happened. Now I'm
15 dealing with it. I just hope your Honor that you could find it
16 in your heart not to crucify me for it. Thank you.

17 THE COURT: What at Stock News info, what was your
18 skill? What did you do?

19 THE DEFENDANT: What did I do?

20 THE COURT: Yes. In other words, you said that
21 Mr. Koifman had a more active role, but what did you bring to
22 the business? What is your skill? At the end of the day, what
23 had you done to earn your living?

24 THE DEFENDANT: We call, you know, companies that were
25 on the pink sheets on the bulletin board, companies that had no

1 trading history, and what we would do is recommend to go with
2 Monster stocks or Titan stocks or penny stocks or whichever
3 other companies we had relationships with. What we would do is
4 we would basically introduce one party to another party or we
5 would introduce, let's say, the biggest stockholder in the deal
6 because usually the companies don't want to deal with marketing
7 people. What they would do is refer you to one of their
8 biggest shareholders, and we would contact the biggest
9 shareholder because his benefit is -- obviously he gave the
10 company money and he would want to sell his stock to recoup his
11 money back or make a profit, and we would combine one of the
12 dotcoms to an investor and in return we would get a fee for it.

13 THE COURT: Who paid you the fee? The dotcom or the
14 investor?

15 THE DEFENDANT: Usually it would be the investor for
16 introducing him to one of the dotcoms. They would pay us a fee
17 or they would give us shares of stock, you know, equal to that
18 fee.

19 THE COURT: As you are promoting the trading in this
20 stock to raise the price so that the major investor can sell,
21 what is the legitimate reason that the stock price ought to go
22 up? You are trading a real stock, and the company -- let's
23 pick Amazon. It reports it has two quarters where it has
24 actually made money. The bottom line is it made money. Then
25 the stock goes up because then it is not just an expression of

1 the hopes of people that it will some day be successful, but
2 something real happened.

3 So what is the real in this world that you were
4 operating in? If the company actually did something, like it's
5 an importer of clothing from Southeast Asia and it got a big
6 contract with K-Mart, that is a real event. If that piece of
7 news is just revealed, that would raise the price of the stock.
8 What is it that they need -- you know, what do they need you
9 for if there is a real reason that the price of the stock
10 should go up?

11 THE DEFENDANT: Penny stocks, Judge, works a little
12 differently in bulletin board. When to pick a company public
13 in that aspect, you need a certain amount of shareholders to
14 actually physically go public. So if you have, let's say, 50
15 shareholders where out of those 50 shareholders, 25
16 shareholders are regular joes, let's say, out in the market
17 owned very little shares, and there would be 20 or 25
18 shareholders that would own a majority of the whole float.

19 When someone puts out a news announcement and the
20 company stock happens to have some sizzle into it and people
21 start buying, if the majority people that are holding the
22 biggest shares don't sell, it makes the stock price go up
23 because there's no stock in the marketplace. Once the stock
24 price starts going up, that's when people who own shares
25 coordinate with their market makers or their brokers to sell a

1 certain portion of those shares into the market to fluctuate
2 the market where if they see the stock going down, they stop
3 selling. If they see the stock going up, they keep selling and
4 selling and selling until it finally stops.

5 In regards to the news and stuff like that, we have
6 never seen the news until it actually hit the market. We never
7 knew about the news prior to the news coming out to the market.
8 Our job was to introduce. Yitz, this is Tom. Tom owns Monster
9 stocks. Tom will be basically taking your news that you put
10 out, filtering it through his database because most of these
11 dotcoms people sign on to become members.

12 MS. BURNS: Let me simplify it, Judge. This is
13 essentially what goes on.

14 My client is essentially a middle man where he knows
15 all these dotcom companies. What he doesn't comprehend why
16 they were having problems with him during his proffers, like
17 right today. He didn't understand at the time that when an
18 investor contacts you and says -- or you contact an investor
19 and say, listen, I'll put you in contact with Monster.com, that
20 you are not just a middle man, but you are now part of a
21 conspiracy to pump and dump the stock. Even though you are
22 just making an introduction or even though you might not know
23 all the intricate parts and moving situations of the
24 conspiracy, you are still part of the conspiracy.

25 This was the difficult part when he came to the

1 government to explain his role, and that is why they felt he
2 was minimizing it because he did not grasp the concept that I
3 don't care what Bob Smith is doing in -- if it was a cocaine
4 conspiracy, and I drove the car, and I had no idea what was in
5 the trunk, but I had a suspicion that it is not legal because
6 I'm getting paid a hundred thousand dollars to drive from
7 Florida to New York, I'm part of the conspiracy. I'm not just
8 a just a middle man. That was the difficult part in his
9 proffer. Clearly, what he was doing was illegal. Explaining to
10 him the fact what was illegal about it was the difficult part
11 when we were in the proffer. So I would sit with him and I
12 would have a coming to Jesus talk with him on a daily basis,
13 saying: You have to understand. It doesn't matter if you
14 don't know what moving parts are on the left side. You are
15 still putting these two people together and their intention is
16 to commit stock fraud, because no investor in Apple is going to
17 contact Bob Smith and tell Bob Smith from Monster.com, hey,
18 tell everybody Apple is getting ready to announce their
19 quarterlies, and it's going to be through the roof all for a
20 legal and legitimate purpose. They are doing it because they
21 want the stock to go up. I'm making their argument for them.
22 But you understand, when I sat with him and explained that to
23 him over and over and showed him case law, and I mean, we went
24 over this in he detail, that was the reason that they felt his
25 proffer -- he wasn't taking full responsibility, because he has

F3uQaksS

1 a problem comprehending what a conspiracy is. I went over and
2 over it with him.

3 That is why when he's explaining it to you as a Judge
4 and as lawyers and as FBI agents, we are all sitting here
5 listening to it and saying, that sounds illegal that you would
6 have a person, you would contact an investor who owned a
7 hundred million shares of some penny stock, and that investor
8 would want to be in contact with Monster.com to have them pump
9 this stock.

10 In his mind, he's just putting two people together,
11 and then, OK, I'm gone. You're contacting Monster.com. Bob
12 Smith, Monster.com. Monster.com, Bob Smith. I get my fee and
13 I'm done. In his mind he thinks that was okay.

14 That is why after the millions of conversations we
15 had, that's why he ends up taking a plea, he understood you
16 could still be convicted for that. It is not simply that you
17 didn't do anything wrong because you were wearing blinders. It
18 is that you had a suspicion of what was going on. You might
19 not have known all the moving parts, but that is enough to
20 convict.

21 Like I said, because he doesn't have a lot of contact
22 with the system. He is not that savvy in terms of how you
23 proffer and what you proffer, I think that was an issue as
24 well. But to the best of his ability he was attempting to
25 proffer.

1 Now, I have oversimplified it maybe, I don't know, but
2 that's essentially the soup-to-nuts. It's an illegal act,
3 Judge. He knows it's an illegal act. He maybe wore blinders
4 at the time in terms of his role because he is just a middle
5 man. He is not actually sending out emails and things like
6 that. Maybe in his mind that was not significant, but in the
7 large scheme of things, he is a wheel in a machine, and without
8 that one wheel, the whole machine doesn't turn. He understands
9 that, and I understand that. I wouldn't make the argument to
10 the Court to lessen his actions -- you know, we didn't ask for
11 a downward or anything like that, nor did we contemplate one in
12 the plea agreement in terms of his role in this because I
13 feel -- when I say-- when I go in front of a Court and I say,
14 this individual had a de minimus role, I mean it's de-minimus.
15 Like you could have taken this person out of it and the scheme
16 still could have gone on.

17 I didn't argue that here, nor did I contemplate it in
18 the plea agreement because I think if you took him out of the
19 equation, would the scheme go on? Yes, because Yitz Grossman
20 was obsessed in getting that stock pumped. But that being
21 said, this particular conspiracy involving the defendant would
22 not have gone forward without the defendant's involvement.

23 I would be remiss if I made that argument to the
24 Court, that he had a de minimus. And I'm not making that
25 argument because that would be a departure. I'm asking for a

F3uQaksS

1 variance based on the actual actions of the defendant
2 concerning both the pump-and-dump and the extortion and also
3 because of the cooperation that was held and then, lastly, what
4 benefit he would get in a jail situation, and what benefit he
5 wouldn't get because of that threat of violence. Even though I
6 don't think it rises to that level -- we had many conversations
7 with the government and that was the plea and we agreed to the
8 plea, often I find myself where the government has a strong
9 couple counts and has a couple counts that are not strong, but
10 I'm not going to, you know, win a battle and lose the war, and
11 my client gets sentenced to, you know, ten years after a trial
12 because I didn't think he committed two out of the four counts.
13 Those are things that we have to do as defense attorneys is
14 weigh how we go forward.

15 Like I said, Judge, 18 months I think is very
16 significant in this individual's life. I think it will promote
17 other individuals to not commit these type of crimes,
18 especially someone with a real prior criminal history, Judge.

19 (Pause)

20 THE COURT: We obviously have had an extensive
21 conversation today about the broad scheme and Mr. Aksanov's
22 role in that scheme, as well as reference to other personal
23 situations involving Mr. Aksanov and his family.

24 I think two take-aways result from this extensive
25 discussion: One is that Mr. Aksanov participated extensively

1 in an effort to cooperate, but was ultimately reluctant to be
2 entirely forthcoming, although I don't think there is any
3 indication that he was dishonest in what he said.

4 MS. BURNS: That's correct, your Honor.

5 THE COURT: I think the other take-away for me is that
6 his role in the offense was more active than a passive middle
7 man. I am also not persuaded that this was the only penny
8 stock manipulation that Mr. Aksanov participated in. In short,
9 this was not a one-time, one-off event.

10 I think that the extortion aspect is dealt with in the
11 guidelines, and certainly Mr. Aksanov deserves credit which
12 other defendants don't deserve for at least cleaning up his act
13 after he was arrested.

14 Balancing all of those factors and retaining an
15 obligation to impose a sentence that promotes respect for the
16 law and recognizes the seriousness of the offense and to
17 protect the public from further crimes and to also send an
18 appropriate message of deterrence, I am going to sentence Mr.
19 Aksanov to 21 months in prison.

20 I am also going to place him on supervised release for
21 three years.

22 There is a special assessment of \$100.

23 The mandatory standard and special conditions are
24 imposed.

25 I am going to sign the consent order of forfeiture. I

1 don't object to recommending that he be housed in a criminal
2 facility in Pensicola, and he receive such drug treatment as is
3 available while he was in custody. You can just leave a
4 surrender date.

5 MR. COHEN: Yes, Judge, I was going to ask -- [REDACTED]
[REDACTED] I would ask the Court if you
7 would consider a 90-day surrender date?

8 THE COURT: Are there open counts?

9 MS. BURNS: Yes, your Honor. The government moves to
10 dismiss the underlying indictment as well as Count Two of the
11 superseding indictment.

12 THE COURT: Motion is granted.

13 June 30?

14 MR. COHEN: June 30, Judge? Yes, Judge.

15 Judge, we were just discussing if Pensicola is not
16 available, sometimes they just put you wherever.

17 THE COURT: Do you want an alternative?

18 MR. COHEN: Yes, Judge.

19 MS. BURNS: I had it come up with another defendant.
20 They are very focused on the exact words of the Court. So the
21 intent is a little broader if it is for a designation either
22 Pensicola or the state of Florida or somewhere close by.

23 THE COURT: I think the really issue is where his
24 family is really going to be.

25 MR. COHEN: Right. So it is either going to be

1 Pensicola. If it's not Pensicola, if it's in Florida, it's
2 Miami, and Miami is horrible. The only other place would be
3 Fort Dix. Then they would stay up here. They are trying to
4 move back to Florida. Hopefully, it will be Pensicola and then
5 they will move back down to Florida. His mom and dad live in

6 [REDACTED]

7 THE COURT: But what about his wife's parents?

8 MR. COHEN: His parents live in [REDACTED]

9 MS. BURNS: I just raised it in the event because I
10 have had this come up where the Court said Florida, and then
11 once they were in the Florida facilities, the defendant got
12 designated somewhere like West Virginia. The intent was not to
13 just be in Florida. I just wanted to make sure we got to the
14 intent and the heart of what you were asking for.

15 MR. COHEN: Let's see, Judge. Because I don't think
16 it's like that. I have never heard of a second choice, but I
17 would just designate Pensicola.

18 THE COURT: The other possibility -- it's obviously
19 not my job to sort of run the defendant's personal life. I
20 have had enough impact on that.

21 MR. COHEN: Right.

22 THE COURT: If what you are saying to me is that his
23 wife and child will determine where they live based on where he
24 is designated, then I probably could write an alternative
25 between Fort Dix and Pensicola.

F3uQaksS

1 MS. BURNS: So the defendant can be close to his
2 family.

3 MR. COHEN: That's fine, Judge.

4 MS. BURNS: I think with that language, it at least
5 signals to those making the designation what the intent of the
6 Court is versus just requesting a specific facility. Thank
7 you.

8 THE COURT: Is there anything further?

9 MS. BURNS: Nothing further from the government, your
10 Honor.

11 MR. COHEN: Nothing further from the defense, Judge.
12 As long as he is designated by June 30, he will surrender to
13 the jail he is designated to. If he is not designated by June
14 30, do you want him to surrender up here? Sometimes that's an
15 issue.

16 MS. BURNS: To the marshals.

17 MR. COHEN: To the marshals.

18 MS. BURNS: If he is not designated by that date.

19 Your Honor, defendant's appeal rights in the event he
20 wants to pursue it.

21 THE COURT: Yes. Mr. Aksanov, although you waived
22 your right to appeal the sentence that I have imposed in the
23 plea agreement, nonetheless I do advise you that you have the
24 right to appeal the sentence within 14 days.

25 THE DEFENDANT: Thank you, Judge. (Adjourned)

EXHIBIT E

UNITED STATES DISTRICT COURT

Southern District of New York

UNITED STATES OF AMERICA
v.
Efim Aksanov

JUDGMENT IN A CRIMINAL CASE

Case Number: S2 13 Cr. 410-NRB-5

USM Number: 02975-104

Bradford Cohen
Defendant's Attorney

THE DEFENDANT:

[X] pleaded guilty to count(s) 1

[] pleaded nolo contendere to count(s)
which was accepted by the court.

[] was found guilty on count(s)
after a plea of not guilty.

The defendant is adjudicated guilty of these offenses:

Table with 4 columns: Title & Section, Nature of Offense, Offense Ended, Count. Row 1: 18USC371,15USC78j(b) Conspiracy to commit securities fraud, 4/4/2013, 1

The defendant is sentenced as provided in pages 2 through 6 of this judgment. The sentence is imposed pursuant to the Sentencing Reform Act of 1984.

[] The defendant has been found not guilty on count(s)

[X] Count(s) All remaining counts [] is [X] are dismissed on the motion of the United States.

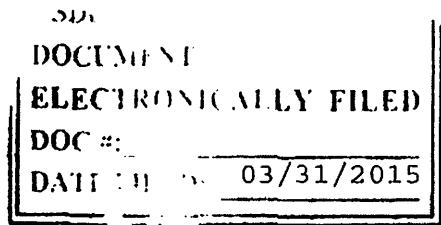
It is ordered that the defendant must notify the United States attorney for this district within 30 days of any change of name, residence, or mailing address until all fines, restitution, costs, and special assessments imposed by this judgment are fully paid. If ordered to pay restitution, the defendant must notify the court and United States attorney of material changes in economic circumstances.

3/30/2015
Date of Imposition of Judgment

Signature of Judge (Handwritten signature)

Naomi Reice Buchwald, United States District Judge
Name and Title of Judge

Date March 31, 2015



DEFENDANT: Efim Aksanov
CASE NUMBER: S2 13 Cr. 410-NRB-5

IMPRISONMENT

The defendant is hereby committed to the custody of the United States Bureau of Prisons to be imprisoned for a total term of:
21 months

The court makes the following recommendations to the Bureau of Prisons:

Defendant should be assigned to Pensacola or Fort Dix to facilitate family visitation.
Defendant should receive drug treatment as available at facility of incarceration.

The defendant is remanded to the custody of the United States Marshal.

The defendant shall surrender to the United States Marshal for this district:

- at _____ a.m. p.m. on _____
- as notified by the United States Marshal.

The defendant shall surrender for service of sentence at the institution designated by the Bureau of Prisons:

- before 2 p.m. on 6/30/2015
- as notified by the United States Marshal.
- as notified by the Probation or Pretrial Services Office.

RETURN

I have executed this judgment as follows:

Defendant delivered on _____ to _____
a _____ with a certified copy of this judgment.

UNITED STATES MARSHAL

By

DEPUTY UNITED STATES MARSHAL

DEFENDANT: Efim Aksanov
CASE NUMBER: S2 13 Cr. 410-NRB-5

SUPERVISED RELEASE

Upon release from imprisonment, the defendant shall be on supervised release for a term of :
3 years

The defendant must report to the probation office in the district to which the defendant is released within 72 hours of release from the custody of the Bureau of Prisons.

The defendant shall not commit another federal, state or local crime.

The defendant shall not unlawfully possess a controlled substance. The defendant shall refrain from any unlawful use of a controlled substance. The defendant shall submit to one drug test within 15 days of release from imprisonment and at least two periodic drug tests thereafter, as determined by the court.

- The above drug testing condition is suspended, based on the court's determination that the defendant poses a low risk of future substance abuse. *(Check, if applicable.)*
- The defendant shall not possess a firearm, ammunition, destructive device, or any other dangerous weapon. *(Check, if applicable.)*
- The defendant shall cooperate in the collection of DNA as directed by the probation officer. *(Check, if applicable.)*
- The defendant shall comply with the requirements of the Sex Offender Registration and Notification Act (42 U.S.C. § 16901, *et seq.*) as directed by the probation officer, the Bureau of Prisons, or any state sex offender registration agency in which he or she resides, works, is a student, or was convicted of a qualifying offense. *(Check, if applicable.)*
- The defendant shall participate in an approved program for domestic violence. *(Check, if applicable.)*

If this judgment imposes a fine or restitution, it is a condition of supervised release that the defendant pay in accordance with the Schedule of Payments sheet of this judgment.

The defendant must comply with the standard conditions that have been adopted by this court as well as with any additional conditions on the attached page.

STANDARD CONDITIONS OF SUPERVISION

- 1) the defendant shall not leave the judicial district without the permission of the court or probation officer;
- 2) the defendant shall report to the probation officer in a manner and frequency directed by the court or probation officer;
- 3) the defendant shall answer truthfully all inquiries by the probation officer and follow the instructions of the probation officer;
- 4) the defendant shall support his or her dependents and meet other family responsibilities;
- 5) the defendant shall work regularly at a lawful occupation, unless excused by the probation officer for schooling, training, or other acceptable reasons;
- 6) the defendant shall notify the probation officer at least ten days prior to any change in residence or employment;
- 7) the defendant shall refrain from excessive use of alcohol and shall not purchase, possess, use, distribute, or administer any controlled substance or any paraphernalia related to any controlled substances, except as prescribed by a physician;
- 8) the defendant shall not frequent places where controlled substances are illegally sold, used, distributed, or administered;
- 9) the defendant shall not associate with any persons engaged in criminal activity and shall not associate with any person convicted of a felony, unless granted permission to do so by the probation officer;
- 10) the defendant shall permit a probation officer to visit him or her at any time at home or elsewhere and shall permit confiscation of any contraband observed in plain view of the probation officer;
- 11) the defendant shall notify the probation officer within seventy-two hours of being arrested or questioned by a law enforcement officer;
- 12) the defendant shall not enter into any agreement to act as an informer or a special agent of a law enforcement agency without the permission of the court; and
- 13) as directed by the probation officer, the defendant shall notify third parties of risks that may be occasioned by the defendant's criminal record or personal history or characteristics and shall permit the probation officer to make such notifications and to confirm the defendant's compliance with such notification requirement.

DEFENDANT: Efim Aksanov
CASE NUMBER: S2 13 Cr. 410-NRB-5

SPECIAL CONDITIONS OF SUPERVISION

1. The defendant shall provide the probation officer with access to any requested financial information.
2. The defendant shall not incur new credit charges or open additional lines of credit without the approval of the probation officer unless the defendant is in compliance with the installment payment schedule.
3. The defendant shall submit his person, residence, place of business, vehicle, or any property, computers (as defined in 18 U.S.C. 1030(e)(1)), electronic communications, data storage devices and media under his control to a search on the basis that the probation officer has reasonable belief that contraband or evidence of a violation of the conditions of the release may be found. The search must be conducted at a reasonable time and in a reasonable manner. Failure to submit to a search may be grounds for revocation. The defendant shall inform any other residents that the premises may be subject to search pursuant to this condition.
4. The defendant shall be barred from engaging in any stock promotion or marketing activities for any publicly traded company, or disseminating news or reports on the Internet regarding any publicly traded company.
5. The defendant shall be supervised by the district of residence.
6. The defendant is to report to the nearest Probation Office within 72 hours of release from custody.

DEFENDANT: Efim Aksanov
 CASE NUMBER: S2 13 Cr. 410-NRB-5

CRIMINAL MONETARY PENALTIES

The defendant must pay the total criminal monetary penalties under the schedule of payments on Sheet 6.

	<u>Assessment</u>	<u>Fine</u>	<u>Restitution</u>
TOTALS	\$ 100.00	\$	\$

- The determination of restitution is deferred until _____. An Amended Judgment in a Criminal Case (AO 245C) will be entered after such determination.
- The defendant must make restitution (including community restitution) to the following payees in the amount listed below.

If the defendant makes a partial payment, each payee shall receive an approximately proportioned payment, unless specified otherwise in the priority order or percentage payment column below. However, pursuant to 18 U.S.C. § 3664(i), all nonfederal victims must be paid before the United States is paid.

<u>Name of Payee</u>	<u>Total Loss*</u>	<u>Restitution Ordered</u>	<u>Priority or Percentage</u>

TOTALS	\$	0.00	\$	0.00
--------	----	------	----	------

- Restitution amount ordered pursuant to plea agreement \$
- The defendant must pay interest on restitution and a fine of more than \$2,500, unless the restitution or fine is paid in full before the fifteenth day after the date of the judgment, pursuant to 18 U.S.C. § 3612(f). All of the payment options on Sheet 6 may be subject to penalties for delinquency and default, pursuant to 18 U.S.C. § 3612(g).
- The court determined that the defendant does not have the ability to pay interest and it is ordered that:
 - the interest requirement is waived for the fine restitution.
 - the interest requirement for the fine restitution is modified as follows:

* Findings for the total amount of losses are required under Chapters 109A, 110, 110A, and 113A of Title 18 for offenses committed on or after September 13, 1994, but before April 23, 1996.

DEFENDANT: Efim Aksanov
CASE NUMBER: S2 13 Cr. 410-NRB-5

SCHEDULE OF PAYMENTS

Having assessed the defendant's ability to pay, payment of the total criminal monetary penalties is due as follows:

- A Lump sum payment of \$ 100.00 due immediately, balance due
- not later than _____, or
- in accordance C, D, E, or F below; or
- B Payment to begin immediately (may be combined with C, D, or F below); or
- C Payment in equal _____ (e.g., weekly, monthly, quarterly) installments of \$ _____ over a period of _____ (e.g., months or years), to commence _____ (e.g., 30 or 60 days) after the date of this judgment; or
- D Payment in equal _____ (e.g., weekly, monthly, quarterly) installments of \$ _____ over a period of _____ (e.g., months or years), to commence _____ (e.g., 30 or 60 days) after release from imprisonment to a term of supervision; or
- E Payment during the term of supervised release will commence within _____ (e.g., 30 or 60 days) after release from imprisonment. The court will set the payment plan based on an assessment of the defendant's ability to pay at that time; or
- F Special instructions regarding the payment of criminal monetary penalties:

Unless the court has expressly ordered otherwise, if this judgment imposes imprisonment, payment of criminal monetary penalties is due during imprisonment. All criminal monetary penalties, except those payments made through the Federal Bureau of Prisons' Inmate Financial Responsibility Program, are made to the clerk of the court.

The defendant shall receive credit for all payments previously made toward any criminal monetary penalties imposed.

- Joint and Several

Defendant and Co-Defendant Names and Case Numbers (including defendant number), Total Amount, Joint and Several Amount, and corresponding payee, if appropriate.

- The defendant shall pay the cost of prosecution.
- The defendant shall pay the following court cost(s):
- The defendant shall forfeit the defendant's interest in the following property to the United States:
\$21,750 in United States currency, as specified in the Consent Preliminary Order of Forfeiture executed on March 30, 2015.

Payments shall be applied in the following order: (1) assessment, (2) restitution principal, (3) restitution interest, (4) fine principal, (5) fine interest, (6) community restitution, (7) penalties, and (8) costs, including cost of prosecution and court costs.

USDC SDNY
DOCUMENT
ELECTRONICALLY FILED
DOC #:
DATE FILED: 03/31/2015

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

- - - - - X

UNITED STATES OF AMERICA :

- v. - :

EFIM AKSANOV, :

Defendant. :

- - - - - X

~~CONSENT PRELIMINARY~~
ORDER OF FORFEITURE/
MONEY JUDGMENT

S2 13 Cr. 410 (NRB)

WHEREAS, on or about August 13, 2015, EFIM AKSANOV (the "defendant"), was charged in Superseding Indictment S2 13 Cr. 410 (NRB) (the "Indictment") with conspiracy to commit securities fraud, in violation of 18 U.S.C. § 371, 15 U.S.C. §§ 78j(b) and 78ff, and 17 C.F.R. § 240.10b-5 (Count One); and conspiracy to commit extortion, in violation of 18 U.S.C. § 1951 (Count Two);

WHEREAS, the Indictment included a forfeiture allegation as to Counts One and Two seeking forfeiture to the United States, pursuant to 18 U.S.C. § 981(a)(1)(C) and 28 U.S.C. § 2461, of any property, real or personal, which constitutes or is derived from proceeds traceable to the offenses alleged in Counts One and Two;

WHEREAS, on or about October 21, 2014, the defendant pled guilty to Count One of the Indictment pursuant to a plea agreement with the Government, wherein the defendant admitted the forfeiture allegation and agreed to forfeit to the United

States, pursuant to 18 U.S.C. § 981(a)(1)(C) and 28 U.S.C. § 2461, a sum of money equal to \$21,750 in United States currency, representing property, real or personal, which constitutes or is derived from proceeds traceable to the commission of the offense in Count One; and

WHEREAS, the defendant consents to the imposition of a money judgment in the amount of \$21,750 in United States currency, representing property, real or personal, which constitutes or is derived from proceeds traceable to the commission of the offense in Count One of the Indictment;

IT IS HEREBY STIPULATED AND AGREED, by and between the United States of America, by its attorney, Preet Bharara, United States Attorney, Assistant United States Attorney Jennifer E. Burns, of counsel, and the defendant, and his counsel, Bradford M. Cohen, Esq. that:

1. As a result of the offense charged in Count One of the Indictment, to which the defendant pled guilty, a money judgment in the amount of \$21,750 in United States currency (the "Money Judgment") shall be entered against the defendant.

2. Pursuant to Rule 32.2(b)(4) of the Federal Rules of Criminal Procedure, upon entry of this Consent Preliminary Order of Forfeiture/Money Judgment, this Order is final as to the defendant, EFIM AKSANOV and shall be deemed part of the

sentence of the defendant, and shall be included in the judgment of conviction therewith.

3. All payments on the Money Judgment shall be made by postal money order, bank or certified check, made payable, in this instance to the United States Marshals Service, and delivered by mail to the United States Attorney's Office, Southern District of New York, Attn: Asset Forfeiture Unit, One St. Andrew's Plaza, New York, New York 10007, and shall indicate the defendant's name and case number.

4. Upon execution of this Consent Preliminary Order of Forfeiture/Money Judgment, and pursuant to 21 U.S.C. § 853, the United States Marshals Service shall be authorized to deposit the payments on the Money Judgment in the Assets Forfeiture Fund, and the United States shall have clear title to such forfeited property.

5. Pursuant to Rule 32.2(b)(3) of the Federal Rules of Criminal Procedure, upon entry of this Order, the United States Attorney's Office is authorized to conduct any discovery needed to identify, locate, or dispose of forfeitable property, including depositions, interrogatories, requests for production of documents and the issuance of subpoenas, pursuant to Rule 45 of the Federal Rules of Civil Procedure.

6. The Court shall retain jurisdiction to enforce this Order, and to amend it as necessary, pursuant to Rule 32.2(e) of the Federal Rules of Criminal Procedure.

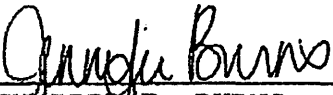
7. The Clerk of the Court shall forward three certified copies of this Order to the United States Attorney's Office, Southern District of New York, Attn: Money Laundering and Asset Forfeiture Unit, Asset Forfeiture Unit, One St. Andrew's Plaza, New York, New York 10007.

[CONTINUED ON NEXT PAGE]

8. The signature page of this Order may be executed in one or more counterparts, each of which will be deemed an original but all of which together will constitute one and the same instrument.


AGREED AND CONSENTED TO:

PREET BHARARA
United States Attorney for the
Southern District of New York


By: 
JENNIFER E. BURNS
Assistant United States Attorney
One St. Andrew's Plaza
New York, NY 10007
Tel.: (212) 637-2315

3/30/15
DATE

EFIM AKSANOV, DEFENDANT


By: 
EFIM AKSANOV

3/30/15
DATE

By: 
BRADFORD M. COHEN, ESQ.
Bradford Cohen Law
1132 SE 3rd Avenue
Ft. Lauderdale, Florida 33316
Tel.: (954) 523-7774

3/30/15
DATE

SO ORDERED:


HONORABLE NAOMI REICE BUCHWALD
United States District Judge

3/30/15
DATE

EXHIBIT F

U.S. SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K/A

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2011

Commission file number: 000-54415

FACE UP ENTERTAINMENT GROUP, INC.

(Exact name of registrant as specified in its charter)

Florida
(State of incorporation)

[REDACTED]
(I.R.S. Employer Identification No.)

20 East Sunrise Highway Suite 202, Valley Stream, New York 11581
(Address of principal executive offices)

(516) 303- 8100
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Exchange Act:
None

Securities registered pursuant to Section 12(g) of the Exchange Act:
Common Stock, \$0.0001 par value

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

There was no market value of the common equity as of June 30, 2011, the last business day of the registrant's most recently complete second fiscal quarter.

As of December 14, 2012, 58,975,000 shares of the issuer's common stock were issued and outstanding.

Documents Incorporated By Reference: None

TABLE OF CONTENTS

	<u>Page</u>
PART I	
Item 1 Business	3
Item 1A Risk Factors	8
Item 1B Unresolved Staff Comments	8
Item 2 Properties	8
Item 3 Legal Proceedings	8
Item 4 Mine Safety Disclosures	8
PART II	
Item 5 Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	9
Item 6 Selected Financial Data	10
Item 7 Management's Discussion and Analysis of Financial Condition and Results of Operations	10
Item 7A Quantitative and Qualitative Disclosures About Market Risk	12
Item 8 Financial Statements	F-1
Item 9 Changes in and Disagreements With Accountants on Accounting and Financial Disclosure	13
Item 9A Controls and Procedures	13
Item 9B Other Information	14
PART III	
Item 10 Directors, Executive Officers and Corporate Governance	15
Item 11 Executive Compensation	17
Item 12 Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	18
Item 13 Certain Relationships and Related Transactions, and Director Independence	19
Item 14 Principal Accountant Fees and Services	20
PART IV	
Item 15 Exhibits and Financial Statement Schedules	21
SIGNATURES	24

EXPLANATORY NOTE

This Amendment No. 1 (the "Form 10-K/A") to the Annual Report on Form 10-K amends in its entirety the Form 10-K of Face Up Entertainment Group, Inc. f/k/a Game Face Gaming, Inc. (the "Company") for the fiscal year ended December 31, 2011, originally filed with the U.S. Securities and Exchange Commission on March 20, 2012 (the "Original Form 10-K"). The purpose of this Amendment is to replace in its entirety Item 9A. Controls and Procedures. Except for said Item, the Amendment does not modify or update the disclosures presented in, or exhibits to, the Original Form 10-K in any way. This Form 10-K/A has not been updated to reflect events that occurred after March 20, 2011, the filing date of the Form 10-K. Accordingly, this Form 10-K/A should be read in conjunction with our filings made with the SEC subsequent to the filing of the Annual Report, including any amendments to those filings. This Form 10-K/A includes Exhibits 31 and 32, new certifications by the company's principal executive officer and principal financial officer as required by Rule 12b-15.

PART I

Item 1. Business.

As used in this Annual Report on Form 10-K (this "Report"), references to the "Company," the "Registrant," "we," "our" or "us" refer to Game Face Gaming, Inc., unless the context otherwise indicates.

Forward-Looking Statements

This Report contains forward-looking statements. For this purpose, any statements contained in this Report that are not statements of historical fact may be deemed to be forward-looking statements. Forward-looking information includes statements relating to future actions, prospective products, future performance or results of current or anticipated products, sales and marketing efforts, costs and expenses, interest rates, outcome of contingencies, financial condition, results of operations, liquidity, business strategies, cost savings, objectives of management, and other matters. You can identify forward-looking statements by those that are not historical in nature, particularly those that use terminology such as "may," "will," "should," "expects," "anticipates," "contemplates," "estimates," "believes," "plans," "projected," "predicts," "potential," or "continue" or the negative of these similar terms. The Private Securities Litigation Reform Act of 1995 provides a "safe harbor" for forward-looking information to encourage companies to provide prospective information about themselves without fear of litigation so long as that information is identified as forward-looking and is accompanied by meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those projected in the information.

These forward-looking statements are not guarantees of future performance and involve risks, uncertainties and assumptions that we cannot predict. In evaluating these forward-looking statements, you should consider various factors, including the following: (a) those risks and uncertainties related to general economic conditions, (b) whether we are able to manage our planned growth efficiently and operate profitable operations, (c) whether we are able to generate sufficient revenues or obtain financing to sustain and grow our operations, (d) whether we are able to successfully fulfill our primary requirements for cash, which are explained below under "Liquidity and Capital Resources". We assume no obligation to update forward-looking statements, except as otherwise required under the applicable federal securities laws.

Corporate Background

Game Face Gaming, Inc., a Florida corporation (the "Company") was incorporated on December 24, 2009 under the name Intake Communications, Inc. From inception up until February 10, 2011, the Company intended to provide software to companies to help them market and sell their music and entertainment content to consumers. While the Company had identified product requirements, product development had not started and the Company had not commenced business operations other than organizational, start-up, capital formation activities, filing its registration statement and meeting its obligations as an SEC reporting company.

On January 6, 2011, the Board of Directors and majority shareholder of the Company approved an amendment to the Company's Articles of Incorporation (the "Amendment") to (i) affect a 13 for 1 forward stock split of the Company's issued and outstanding common stock in the form of a dividend, and (ii) change the Company's name from Intake Communications, Inc. to Game Face Gaming, Inc. The Amendment was filed on January 7, 2011 with the Secretary of State of the State of Florida and became effective as at the close of business on January 25, 2011. The forward stock split was distributed to all shareholders of record on January 24, 2011. No cash was paid or distributed as a result of the forward stock split and no fractional shares were issued. All fractional shares which would have otherwise been required to be issued as a result of the stock split were rounded up to the nearest whole share.

On February 10, 2011, Ron Warren, the principal shareholder and sole officer and director of the Company, entered into a Stock Purchase Agreement which provided for the sale of his 11,333,333 shares of common stock of the Company (the "Control Shares") to Punim Chadoshos, LLC, a New York limited liability corporation (the "Buyer"). The consideration paid for the Control Shares, which at the time of such sale represented 40.57% of the issued and outstanding share capital of the Company on a fully-diluted basis, was \$50,000. The Buyer, which is owned by a trust, used funds which it borrowed to purchase the Shares.

Simultaneously with such purchase and sale by the Buyer, Mr. Warren resigned from all his positions with the Company and Felix Elinson and Irving Bader were appointed to the Board of Directors of the Company, and Mr. Elinson was appointed President and Mr. Bader the Secretary. In addition, Mr. Warren canceled 104,666,667 shares of the Company previously owned by him and no longer owns any shares in the Company.

On February 22, 2011, the Company entered into an Asset Purchase Agreement (the "Asset Purchase Agreement") with Lemberg Consulting, Inc., a New York corporation (the "Seller") pursuant to which the Company acquired certain assets of the Seller in consideration for the issuance of 22,666,667 shares of its common stock. The assets purchased consist of a provisional patent and other intellectual property related to operating multi-platform, multiplayer non-wagering, non-games of chance, such as chess, poker, and backgammon. As a result of the transaction, the Company now owns the domain name www.FaceUpGaming.com.

The Asset Purchase Agreement contained customary representations and warranties from each of the Company and the Seller. The Company did not assume any liabilities in connection with the acquisition, other than the contractual payments due to Icreon Communications Ltd., a company located in India which provides development outsourcing as well as other platform related enhancement and support work. Icreon is to be paid as follows - (i) \$25,000 when the platform completes Alpha testing; (ii) \$27,500 after beta; and (iii) the remaining \$27,500 after user acceptance testing. Icreon pursuant to the terms of this agreement has been paid in full. During the year ended December 31, 2011, the Company paid Icreon an additional \$3,892 for other work performed.

In connection with the asset acquisition on February 22, 2011, Mr. Elinson became our Chief Executive Officer.

On March 1, 2011, the Company entered into a Poker License Agreement with Atlas Software USA Inc., a New Jersey corporation ("Atlas") pursuant to which the Company granted Atlas the right to install and use Game Face Gaming software program for its own website and business. The Company retained all right, title and interest to its software. In consideration for the license, Atlas paid the Company \$55,000, and will pay the Company (i) \$27,500 upon acceptance of all design work, customization and the initiation of alpha testing that will support a minimum of 1,000 users; and (ii) \$27,500 upon resolution of issues derived during the alpha testing and the completion of a beta test. It was anticipated that the alpha testing will be completed by April 15th and the completion of the beta by June 15th. If payment is not made in accordance with the terms of the Agreement, the Company has the right to impose a 1% penalty per month on any overdue amount, and if not paid following 30 days notice, the Company may cancel the Agreement.

This Agreement was modified as of April 15, 2011 to extend the payments due by Atlas so that \$27,500 is due 60 days after the completion of beta testing and the code moved to production servers of an online poker room membership model and the final payment in the amount of \$27,500 will be due 60 days later. The Company also has the right to provide Atlas with a redesigned membership model platform as compared to a rake model by April 2013.

On March 3, 2011, the Company entered into a similar license agreement with Prodigious Capital Group LLC on the same terms and conditions as the agreement with Atlas, other than the payment of \$50,000 to the Company upon execution and delivery of the agreement and \$25,000 due and payable upon acceptance of all design work, customization and the initiation of alpha testing that will support a minimum of 1,000 users which is expected July 1st; and (ii) \$25,000 upon resolution of issues derived during the alpha testing and the completion of a beta test, which is expected September 1st. This license is limited to the "Texas Hold-em" version of the software of the Company and no other games or poker variations.

This Agreement was modified as of April 15, 2011 to extend the payments due by Prodigious so that \$27,500 will become immediately due 60 days after the completion of beta testing and the code moved to production server/s. A final payment in the amount of \$27,500 will be due 60 days later. The Company also has the right to provide Atlas with a redesigned membership model platform as compared to a rake model by April 2013.

Business Overview

Since the change of control and the consummation of the transactions contemplated by the Asset Purchase Agreement, we are now in the business of operating a reality gaming social network. We plan to offer a non wagering internet gaming website by incorporating proprietary technologies that will provide players with streaming video, audio and messaging capabilities. We believe that these enhancements will dramatically enhance the players' online gaming experiences. These games include poker, chess, backgammon and others. Management is not aware of any online games sites which offer players the ability to see one another and speak live during game play.

We are committed to responsible game-play and are not a gambling site - we want to encourage people to play competitively to win prizes without requiring them to risk losing money. The only cost to players will be a monthly membership fee. Because we do not offer gambling, players cannot lose money, but still provide an exciting and entertaining experience. It is our belief that this is legal for U.S. residents because our members pay a monthly fee to play the games we will offer. It is contemplated that our members will pay us a monthly fee, which gives them a certain amount of points. These points are then used to enter tournaments and/or play games on the site. Each game will have its own entry fee in terms of points. Additional points are not purchased; instead they are won based on a member's standing in various tournaments played on our site.

We will require additional capital to develop and expand our gaming platform from beta testing to a full launch. We estimate that within the next 12 months we will need approximately \$1,000,000 to make our site live, market the site to obtain members and generate revenues from members.

There can be no assurance that additional capital will be available to us. We currently have no agreements, arrangements or understandings with any person to obtain such amount of funds through bank loans, lines of credit or any other sources. Since we have no other such arrangements or plans currently in effect, our inability to raise funds for the above purposes will have a severe negative impact on our ability to remain a viable company.

Our Technology

We currently own provisional patent application number 61/423,751, titled "reality gaming social network", integrating the activity of playing games with the ability to interact with real users in real-time. We expect to update the provisional patent as we add games to our platform.

Our software is designed in ASP.Net 2 and Flash, and the database is built in MS SQL and Flash Media Server. Utilizing this approach, we hope to provide video streaming and voice quality capabilities to more than 1 million players at one time. Because our infrastructure exists on cloud based technology, our platform enables rapid and immediate response to higher demand.

Cloud computing is by far the most economical way to scale up capacity, because as the need presents itself all we need to do is open up a new server and access the required server. This method not only enables us to determine the exact configuration and bandwidth which we need to use, but then we only have to pay for what we need and use.

We are currently using cloud computing provided by Rackspace.com on a monthly basis. Rackspace offers data centers which simultaneously handle the resource requests from multiple clients. With everything in the data centers, we do not need to have our own information technology setup related directly to the constant upkeep of servers. We currently pay \$700 per month for this service. Our gaming systems have been designed to meet the most demanding security standards. We use the same technology currently employed by Amazon and Dell to secure their e-commerce sites' client information. All sensitive data will be securely transmitted and stored in encrypted databases with Rackspace.com.

We also believe that the use of ASP.Net in the front-end makes our system fully secure and encrypted from hackers because the software is running from the server instead of being downloaded to a player's computer. This design makes the system more secure and provides less chances of the system slowing down and/or crashing.

Products

Our first game offering will be poker. Poker was selected as the Company's inaugural game product because our platform and technology (live, interactive video and chat) will enable players to see and speak to each other in real-time. Our technology will allow play not merely based on the cards being held in hand but also using the skill required to see and read the opponent's face; the proverbial 'poker face'.

We hope to offer people the opportunity to participate in tournaments, which are the ultimate poker players' thrill. A tournament is a poker game in which each player starts with an equal amount of chips. All of the players in the tournament continue to play until one player has amassed all of the chips. Each tournament has a buy-in as well as a fee. The buy-in is put into the prize pool; the fee is kept by the Company. The size of the prize pool depends on the number of people playing in the tournament and is paid out in its entirety to the winner.

To start the tournament, each player is dealt a card. The player with the highest card starts the game as the dealer. Each player's goal is to amass as many chips as possible. Players who lose all of their chips are out of the tournament. As the tournament continues, more and more players are eliminated until only the tournament winner remains.

Members will be given a tournament rating that is a measure of how successful they are in our tournaments. The tournament rating is a score that is based on a player's multi-table tournament performance and is constantly changing as the player plays more multi-table tournaments. Tournament ratings allow a player to see how he is doing and track his progress as he becomes a better player. We also hope to run special tournaments in which a player can play against players with similar tournament ratings. This will allow players the opportunity to play against other players of similar skill level.

The numerical value of a player's tournament rating is determined by a complex formula that takes into account primarily where the player is placed in a given multi table tournament and how many total people were in the tournament. The player's tournament rating then determines his color level, which starts at the Red level and progress to Green and finally to Black -- the highest color level. The more multi table tournaments he plays, the size of the tournaments and how he places in these tournaments will determine whether the player's score and color level move up or down. In general, the better the player's performance, the higher his numerical tournament rating score.

The Company hopes to offer other types of tournaments, including:

Shootouts : A shootout is a special kind of multi-table tournament. Traditionally, when a player plays in a multi-table tournament, players are moved from table to table to balance the number of players at each table. Eventually, the fortunate last nine players end up at the " *final table* ". In a shootout, no such table balancing is done. A player remains at his original table until only one player is left standing. If he wins at that table, he advances to another table and repeats the process against other players who have each won at previous respective tables.

Double Shootout : In a *Double Shootout* , a player needs to win two tables to win the event, although often there is some money for everybody who makes the second table. Each starting table is played to its conclusion; the final table is formed of the winners of the first round matches.

Triple Shootout: In a *Triple Shootout* , a player must win three tables to win the entire event (again, there may well be some prize money distributed along the way). For example, assuming a standard (9 players per table) triple shootout is full, 729 players will be placed, 9 per table, at 81 tables within the tournament. Each table will play until there is one player remaining with all of the chips from that table. The 81 players remaining will then be moved to 9 tables for Round 2. As in Round 1, each table will play until one player has all of the chips from that table. Finally, the 9 remaining players will advance to the final table, where the champion of the tournament will be determined.

This process could be extended to quadruple shootouts and on up. Also, the tables don't necessarily have to start at nine players each. For instance, it is possible to run a triple shootout with four-player tables (a total of 64 players in each event).

Satellite : A satellite is a tournament in which the prize is an entry into a larger tournament. It can be less expensive to enter a satellite than it would be to enter the main tournament directly. Multi-table satellites are scheduled as regular tournaments, and the sign-up details and play are identical.

Freerolls : A "freeroll" is another type of tournament in which entry is completely free. There is no buy-in and no entry fee, but there are cash prizes available to win. We hope to hold many of these events on a daily basis.

Sit & Go : A "Sit & Go" is a tournament that is not regularly scheduled; it simply begins when all the seats are filled. We hope to offer several kinds of Sit & Go tournaments, including single table, multi table, and heads up events.

We hope to quickly expand the network beyond poker to include global staples in gaming such as backgammon, chess and checkers.

Market

Management has exhaustively studied the state of multi-platform, multiplayer non-wagering, non-games. We feel that the gaming industry presents an ever increasing market and excellent opportunities for growth. The Company hopes to market the first online gaming product which will deliver video, audio and texting functionality along with the ability to allow users to create their own private tables and host their own private tournaments.

It is hoped that our proprietary technology will allow for interactive, face-to-face competition, which we believe is the only medium which allows for the true test of a poker player's skill. Without the possibility of being able to see and affect your opponent psychologically, the game might as well not be played.

Our Strategy

Management believes that the Company will be able to generate revenues from the following sources: (1) monthly membership fees; (2) advertisements; (3) tournament plays; (4) social network community; and (5) e-Commerce.

Monthly Membership Fees

Players on our game site will be grouped into two communities, paying members and free-members. Membership packages will consist of monthly payments, the price being dependent on the package the person selects. Our free-member community will accumulate "Fun Points", while players in our paying member community will accumulate play chips leading to prizes and other giveaways.

A player in our freemember community will need to accumulate points in order to have chance to play for smaller prizes. The player would be able to do this by winning these points playing in tournaments with other players or private tables. The tournaments will have various jackpots depending on qualifiers and points needed to enter any particular tournament.

Our paying member community will be able to win play chips enabling them entry into tournaments with bigger prizes and giveaways. For a monthly fee, players will receive the Company's monthly newsletter written by gaming professionals and will be given the opportunity to access:

- Entry into tournaments with monthly prizes;
- A proprietary tournament rating leader board based on actual play;
- Live chats customer service;
- Ability to create private tables;
- No ads, no interruptions game play; and
- Access into our structured proprietary league structured tournaments.

We plan to attract members to sign up utilizing different incentive and marketing programs.

Advertisement – We anticipate developing a strong following in the “Play for Fun” portion of the website in the early days following our beta testing. We hope this provides us with an opportunity to generate advertisement dollars.

Tournament Plays – This component of the online gaming industry is by far one of the most popular and lucrative venues. We believe that the launch of “*Tournament Play*” will drastically increase the number of user’s who register on a monthly basis. We also hope that this will lead to even greater advertisement revenues.

Social Network Community – Up until now the social aspect of online poker has been relatively small when compared to other niche based communities. The existing format of online poker forces players to play as many hands as possible without any interaction among the players since players are unable to speak or directly view their opponents, there is no reasonable opportunity for them to interact with each other than on the hands played.

With the advent of our technology players will be able to see, communicate, and otherwise interact with other players in our online community. Our technology provides a new dimension of interaction which we hope will lead towards the development of social groups. We believe that this concept will help make us the most diverse and popular online poker social networks which we hope will lead to a larger player base, as compared to a standalone poker room, ultimately leading to greater revenues.

e-Commerce – In the natural course of development, we hope that merchants will find the online social community fertile ground to offer gambling related products and services. We will provide our e-commerce partners with the ability to market and sell their products directly through payment processing software. We will take a small percentage from each transaction we process adding to our list of revenue streams.

Employees

The Company has only one full-time employee as well as its officers and directors and a consultant, who will devote as much time as the Board of Directors determines is necessary to carry out the affairs of the Company.

Item 1A. Risk Factors

Smaller reporting companies are not required to provide the information required by this Item 1A.

Item 1B. Unresolved Staff Comments

None

Item 2. Properties

The Company does not own any real estate or other properties. The Company's office is located at 20 East Sunrise Highway, Suite 202, Valley Stream, New York 11581, in office space provided by Yitz Grossman, a consultant of the Company, at no charge. It is currently sufficient for our operations.

Item 3. Legal Proceedings.

There are no pending legal proceedings to which the Company is a party or in which any director, officer or affiliate of the Company, any owner of record or beneficially of more than 5% of any class of voting securities of the Company, or security holder is a party adverse to the Company or has a material interest adverse to the Company. The Company’s property is not the subject of any pending legal proceedings.

Item 4. Mine Safety Disclosures.

Not applicable

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Market Information

Our common stock is quoted on the OTC Bulletin Board ("OTCBB") under the symbol "IKCC". Trading of our common stock commenced on August 2, 2011. Prior to that date, there was no market for our common stock. The following table sets forth the high and low sales prices as reported on the OTCBB. The quotations reflect inter-dealer prices, without retail mark-up, mark-down or commission, and may not represent actual transactions.

FISCAL YEAR 2011	<u>HIGH</u>	<u>LOW</u>
Third Quarter	\$ 0.50	\$ 0.10
Fourth Quarter	\$ 0.43	\$ 0.06

The last reported sales price of our common stock on the OTCBB on March 13, 2012, was \$0.1480.

Holdings

As of March 14, 2012, there were 47 holders of record of our common stock

Dividends

We have never declared or paid any cash dividends on our common stock nor do we anticipate paying any in the foreseeable future. Furthermore, we expect to retain any future earnings to finance our operations and expansion. The payment of cash dividends in the future will be at the discretion of our Board of Directors and will depend upon our earnings levels, capital requirements, any restrictive loan covenants and other factors the Board considers relevant.

Equity Compensation Plans

We do not have any equity compensation plans.

Recent Sales of Unregistered Securities; Use of Proceeds from Registered Securities

On February 27, 2012, the Company issued 1,000,000 shares of its common stock to Corporate Debt Consultants, LLC, a New York limited liability company concurrent with a loan made by Corporate Debt Consultants to the Company. The issuance was made in reliance upon an exemption from registration provided under Section 4(2) of the Securities Act of 1933, as amended. Corporate Debt was granted piggyback registration rights and demand registration rights upon a financing of at least \$2,000,000 by the Company with respect to said shares.

On November 1, 2011, the Company issued 250,000 shares of its common stock to Small Cap Consultants, concurrent with a loan made by Small Cap Consultants to the Company. The issuance was made in reliance upon an exemption from registration provided under Section 4(2) of the Securities Act of 1933, as amended.

On August 18, 2011, the Company issued 250,000 shares of its common stock to Small Cap Consultants concurrent with a loan made by Small Cap Consultants to the Company. The issuance was made in reliance upon an exemption from registration provided under Section 4(2) of the Securities Act of 1933, as amended.

On June 23, 2011, the Company issued shares of common stock to the following persons in consideration for consulting services provided or to be provided by such persons to the Company: BSF II, 500,000 shares; Bonnie Leinhos 50,000 shares; Xstream Assets, LLC 2,000,000 shares; Nalesta Consulting Inc. 2,500,000 shares; and Steve Morgan 25,000 shares. These securities were issued in reliance on the exemption under Section 4(2) of the Act; the recipients are accredited investors; are not affiliates of the Company and had access to all of the information which would be required to be included in a registration statement and the transaction did not involve a public offering.

Purchases of Equity Securities by the Small Business Issuer and Affiliated Purchasers

For the period ended December 31, 2011, we have not repurchased any shares of our common stock. However, on February 11, 2011, Ron Warren, our former officer and director, canceled 104,666,667 shares of common stock of the Company.

Item 6. Selected Financial Data.

Smaller reporting companies are not required to provide the information required by this Item 6.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Certain statements contained in this prospectus, including statements regarding the anticipated development and expansion of our business, our intent, belief or current expectations, primarily with respect to the future operating performance of Game Face Gaming, Inc. All forward-looking statements speak only as of the date on which they are made. We undertake no obligation to update such statements to reflect events that occur or circumstances that exist after the date on which they are made.

Plan of Operation

Since the change of control and the consummation of the transactions contemplated by the Asset Purchase Agreement, we are now in the business of operating a reality gaming social network. We plan to offer a non wagering internet gaming website by incorporating proprietary technologies that will provide players with streaming video, audio and messaging capabilities. We believe that these enhancements will dramatically enhance the players' online gaming experiences. These games include poker, chess, backgammon and others. We believe that these enhancements will dramatically enhance players' online gaming experiences. Management is not aware of any online games sites which offer players the ability to see one another and speak live during game play.

We will require additional capital to develop and expand our gaming platform from beta testing to a full launch. We estimate that within the next 12 months we will need approximately \$3,600,000 to fund its expenses over the next twelve months. On a monthly basis, if the Company had these funds it would utilize, among other uses, approximately \$125,000 for advertising and marketing, \$100,000 for salaries and office expenses and \$60,000 for software development. There can be no assurance that additional capital will be available to the Company. The Company currently has no agreements, arrangements or understandings with any person to obtain funds through bank loans, lines of credit or any other sources, other than the agreement with CDS to lend the Company up to \$500,000, of which \$85,000 has been borrowed as of February 27, 2012.

Current cash on hand is insufficient for all of the Company's commitments for the next 12 months. We anticipate that the additional funding that we require will be in the form of equity financing from the sale of our common stock. However, we cannot provide investors with any assurance that we will be able to raise sufficient funding from the sale of our common stock to fund additional development and expansion of our gaming platform from beta testing to a full launch. We cannot be certain that the required additional financing will be available or available on terms favorable to us. If additional funds are raised by the issuance of our equity securities, such as through the issuance and exercise of warrants, then existing stockholders will experience dilution of their ownership interest. We do not currently have any arrangements in place for any future equity financing.

If additional funds are raised by the issuance of debt or other equity instruments, we may be subject to certain limitations in our operations, and issuance of such securities may have rights senior to those of the then existing holders of common stock. If adequate funds are not available or not available on acceptable terms, we may be unable to fund expansion, develop or enhance services or respond to competitive pressures or continue to operate.

We do not anticipate any equipment purchases in the twelve months ending December 31, 2012.

Results of Operations

Years Ended December 31, 2011 and 2010

We had \$18,325 in cash and cash equivalent as of December 31, 2011, and have experienced losses since inception. We recognized \$105,000 in income in 2011 from the sale of the license agreements. We did not generate any revenues from operations during the years ended December 31, 2011 and 2010. Expenses during the year ended December 31, 2010 were \$22,837 for a net loss of \$22,837 compared to expenses of \$743,844 for a net loss of \$971,772 for the year ended December 31, 2011. Expenses for the year ended December 31, 2010 were primarily the result of professional and filing fees associated with filing our registration statements, complying with our reporting requirements and general and administrative expenses, while expenses for the year ended December 31, 2011 consisted primarily of general and administrative expenses (\$609,607), professional fees (\$79,512) and advertising expenses (\$52,368) due to expenditures necessary as the Company prepares to launch its first product offering. We have incurred a cumulative net loss of \$998,188 for the period December 24, 2009 (inception) to December 31, 2011.

Liquidity and Capital Resources

Our balance sheet as of December 31, 2011 reflects that the Company has \$18,325 in cash and cash equivalents. In addition, the Company had a working capital deficiency of \$852,428 and stockholders' deficiency of \$717,358 at December 31, 2011.

We currently have a total of \$826,000 owed to eight entities and individuals, of which \$466,000 are due upon demand and \$360,000 have specific due dates. Of those loans, 4 are due and payable April 15, 2012 aggregating \$275,000 of principal and \$85,000 in principal is due on August 27, 2012. During the year ended December 31, 2011 we repaid an aggregate of \$195,000 of indebtedness. Principal indebtedness owed to two note holders aggregating \$75,000 and accrued interest thereon may be converted at the option of the noteholders to shares of common stock by the greater of \$0.25 per share or 50% of the average closing bid price for the 10 trading days ending 5 days before the conversion date. Principal indebtedness owed to a note holder aggregating \$200,000 and accrued interest thereon may be converted at the option of the noteholder to shares by the greater of \$0.05 per share or 50% of the average closing price for 10 days prior to conversion.

Going Concern Consideration

The Company is a development stage company. For the period December 24, 2009 (date of inception) through December 31, 2011, the Company has had a net loss of \$998,188. Our independent auditor has expressed substantial doubt about our ability to continue as a going concern and believes that our ability is dependent on our ability to begin operations and to achieve profitability. See Note 6 of our financial statements.

The Company believes that it will need approximately \$3,600,000 to fund its expenses over the next twelve months. On a monthly basis, if the Company had these funds it would utilize, among other uses, approximately \$125,000 for advertising and marketing, \$100,000 for salaries and office expenses and \$60,000 for software development. There can be no assurance that additional capital will be available to the Company. The Company currently has no agreements, arrangements or understandings with any person to obtain funds through bank loans, lines of credit or any other sources, other than the agreement with CDS to lend the Company up to \$500,000, of which \$85,000 has been borrowed as of February 27, 2012.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future material effect on our financial condition, results of operations or liquidity.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

Smaller reporting companies are not required to provide the information required by this item.

Item 8. Financial Statements.

Game Face Gaming, Inc.
(A DEVELOPMENT STAGE COMPANY)
INDEX TO FINANCIAL STATEMENTS

	<u>PAGE</u>
REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM	F-2
BALANCE SHEETS	F-3
STATEMENTS OF OPERATIONS	F-4
STATEMENT OF STOCKHOLDERS' EQUITY/(DEFICIT)	F-5
STATEMENTS OF CASH FLOWS	F-6
NOTES TO FINANCIAL STATEMENTS	F-7



REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and
Stockholders of Game Face Gaming, Inc.
(fka Intake Communications, Inc.)

We have audited the accompanying balance sheets of Game Face Gaming, Inc. (fka Intake Communications, Inc.) (a development stage company) as of December 31, 2011 and 2010, and the related statements of income, stockholders' equity (deficit), and cash flows for the years then ended and for the period from December 24, 2009 (inception) through December 31, 2011. Game Face Gaming, Inc.'s management is responsible for these financial statements. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Game Face Gaming, Inc. as of December 31, 2011 and 2010, and the results of its operations and its cash flows for the years then ended and for the period from December 24, 2009 (inception) through December 31, 2011 in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed further in Note 6, the Company has been in the development stage since its inception (December 24, 2009) and continues to incur significant losses. The Company's viability is dependent upon its ability to obtain future financing and the success of its future operations. These factors raise substantial doubt as to the Company's ability to continue as a going concern. Management's plan in regard to these matters is also described in Note 6. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/Lake & Associates, CPA's LLC
Lake & Associates, CPA's LLC
Schaumburg, IL
March 14, 2012

1905 Wright Boulevard
Schaumburg, IL 60193

Phone: 847-524-0800
Fax: 847-524-1655

Game Face Gaming, Inc.
(f/k/a Intake Communications, Inc.)
(A Development Stage Company)
Balance Sheets

ASSETS

	<u>December 31, 2011</u>	<u>December 31, 2010</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 18,325	\$ 584
Prepaid expenses and other current assets	1,621	-
TOTAL CURRENT ASSETS	<u>19,946</u>	<u>584</u>
PROPERTY AND EQUIPMENT (Net)	35,070	-
OTHER ASSETS		
Intangible asset	100,000	-
TOTAL OTHER ASSETS	<u>100,000</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 155,016</u>	<u>\$ 584</u>

LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)

CURRENT LIABILITIES:		
Accounts payable	\$ 10,450	\$ 3,000
Accrued expenses and other current liabilities	15,458	-
Loan payable officer	-	3,000
Derivative liabilities	178,070	-
Notes payable-convertible	656,000	-
Accrued interest on notes payable--convertible	12,396	-
TOTAL CURRENT LIABILITIES	<u>872,374</u>	<u>6,000</u>
STOCKHOLDERS' EQUITY (DEFICIT):		
Capital stock - authorized:		
250,000,000 common shares, \$0.0001 par value		
56,175,000 and 132,600,000 shares issued and outstanding at December 31, 2011 and December 31, 2010, respectively	5,618	13,260
Additional paid in capital	275,212	7,740
Deficit accumulated during the development stage	(998,188)	(26,416)
TOTAL STOCKHOLDERS' EQUITY (DEFICIT)	<u>(717,358)</u>	<u>(5,416)</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)	<u>\$ 155,016</u>	<u>\$ 584</u>

Game Face Gaming, Inc.
(f/k/a Intake Communications, Inc.)
(A Development Stage Company)
Statements of Operations

	Year Ended December 31, 2011	Year Ended December 31, 2010	For the Period December 24, 2009 (Inception) to December 31, 2011
REVENUES:			
Net revenue	\$ 105,000	\$ -	\$ 105,000
EXPENSES:			
Depreciation expense	2,357	-	2,357
General & administrative expenses	741,487	22,837	767,903
Total expenses	743,844	22,837	770,260
Operating Loss	(638,844)	(22,837)	(665,260)
OTHER INCOME (EXPENSE):			
Interest expense	(157,274)	-	(157,274)
Derivate liability	(178,070)	-	(178,070)
Other income - cancellation of debt	2,416	-	2,416
Total other income (expense)	(332,928)	-	(332,928)
Income (Loss) before Provision for Income Taxes	(971,772)	(22,837)	(998,188)
Provision for Income Taxes	-	-	-
Net Loss	\$ (971,772)	\$ (22,837)	\$ (998,188)
PER SHARE DATA:			
Basic and diluted loss per common share	\$ (0.02)	\$ (0.00)	
Weighted Average Common shares outstanding	61,856,370	126,445,479	

Game Face Gaming, Inc.
(f/k/a Intake Communications, Inc.)
(A Development Stage Company)
Statements of Stockholders' Equity (Deficit)

	<u>Common Stock</u>		<u>Additional Paid-in Capital</u>	<u>Stock Subscriptions Receivable</u>	<u>Deficit Accumulated During the Development Stage</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>				
Inception - December 24, 2009	-	\$ -	\$ -	\$ -	\$ -	\$ -
Common shares issued to Founder for cash at \$0.001 per share (par value \$0.0001) on December 24, 2009	117,000,000	11,700	(2,700)	(3,000)	-	6,000
Loss for the period from inception on December 24, 2009 to December 31, 2009	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,579)</u>	<u>(3,579)</u>
Balance - December 31, 2009	<u>117,000,000</u>	<u>11,700</u>	<u>(2,700)</u>	<u>(3,000)</u>	<u>(3,579)</u>	<u>2,421</u>
Payment of Subscription Receivable				3,000		3,000
Common shares issued to Investors for cash at \$0.01 per share (par value \$0.0001) on May 26, 2010	15,600,000	1,560	10,440			12,000
Loss for the year ended December 31, 2010	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(22,837)</u>	<u>(22,837)</u>
Balance - December 31, 2010	<u>132,600,000</u>	<u>13,260</u>	<u>7,740</u>	<u>-</u>	<u>(26,416)</u>	<u>(5,416)</u>
Common shares cancelled by the Corporation on February 10, 2011	(104,666,667)	(10,467)	10,467			-
Common shares issued at \$0.0044 per share (par value \$0.0001) for the contribution of intangible assets on February 22, 2011	22,666,667	2,267	97,733			100,000
Common shares issued to Consultants for services at \$0.0044 per share (par value \$0.0001) on June 23, 2011	5,075,000	508	21,822			22,330
Common shares issued for finance costs at \$0.25 per share (par value \$0.0001) on August 17, 2011	250,000	25	62,475			62,500
Common shares issued for finance costs \$0.30 per share (par value \$0.0001) on October 31, 2011	<u>250,000</u>	<u>25</u>	<u>74,975</u>	<u>-</u>	<u>-</u>	<u>75,000</u>
Loss for the year ended December 31, 2011	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(971,772)</u>	<u>(971,772)</u>
Balance - December 31, 2011	<u>56,175,000</u>	<u>\$ 5,618</u>	<u>\$ 275,212</u>	<u>\$ -</u>	<u>\$ (998,188)</u>	<u>\$ (717,358)</u>

Game Face Gaming, Inc.
(f/k/a Intake Communications, Inc.)
(A Development Stage Company)
Statements of Cash Flows

	<u>For the Year Ended</u>		For the Period from Inception December 24, 2009 to December 31, 2011
	<u>December 31, 2011</u>	<u>December 31, 2010</u>	<u>December 31, 2011</u>
OPERATING ACTIVITIES:			
Net loss	\$ (971,772)	\$ (22,837)	\$ (998,188)
Depreciation	2,357	-	2,357
Common stock issued for services	22,330	-	22,330
Common stock issued for financing costs	137,500	-	137,500
Changes in Assets and Liabilities:			
(Increase) decrease in current assets:			
Prepaid Expenses and other current assets	(1,621)	-	(1,621)
Increase (decrease) in current liabilities:			
Accounts payable	7,450	(579)	10,450
Accrued interest on convertible debt	12,396	-	12,396
Accrued expenses and other current liabilities	15,458	-	15,458
Derivative liabilities	178,070	-	178,070
Net cash used in operating activities	<u>(597,832)</u>	<u>(23,416)</u>	<u>(621,248)</u>
INVESTMENT ACTIVITIES:			
Computer hardware purchased	(9,427)	-	(9,427)
Source code purchased	(28,000)	-	(28,000)
Net cash provided by investment activities	<u>(37,427)</u>	<u>-</u>	<u>(37,427)</u>
FINANCING ACTIVITIES:			
Common stock issued	-	15,000	21,000
Repayment of notes payable	(195,000)	-	(195,000)
Issuance of notes payable	851,000	-	851,000
Loan from officer	(3,000)	3,000	-
Net cash provided by financing activities	<u>653,000</u>	<u>18,000</u>	<u>677,000</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	17,741	(5,416)	18,325
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>584</u>	<u>6,000</u>	<u>-</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>\$ 18,325</u>	<u>\$ 584</u>	<u>\$ 18,325</u>
Supplemental Cash Flow Disclosures:			
Cash paid for:			
Interest expense	\$ 7,380	\$ -	\$ 7,380
Income taxes	\$ -	\$ -	\$ -
Non-cash transactions:			
Stock Issued for intangible asset	<u>\$ 100,000</u>	<u>\$ -</u>	<u>\$ 100,000</u>

GAME FACE GAMING, INC.
(F/K/A INTAKE COMMUNICATIONS, INC.)
(A Development Stage Company)

NOTES TO FINANCIAL STATEMENTS
(December 31, 2011)

NOTE 1 - GENERAL ORGANIZATION AND BUSINESS

Game Face Gaming, Inc. (f/k/a Intake Communications, Inc.) the Company is a development stage company, incorporated in the State of Florida on December 24, 2009 to provide software to companies to help them market and sell their music and entertainment content to consumers.

Thereafter, the Company engaged in developing the internet's first Reality Gaming Social Network. The Company seeks to penetrate the market in the business of operating a non-wagering Internet gaming company. The Internet Gaming platform incorporates proprietary technologies that will provide users with streaming video, audio and messaging capabilities enhancing both the users experience and the gaming experience.

Game Face Gaming's proprietary platform will be used in creating a vast global gaming network consisting of games from every region of the globe, supporting native languages as well as cross language functionality. Once these games make their way onto our platform they will be accessible on almost all devices currently used to access the internet. In addition to popular and well known games that are already being played on line by tens of millions of people around the world, Game Face will be launching its own in- house developed games.

NOTE 2 - SUMMARIES OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Company is currently a development stage enterprise reporting under the provisions of FASB ASC 915, Development Stage Entity. The financial statements have been prepared on the accrual basis of accounting in conformity accounting principles generally accepted in the United States of America.

Cash and Cash Equivalents

For purposes of the cash flow statements, the company considers all highly liquid investments with original maturities of three months or less at the time of purchase to be cash equivalents. At December 31, 2011 the company did not have any balances that exceeded FDIC insurance limits.

Property and Equipment

Property and equipment is stated at cost. Depreciation and amortization expense is computed using principally accelerated methods over the estimated useful life of the related assets ranging from 3 to 7 years. When assets are sold or retired, their costs and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in the statement of operations.

The Company recognizes an impairment loss on property and equipment when evidence, such as the sum of expected future cash flows (undiscounted and without interest charges), indicates that future operations will not produce sufficient revenue to cover the related future costs, including depreciation, and when the carrying amount of the asset cannot be realized through sale. Measurement of the impairment loss is based on the fair value of the assets.

GAME FACE GAMING, INC.
(F/K/A INTAKE COMMUNICATIONS, INC.)
(A Development Stage Company)

NOTES TO FINANCIAL STATEMENTS
(December 31, 2011)

Long-Lived Assets

Long-lived assets such as intangible assets other than goodwill, furniture, equipment and leasehold improvements are evaluated for impairment when events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability of asset groups to be held and used is measured by a comparison of the carrying amount of an asset group to estimated undiscounted future cash flows expected to be generated by the asset group. If the carrying amount exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of an asset group exceeds the fair value of the asset group. The Company evaluated its long-lived assets and no impairment charges were recorded for any of the periods presented.

Earnings (Loss) per Share

The Company adopted FASB ASC 260, Earnings per Share. Basic earnings (loss) per share is calculated by dividing the Company's net income available to common shareholders by the weighted average number of common shares outstanding during the year. Diluted earnings (loss) per share is calculated by dividing the Company's net income (loss) available to common shareholders by the diluted weighted average number of shares outstanding during the year. The diluted weighted average number of shares outstanding is the basic weighted number of shares adjusted as of the first of the year for any potentially dilutive debt or equity. There were no diluted or potentially diluted shares outstanding for all periods presented.

Software Development Costs

The Company accounts for costs incurred to develop computer software for internal use in accordance with FASB ASC 350-40 "Internal-Use Software". As required by ASC 350-40, the Company capitalizes the costs incurred during the application development stage, which include costs to design the software configuration and interfaces, coding, installation, and testing. Costs incurred during the preliminary project along with post-implementation stages of internal use computer software are expensed as incurred. Capitalized development costs are amortized over a period of one to three years. Costs incurred to maintain existing product offerings are expensed as incurred. The capitalization and ongoing assessment of recoverability of development costs requires considerable judgment by management with respect to certain external factors, including, but not limited to, technological and economic feasibility, and estimated economic life.

Dividends

The Company has not adopted a policy regarding payments of dividends. No dividends have been paid during the period presented and no payments are foreseen in the near future.

Income Taxes

The Company adopted FASB ASC 740, Income Taxes, at its inception. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets, including tax loss and credit carry forwards, and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Deferred income tax expense represents the change during the period in the deferred tax assets and deferred tax liabilities. The components of the deferred tax assets and liabilities are individually classified as current and non-current based on their characteristics. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. No deferred tax assets or liabilities were recognized as of December 31, 2011.

Uncertain Tax Positions

The Company adopted the provisions of *Accounting for Uncertainty in Income Taxes* ("Uncertain Tax Positions") of the ASC. *Uncertain Tax Positions* prescribes recognition thresholds that must be met before a tax position is recognized in the financial statements and provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. Under "Uncertain Tax Positions", an entity may only recognize or continue to recognize tax positions that meet a "more-than-likely-than-not" threshold. All related interest and penalties would be expensed as incurred. The Company has evaluated its tax position for the period ended December 31, 2011 and such evaluation did not require a material adjustment to the financial statements.

GAME FACE GAMING, INC.
(F/K/A INTAKE COMMUNICATIONS, INC.)
(A Development Stage Company)

NOTES TO FINANCIAL STATEMENTS
(December 31, 2011)

Advertising

The Company expenses advertising as incurred. For the years ended December 31, 2011 and 2010, advertising expense totaled \$52,368 and \$0, respectively.

Stock Based Compensation

The Company accounts for all stock based payments in accordance with ASC Topic 718, which requires the Company to measure all employee stock-based compensation awards using a fair value method and record the related expense in the financial statements. The Company utilizes the Black-Scholes model to estimate the value of options granted.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that could affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value of Financial Instruments

The carrying amounts of the Company's accounts payable, accrued expenses and notes payable approximate fair value due to the relatively short period to maturity for these instruments.

Concentration of Credit Risk

The Company's financial instruments that are exposed to the concentrations of credit risk consist primarily of cash and cash equivalents. The Company's places its cash with high quality institutions. At times, such investments may be in excess of the FDIC insurance limit. Cash and cash equivalents held in a bank may exceed federally insured limits at year end and at various points during the year.

The Company routinely assesses the financial strength of its customers and, as a consequence, believes that its trade accounts receivable credit risk exposure is limited.

Revenue Recognition

The company has adopted the following revenue recognition guidelines.

Sale of subscriptions

Revenue from sale of subscriptions is recognized when the following conditions are satisfied:

- * The user properly registered with the website of the Company, and provided the Company with a valid proof of identity and address. Furthermore the Company had set up a valid user account for the user;
- * The amount of revenue can be measured reliably;
- * The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Whitepaper Solution income

Revenue from sale of Whitepaper Solutions is recognized when the following conditions are met:

- * The contract for the solutions clearly specifies the price and payment options with the transfer of ownership;
- * The Company is reasonably expected to complete the project in the time frame that the contract sets forth;
- * As the milestones set forth in the contract are met, the Company will recognize revenue as set forth in the contract;
- * As set forth in the contract the amount of revenue can be measured reliably;
- * There is a reasonable belief that buyer is expected to pay the whole amount as the milestones are met.

Effect of recently issued accounting standards

The company has adopted all recently issued accounting pronouncements. The Adoption of the accounting pronouncements, including those not yet effective, is not anticipated to have a material effect on the financial position or results of operations of the Company.

GAME FACE GAMING, INC.
(F/K/A INTAKE COMMUNICATIONS, INC.)
(A Development Stage Company)

NOTES TO FINANCIAL STATEMENTS
(December 31, 2011)

NOTE 3 - INCOME TAXES:

Deferred tax attributes resulting from differences between financial accounting methods and tax basis of assets and liabilities at December 31, 2011 and December 31, 2010 are as follows (rounded to the nearest hundred):

	December 31, 2011	December 31, 2010
Noncurrent Assets:		
Net operating loss carry-forwards	\$ 247,600	\$ 9,600
Valuation Allowance	\$ (247,600)	\$ (9,600)
Net Deferred Tax Asset	\$ 0	\$ 0

At December 31, 2011, the Company had estimated net loss carry forwards of approximately \$825,500 which expire between 2030 through 2031. Utilization of these net operating loss card forwards may be limited in accordance with IRC Section 382 in the event of certain shifts in ownership.

The reconciliation of federal statutory income tax rate to our effective income tax rate is as follows:

	Amount	Percent
December 31, 2011		
Book income at Federal Statutory Rate	\$ (198,300)	25%
State Taxes, net of Federal Benefit	\$ (39,700)	5%
Change in Valuation Allowances	\$ 238,000	(30%)
	\$ 0	0%

NOTE 4 - STOCKHOLDERS' EQUITY

Common Stock

On December 24, 2009, the Company issued 117,000,000 of its \$0.0001 par value common stock at \$0.001 per share for \$6,000 cash and \$3,000 in a subscription receivable to the founder of the Company. The issuance of the shares was made to the sole officer and director of the Company and an individual who is a sophisticated and accredited investor, therefore, the issuance was exempt from registration of the Securities Act of 1933 by reason of Section 4 (2) of that Act.

On May 26, 2010 the Company issued 15,600,000 common shares to investors in accordance with Form S-1 for cash in the amount of \$12,000.

On February 22, 2011 the Company issued 22,666,667 common shares at \$0.0001 par value and \$0.0044 face value to Lemberg Consulting for their intellectual property and pending patents in the amount of \$100,000.

On June 23, 2011 the Company issued 5,075,000 common shares at \$0.0001 par value and \$0.0044 face value to various "founding fathers" of the company for services rendered to the company in lieu of cash.

GAME FACE GAMING, INC.
(F/K/A INTAKE COMMUNICATIONS, INC.)
(A Development Stage Company)

NOTES TO FINANCIAL STATEMENTS
(December 31, 2011)

On August 17, 2011 the Company issued 250,000 common shares at \$0.0001 par value and \$0.25 face value as an inducement for the \$100,000 note payable issued on that date. The value of the 250,000 common shares issued totaled \$62,500.

On October 31, 2011 the Company issued 250,000 common shares at \$0.0001 par value and \$0.30 face value as an inducement for the \$100,000 note payable issued on that date. The value of the 250,000 common shares issued totaled \$75,000.

On January 6, 2011, the Board of Directors and majority shareholder of the Company approved an amendment to the Company's Articles of Incorporation (the "Amendment") to (i) affect a 13 for 1 forward stock split of the Company's issued and outstanding common stock in the form of a dividend. Accordingly there were 10,200,000 pre-split common shares and following the forward split there were 132,600,000 common shares issued and outstanding. All share amounts, including those stated above, have been adjusted to reflect the forward split. On February 10, 2011, Ron Warren, the principal shareholder and sole officer and director of the Company cancelled 104,666,667 of his own shares and on February 22, 2011 the Company issued an additional 22,666,667 shares in an intangible asset purchase.

There are 250,000,000 Common Shares at \$0.0001 par value authorized with 56,175,000 shares issued and outstanding at December 31, 2011.

NOTE 5 – RELATED PARTY TRANSACTIONS

The officers and directors of the Company are involved in business activities outside of the company and may, in the future, become involved in other business opportunities that become available. They may face a conflict in selecting between the Company and other business interests. The Company has not formulated a policy for the resolution of such conflicts.

NOTE 6 - GOING CONCERN

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. For the period December 24, 2009 (date of inception) through December 31, 2011 the Company has had a net loss of \$998,188. As of December 31, 2011, the Company has not emerged from the development stage. In view of these matters, recoverability of any asset amounts shown in the accompanying financial statements is dependent upon the Company's ability to begin operations and to achieve a level of profitability. Since inception, the Company has financed its activities from the sale of equity securities, and obtaining loans. The Company intends on financing its future development activities and its working capital needs largely from notes, loans and the sale of public equity securities, until such time that funds provided by operations, if ever, are sufficient to fund working capital requirements.

NOTE 7 – PROPERTY AND EQUIPMENT

	<u>2011</u>	<u>2010</u>
Computer hardware	\$ 9,427	\$ -
Source code	28,000	-
	<u>37,427</u>	<u>-</u>
Less accumulated depreciation and amortization	(2,357)	-
Property and Equipment (net)	<u>\$ 35,070</u>	<u>\$ -</u>
Depreciation and amortization expense	<u>\$ 2,357</u>	<u>\$ -</u>

GAME FACE GAMING, INC.
(F/K/A INTAKE COMMUNICATIONS, INC.)
(A Development Stage Company)

NOTES TO FINANCIAL STATEMENTS
(December 31, 2011)

During the year ended December 31, 2011 the company acquired \$28,000 of source code for cash.

NOTE 8 - INTANGIBLE ASSETS

On February 22, 2011, the Company acquired from Lemberg Consulting an intangible asset worth \$100,000 in a non-cash transaction for 22,666,667 shares of the Company. The company purchased future contracts and pending patents for a gaming system that incorporates voice and video into the gaming experience.

NOTE 9 - CONVERTIBLE DEBT

As of December 31, 2011 the bridge notes payable totaled \$656,000. The bridge notes payable were offered by the company during 2011. The bridge notes payable consist of \$275,000 of convertible debt and \$381,000 of demand notes bearing interest at rates varying from 5.00% to 6.50% per annum.

The convertible debt payable was issued by the Company as follows:

On February 22, 2011 the Company issued convertible debt totaling \$175,000, bearing a rate of 8% simple interest per annum. On December 14, 2011, \$100,000 was repaid plus accrued interest of \$6,466. The remaining Convertible debt of \$75,000 in addition to accrued unpaid interest shall be due and payable on January 15, 2012. The principal amount and all unpaid interest accrued on this debt maybe converted by the greater of \$0.25 per share or 50% of the average closing bid price of the Common stock on the OTC Bulletin Board, for the 10 trading days ending 5 days before the conversion date. On January 14, 2012, the maturity date was extended to April 15, 2012.

On June 22, 2011 the Company issued a convertible debt totaling \$20,000, bearing a rate of 8.0% simple interest per annum. During December 2011, the principle was repaid in the amount of \$20,000 plus \$758 of accrued interest.

On August 17, 2011, the Company issued a convertible debt in amount of \$100,000. The convertible debt bears a rate of 6.5% simple interest per annum. The principal and accrued unpaid interest shall be due and payable on January 15, 2012. As further inducement for the lender to advance the loan, the company granted the convertible debt holder the amount of 250,000 shares Common Stock. The principal amount and all unpaid interest accrued on this debt maybe converted by the greater of \$0.05 per share or 50% of the average closing bid price of the Common stock on the OTC Bulletin Board, for the 10 trading days ending 5 days before the conversion date. On January 14, 2012, the maturity date was extended to April 15, 2012.

On October 31, 2011, the Company issued a convertible debt in amount of \$100,000. The convertible debt bears a rate of 6.5% simple interest per annum. The principal and accrued unpaid interest shall be due and payable on January 15, 2012. As further inducement for the lender to advance the loan, the company granted the convertible debt holder the amount of 250,000 shares Common Stock. The principal amount and all unpaid interest accrued on this debt maybe converted by the greater of \$0.05 per share or 50% of the average closing bid price of the Common stock on the OTC Bulletin Board, for the 10 trading days ending 5 days before the conversion date. On January 14, 2012, the maturity date was extended to April 15, 2012.

GAME FACE GAMING, INC.
(F/K/A INTAKE COMMUNICATIONS, INC.)
(A Development Stage Company)

NOTES TO FINANCIAL STATEMENTS
(December 31, 2011)

The following table illustrates the carrying value of the demand notes payable and convertible debt:

	<u>December 31, 2011</u>	<u>December 31, 2010</u>
Convertible Note	\$ 275,000	\$ -
Demand Notes	381,000	-
Discount on Convertible Note	(0)	-
Convertible Note, Net	<u>656,000</u>	<u>-</u>
Less: Current portion of convertible debt	<u>(656,000)</u>	<u>-</u>
Long term portion of convertible debt	<u>\$ -</u>	<u>\$ -</u>

The following tables illustrate the fair value adjustments that were recorded related to the derivative financial instruments associated with the convertible debenture financings:

	<u>Year ended December 31, 2011</u>			
	<u>Inception</u>	<u>Fair Value Adjustments</u>	<u>Redemptions</u>	<u>Total</u>
Derivative income (expense):				
Convertible debt	<u>\$ -</u>	<u>\$ (178,070)</u>	<u>\$ -</u>	<u>\$ (178,070)</u>
	<u>\$ -</u>	<u>\$ (178,070)</u>	<u>\$ -</u>	<u>\$ (178,070)</u>

The following table illustrates the components of derivative liabilities:

Balance at December 31, 2010	\$ -
Change in fair value of derivative liability due to beneficial conversion feature	178,070
Debt redemption	-
Balance at December 31, 2011	<u>\$ 178,070</u>

NOTE 10 – SUBSEQUENT EVENTS

The Company has evaluated all subsequent events from the balance sheet through March 14, 2012, which represents the date these financial statements are available to be issued.

On January 18, 2012 the Company secured additional financing through issuance of a 6% demand note payable in the amount of \$85,000.

On February 27, 2012 the Company secured additional financing through the issuance of a Note Purchase Agreement, the total not to exceed \$500,000. Each note will bear interest at 5% per annum and is payable within six months from the date of issuance or earlier from proceeds of a private offering or through a registration statement. As part of the agreement the Company granted the lender 1,000,000 shares of the Company's common stock. On February 27, 2012, the Company borrowed \$85,000 and has \$415,000 available on this financing agreement.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure.

There were no disagreements with accountants on accounting and financial disclosure of a type described in Item 304 (a)(1)(iv) or any reportable event as described in Item 304 (a)(1)(v) of Regulation S-K.

Item 9A. Controls and Procedures

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is defined in Rule 13a-15(f) or 15d-15(f) promulgated under the Securities Exchange Act of 1934 as a process designed by, or under the supervision of, the company's principal executive and principal financial officers and effected by the company's board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America and includes those policies and procedures that:

- Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the company;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. All internal control systems, no matter how well designed, have inherent limitations.

Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Because of the inherent limitations of internal control, there is a risk that material misstatements may not be prevented or detected on a timely basis by internal control over financial reporting. However, these inherent limitations are known features of the financial reporting process. Therefore, it is possible to design into the process safeguards to reduce, though not eliminate, this risk.

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of our disclosure controls and procedures, as such term is defined under Rule 13a-15(e) and Rule 15d-15(e) promulgated under the Securities Exchange Act of 1934, as amended, as of December 31, 2011. Based on this evaluation, our principal executive officer and principal financial officer concluded that, based on the material weaknesses discussed below, our disclosure controls and procedures were not effective to ensure that information required to be disclosed by us in reports filed or submitted under the Securities Exchange Act were recorded, processed, summarized, and reported within the time periods specified in the Securities and Exchange Act Commission's rules and forms and that our disclosure controls are not effectively designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act is accumulated and communicated to management, including our principal executive officer and principal financial officer, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

As of December 31, 2011 management assessed the effectiveness of our internal control over financial reporting based on the criteria for effective internal control over financial reporting established in Internal Control--Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") and SEC guidance on conducting such assessments. Based on that evaluation, they concluded that, during the period covered by this report, such internal controls and procedures were not effective to detect inappropriate application of US GAAP rules as more fully described below. This was due to deficiencies that existed in the design or operation of our internal controls over financial reporting that adversely affected our internal controls and that may be considered to be material weaknesses.

The matters involving internal controls and procedures that our management considered to be material weaknesses under the standards of the Public Company Accounting Oversight Board were: (1) lack of a functioning audit committee due to a lack of a majority of independent members and a lack of a majority of outside directors on our board of directors, resulting in ineffective oversight in the establishment and monitoring of required internal controls and procedures; (2) inadequate segregation of duties consistent with control objectives; and (3) ineffective controls over period end financial disclosure and reporting processes. The aforementioned material weaknesses were identified by our Officers in connection with the review of our financial statements as of December 31, 2011.

Management believes any of the matters noted above could result in a material misstatement in our financial statements in future periods.

MANAGEMENT'S REMEDIATION INITIATIVES

In an effort to remediate the identified material weaknesses and other deficiencies and enhance our internal controls, we have initiated, or plan to initiate, the following series of measures:

We will create a position to segregate duties consistent with control objectives and will increase our personnel resources and technical accounting expertise within the accounting function when funds are available to us. And, we plan to appoint one or more outside directors to our board of directors who shall be appointed to an audit committee resulting in a full functioning audit committee who will undertake the oversight in the establishment and monitoring of required internal controls and procedures such as reviewing and approving estimates and assumptions made by management.

Management believes that the appointment of one or more outside directors, who shall be appointed to a fully functioning audit committee, will remedy the lack of a functioning audit committee and a lack of a majority of outside directors on our Board.

We anticipate that these initiatives will be at least partially, if not fully, implemented with the next 12 months. Additionally, we plan to test our updated controls and remediate our deficiencies by November 30, 2012.

CHANGES IN INTERNAL CONTROLS OVER FINANCIAL REPORTING

There was no change in our internal controls over financial reporting that occurred during the period covered by this report, which has materially affected, or is reasonably likely to materially affect, our internal controls over financial reporting.

Item 9B. Other Information.

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

Directors and Executive Officers

Directors and Executive Officers

Set forth below are the names, ages and present principal occupations or employment, and material occupations, positions, offices or employments for the past five years of our current directors and executive officers.

<u>Name</u>	<u>Age</u>	<u>Position</u>
Felix Elinson	43	President, Chief Executive Officer, CFO and Director
Irving Bader	72	Secretary and Director

Felix Elinson has been our President and Chief Executive Officer and a director since February 11, 2011. Mr. Elinson brings to the Company a wide array of experience with marketing, on-line expertise, a proficiency in on-line games and had vast experiences that are helpful to the Company. Since February 2008, Mr. Elinson has served as a Strategic Partner in Mega M LLC, a registered merchant services, credit card processing company in New York. From August 2003 to January 2008, Mr. Elinson served as the Chief Executive Officer of Fresh Start Management Consulting Corp. where he was involved in various types of international commodity trading transactions. From August 2000 to July 2003, Mr. Elinson worked as an independent consultant. From May 1993 to July 2000, Mr. Elinson worked for futures and commodity firms as a Senior Sales Manager and trader such as Tran World Metals (cotton division, 1993-1997) and ICG (International Commodity Trading Group, Futures Division, 1998-2000).

Irving Bader has been Secretary and a director of the Company since February 11, 2011. Mr. Bader brings many years of management, organizational and marketing skills to the Company. From 1973 to present, Mr. Bader has been the owner and a director of the Seneca Lake Camp, an organization engaged in providing summer outdoor sporting activities for children ages 7 to 18. From 2002 to present, Mr. Bader has been the director and anchor for the Jewish Sport Network and from 2005 to present he has been the director of Athletics and an Associate Professor of Physical Education at Touro College. Mr. Bader is also the author of "A Pre-School P.E. Curriculum-An Adaptive Approach and "Motor Education for Retarded and Other Handicapped Children".

There are no familial relationships among any of our officers or directors, except that Irving Bader is the father-in-law of Yitz Grossman, one of our consultants. None of our directors or officers has been affiliated with any company that has filed for bankruptcy within the last ten years. We are not aware of any proceedings to which any of our officers or directors, or any associate of any such officer or director, is a party adverse to us or any of our or has a material interest adverse to us or any of our subsidiaries.

Each director of the Company serves for a term of one year or until such director's successor is duly elected and is qualified. Each officer serves, at the pleasure of the board of directors, for a term of one year and until such officer's successor is duly elected and is qualified.

Code of Ethics; Financial Expert

We currently have a Code of Ethics applicable to our principal executive, financial and accounting officers. We currently do not have a "financial expert" on the board or an audit committee or nominating committee.

Potential Conflicts of Interest

Since we do not have an audit or compensation committee comprised of independent directors, the functions that would have been performed by such committees are performed by our directors. Thus, there is a potential conflict of interest in that our directors and officers have the authority to determine issues concerning management compensation and audit issues that may affect management decisions. We are not aware of any other conflicts of interest with any of our executives or directors.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires executive officers and directors of the Company and persons who own more than 10% of a registered class of the Company's equity securities to file reports of ownership and changes in their ownership with the Securities and Exchange Commission, and forward copies of such filings to the Company. Based solely on our review of copies of such reports and representations from our executive officers and directors, we believe that our executive officers and directors complied with all Section 16(a) filing requirements during the fiscal year ended December 31, 2011.

Involvement in Certain Legal Proceedings

There are no legal proceedings that have occurred within the past ten years concerning our directors, or control persons which involved a criminal conviction, a criminal proceeding, an administrative or civil proceeding limiting one's participation in the securities or banking industries, or a finding of securities or commodities law violations.

Item 11. Executive Compensation.

Summary Compensation

The table below sets forth information concerning compensation paid, earned or accrued by our chief executive officer and each of our executive officers (each a "Named Executive Officer") for the last two fiscal years. No other executive officer earned compensation in excess of \$100,000 during our 2011 fiscal year.

SUMMARY COMPENSATION TABLE

Name and Principal Position	Fiscal Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)	Option Awards (\$) (10) (11)	Non-Equity Incentive Plan Compensation (\$)	Nonqualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)	Total (\$)
Felix Elinson President and Chief Executive Officer	2011	53,063			0	-0	0	0	
Irving Bader Secretary	2011				0	-0	0	0	

In connection with our asset acquisition on February 22, 2011, we entered into an employment agreement with Felix Elinson, pursuant to which Mr. Elinson became employed as our Chief Executive Officer. As Chief Executive Officer, Mr. Elinson is responsible for developing our business strategies, policies and operations, as well as such duties consistent with his position as the principal executive offer of the Company. In consideration for his services, Mr. Elinson is compensated with a monthly salary of \$7,200, payable paid bi-monthly on the first and fifteenth business day of each month. Commencing upon the earlier to occur of the consummation of an equity financing of \$1,000,000 or the first full month in which we have 15,000 paying subscribers, his compensation will increase to \$12,000 per month. Mr. Elinson has agreed not to compete with the Company during the term of his employment and for a period of one and a half years thereafter. Mr. Elinson also agreed not to disclose confidential information. Although the agreement is on a month to month basis, we may terminate Mr. Elinson for cause at any time immediately upon written notice and should he be terminated, he is entitled to compensation accrued through the date of termination.

Since our incorporation on December 24, 2009, no stock options or stock appreciation rights were granted to our directors or executive officers and our directors or executive officers have not exercised any stock options or stock appreciation rights, and do not hold any unexercised stock options. We have no long-term incentive plans.

Outstanding Equity Awards

Our directors or executive officers do not hold any unexercised options, stock that had not vested, or equity incentive plan awards.

Compensation of Directors

Since our incorporation on December 24, 2009, no compensation has been paid to our directors in consideration for their services rendered in their capacities as directors.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The following table lists, as of March 14, 2012, the number of shares of our common stock that are beneficially owned by (i) each person or entity known to us to be the beneficial owner of more than 5% of our common stock; (ii) each executive officer and director of our company; and (iii) all executive officers and directors as a group. Information relating to beneficial ownership of Common Stock by our principal shareholders and management is based upon information furnished by each person using "beneficial ownership" concepts under the rules of the Securities and Exchange Commission. Under these rules, a person is deemed to be a beneficial owner of a security if that person has or shares voting power, which includes the power to vote or direct the voting of the security, or investment power, which includes the power to vote or direct the voting of the security. The person is also deemed to be a beneficial owner of any security of which that person has a right to acquire beneficial ownership within 60 days. Under the Securities and Exchange Commission rules, more than one person may be deemed to be a beneficial owner of the same securities, and a person may be deemed to be a beneficial owner of securities as to which he or she may not have any pecuniary beneficial interest. Except as noted below, each person has sole voting and investment power.

The percentages below are calculated based on 57,175,000 shares of our common stock issued and outstanding as of March 14, 2012. Unless otherwise indicated, the address of each person listed is c/o Game Face Gaming, Inc., 20 East Sunrise Highway, Valley Stream, NY 11581.

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
Felix Elinson (1) 2928 West 5th Street Brooklyn, NY 11224	11,333,333	19.82%
Irving Bader (2)	11,333,333	19.82%
Punim Chadoshos, LLC	11,333,333	19.82%
Elina Leonova (3) 319 East 24th Street New York, NY 10010	11,333,334	19.82%
Directors and officers as a group (2 persons)	22,666,666	39.6%

(1) Mr. Elinson is President and Chief Executive Officer and a director of the Company.

(2) Mr. Bader is Secretary and a director of the Company, and is the trustee of the CPT 2011 Trust which owns all of the membership interests of Punim Chadoshos, LLC, a New York limited liability company.

(3) Mrs. Leonova is the wife of Alex Lemberg, a consultant to the Company.

Punim Chadoshos, LLC has granted a proxy to Alex Lemberg to vote its shares effective upon the Company paying in full and satisfying all its obligations pursuant to the \$300,000 private placement offering.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

On February 22, 2011 we issued 22,666,667 to Lemberg Consulting Inc. in consideration of the intellectual rights relating to operating multi-platform, multiplayer non-wagering, non-games of chance. On February 28, 2011, Lemberg Consulting transferred 11,333,334 of said shares to Elina Leonova, the wife of Alex Lemberg, a consultant to the Company, and 11,333,333 shares to Felix Elinson, our President and Chief Executive Officer and a director.

On February 22, 2011, Punim Chadoshos, LLC a shareholder holding 19.82% of our issued and outstanding stock, executed a non-competition/confidentiality agreement with the Company. Punim Chadoshos has granted a proxy to Alex Lemberg to vote its shares effective upon the Company paying in full and satisfying all its obligations pursuant to the \$300,000 private placement offering.

Alex Lemberg, a consultant to the Company, is married to Elina Leonova, who holds 19.82% of our issued and outstanding stock. Punim Chadoshos has granted Mr. Lemberg a proxy to vote its shares effective upon the Company paying and satisfying in full all its obligations pursuant to its \$300,000 convertible notes private placement offering.

On October 25, 2011, we issued a Demand Note in the principal amount of \$25,000 to BSF, LLC. Lisa Grossman, wife of our consultant, Yitz Grossman, is a managing member k of BSF, LLC.

On each of November 30, 2011, December 12, 2011 and December 14, 2011, the Company issued a Demand Note in the principal amount of \$25,000, \$75,000 and \$106,000, respectively, to each of Arevim, Inc., BFSF, LLC and BSF II, LLC respectively. The Demand Notes bear interest at 6% per annum and can be prepaid by the Company without penalty. If the Demand Notes and accrued interest thereon are not paid within 10 days of demand, the interest rate will increase to 12% retroactive to the date of issuance of the Demand Note. All principal and accrued interest on the Demand Notes are convertible into shares of the Company's common stock at the election of the holder at a conversion price per share equal to the lower of (i) \$0.10 and (ii) the closing bid price on the date of conversion. If the Company fails to timely pay the Demand Note and accrued interest, it will be required to issue to the holder 20,000 shares, (for the first 30 days), 50,000 shares (for day 31 through 60) and 1,000,000 shares thereafter of its common stock per day. Lisa Grossman, is a managing member of BFSF, LLC and BSF II, LLC. She is the wife of Yitz Grossman, a consultant to the Company, and president of Arevim and a managing member of BFSF, LLC.

On January 18, 2012, the Company issued the BSF II Note in the principal amount of \$85,000 to BSF II LLC. The BSF II Note is payable upon demand at any time after February 15, 2012. The BSF II Note bears interest at 6% per annum and can be prepaid by the Company without premium or penalty. Lisa Grossman, is a managing member of BSF II, LLC. She is the wife of Yitz Grossman, a consultant to the Company.

On February 22, 2011, we entered into a Consulting Agreement with Yitz Grossman pursuant to which he was retained as a consultant to advise us on corporate development and introduce the Company to some of his contacts which may have an interest in investing in the Company. The term of the Agreement is for a period of three years and will automatically be extended for an additional three years should we raise at least \$3,000,000 gross capital. We agreed to compensate Mr. Grossman with the monthly sum of \$10,000 to be paid bi-monthly on the first and fifteenth business day of each month, said payments to commence upon the earlier of the consummation of an equity financing of \$2,000,000 or the first full month in which we have 15,000 paying subscribers. Mr. Grossman has also agreed not to compete with the Company during the term of his consultancy and for a period of one and a half years thereafter. Mr. Grossman has also agreed to not to disclosed confidential information. We have the right to terminate him for cause at any time immediately upon written notice and should he be terminated, he is entitled to compensation accrued through the date of termination.

Director Independence

We are not subject to listing requirements of any national securities exchange or national securities association and, as a result, we are not at this time required to have our board comprised of a majority of "independent directors." We do not believe that any of our directors currently meet the definition of "independent" as promulgated by the rules and regulations of the American Stock Exchange.

Item 14. Principal Accounting Fees and Services.

Our principal independent accountant is Lake and Associates CPAs. Their pre-approved fees billed to the Company are set forth below:

	Fiscal Year Ended December 31, 2010	Fiscal Year Ended December 31, 2011
Audit Fees	\$ 4,450	\$ 16,250
Audit Related Fees	\$ 0	\$ 0
Tax Fees	\$ 0	\$ 0
All Other Fees	\$ 0	\$ 0

As of December 31, 2011, the Company did not have a formal documented pre-approval policy for the fees of the principal accountant. The Company does not have an audit committee. The percentage of hours expended on the principal accountant's engagement to audit our financial statements for the most recent fiscal year that were attributed to work performed by persons other than the principal accountant's full-time, permanent employees was 0%.

PART IV

Item 15. Exhibits. Financial Statement Schedules.

Exhibit	Document
3.1	Certificate of Incorporation of Registrant (filed as Exhibit 3.3 to the Registration Statement on Form S-1 filed with the Securities and Exchange Commission on February 2, 2010 and incorporated herein by reference)
3.2	By-Laws of Registrant (filed as Exhibit 3.2 the Registration Statement on Form S-1 filed with the Securities and Exchange Commission on February 2, 2010 and incorporated herein by reference)
3.3	Form of Articles of Amendment to the Articles of Incorporation as filed with the Secretary of State of Florida on January 7, 2011 (filed as Exhibit 3.3 to Current Report on Form 8-K filed with the Securities and Exchange Commission on January 25, 2011 and incorporated herein by reference)
4.1	Form of Convertible Promissory Note (filed as Exhibit 4.2 to Current Report on Form 8-K filed with the Securities and Exchange Commission on March 4, 2011 and incorporated herein by reference)
4.2	Form of Form of Modification and Extension Agreement, dated October 22, 2011 (filed as Exhibit 4.3 to Current Report on Form 8-K filed with the Securities and Exchange Commission on March 9, 2012 and incorporated herein by reference)
4.3	Form of Form of Modification and Extension Agreement, dated January 14, 2011 (filed as Exhibit 4.4 to Current Report on Form 8-K filed with the Securities and Exchange Commission on March 9, 2012 and incorporated herein by reference)
4.4	Amendment to Note dated October 31, 2011, dated December 14, 2011 (filed as Exhibit 4.5 to Current Report on Form 8-K filed with the Securities and Exchange Commission on March 9, 2012 and incorporated herein by reference)
4.5	Second Amendment to Note dated August 17, 2011, dated December 14, 2011 (filed as Exhibit 4.6 to Current Report on Form 8-K filed with the Securities and Exchange Commission on March 9, 2012 and incorporated herein by reference)
4.6	Second Amendment to Note dated October 31, 2011, dated January 14, 2012 (filed as Exhibit 4.7 to Current Report on Form 8-K filed with the Securities and Exchange Commission on March 9, 2012 and incorporated herein by reference)
4.7	Third Amendment to Note dated August 17, 2011, dated January 14, 2012 (filed as Exhibit 4.8 to Current Report on Form 8-K filed with the Securities and Exchange Commission on March 9, 2012 and incorporated herein by reference)
4.8	Form of Demand Promissory Note (filed as Exhibit 4.9 to Current Report on Form 8-K filed with the Securities and Exchange Commission on March 9, 2012 and incorporated herein by reference)

- 4.9 Demand Promissory Note, dated January 18, 2012 issued to BSF II LLC (filed as Exhibit 4.10 to Current Report on Form 8-K filed with the Securities and Exchange Commission on March 9, 2012 and incorporated herein by reference)
- 4.10 Promissory Note, dated February 27, 2012, issued to Corporate Debt Consultants LLC (filed as Exhibit 4.11 to Current Report on Form 8-K filed with the Securities and Exchange Commission on March 9, 2012 and incorporated herein by reference)
- 10.1 Asset Purchase Agreement dated February 22, 2011 between Game Face Gaming, Inc. and Lemberg Consulting Inc. (filed a Exhibit 10.1 to Current Report filed with the Securities and Exchange Commission on February 28, 2011 and incorporated herein by reference)
- 10.2 Employment Agreement dated February 22, 2011 between Game Face Gaming, Inc. and Felix Elinson (filed a Exhibit 10.2 to Current Report filed with the Securities and Exchange Commission on February 28, 2011 and incorporated herein by reference)
- 10.3 Consulting Agreement dated February 22, 2011 between Game Face Gaming, Inc. and Yitz Grossman (filed a Exhibit 10.3 to Current Report filed with the Securities and Exchange Commission on February 28, 2011 and incorporated herein by reference)
- 10.4 Consulting Agreement dated February 22, 2011 between Game Face Gaming, Inc., Lemberg Consulting, Inc. and Alex Lemberg (filed a Exhibit 10.4 to Current Report filed with the Securities and Exchange Commission on February 28, 2011 and incorporated herein by reference)
- 10.5 Non-Competition Agreement dated February 22, 2011 between Game Face Gaming, Inc. and Punim Chadoshos, LLC. (filed a Exhibit 10.5 to Current Report filed with the Securities and Exchange Commission on February 28, 2011 and incorporated herein by reference)
- 10.6 Proxy executed by Punim Chadoshos, LLC. (filed a Exhibit 10.6 to Current Report filed with the Securities and Exchange Commission on February 28, 2011 and incorporated herein by reference)
- 10.7 Contract Agreement dated November 19, 2009 between Icreon Communications (P) Ltd. and Lemberg Consulting Inc. (filed a Exhibit 10.8 to Current Report filed with the Securities and Exchange Commission on February 28, 2011 and incorporated herein by reference)
- 10.8 Form of Convertible Note Purchase Agreement (filed a Exhibit 10.8 to Current Report filed with the Securities and Exchange Commission on March 4, 2011 and incorporated herein by reference)
- 10.9 Poker License Agreement dated March 1, 2011 between Game Face Gaming, Inc. and Atlas Software USA Inc. (filed a Exhibit 10.9 to Current Report filed with the Securities and Exchange Commission on March 4, 2011 and incorporated herein by reference)
- 10.9.1 Modification and Extension Agreement dates ad of April 15, 2011 between Game Face Gaming, Inc. and Atlas Software USA Inc.
- 10.10 Poker License Agreement dated March 3, 2011 between Game Face Gaming, Inc. and Prodigious Capital Group LLC. (filed a Exhibit 10.10 to Current Report filed with the Securities and Exchange Commission on March 4, 2011 and incorporated herein by reference)
- 10.10.1 Modification and Extension Agreement dates ad of April 15, 2011 between Game Face Gaming, Inc. and Prodigious Capital Group LLC

- 10.11 Subscription Documents and Procedures (filed as Exhibit 99.1 to the Registration Statement on Form S-1 filed with the Securities and Exchange Commission on February 2, 2010 and incorporated herein by reference)
- 10.12 Note Purchase Agreement, dated February 27, 2012 between the Company and Corporate Debt Consultants LLC (filed as Exhibit 10.12 to Current Report on Form 8-K filed with the Securities and Exchange Commission on March 9, 2012 and incorporated herein by reference)
- 10.13 Amendment to Note Purchase Agreement, dated February 27, 2012 between the Company and Corporate Debt Consultants LLC (filed as Exhibit 10.13 to Current Report on Form 8-K filed with the Securities and Exchange Commission on March 9, 2012 and incorporated herein by reference)
- 10.14 Letter Agreement, dated February 27, 2012, between the Company and Corporate Debt Consultants LLC (filed as Exhibit 10.14 to Current Report on Form 8-K filed with the Securities and Exchange Commission on March 9, 2012 and incorporated herein by reference)
- 10.15 Addendum to Note Purchase Agreement, dated February 27, 2012, between the Company and Corporate Debt Consultants LLC (filed as Exhibit 10.15 to Current Report on Form 8-K filed with the Securities and Exchange Commission on March 9, 2012 and incorporated herein by reference)
- 14.1 Code of Ethics ((filed as Exhibit 14.1 to the Registration Statement on Form S-1 filed with the Securities and Exchange Commission on February 2, 2010 and incorporated herein by reference)
- 31 Certification of Principal Executive Officer and Principal Financial Officer pursuant to Section 302(a) of the Sarbanes-Oxley Act of 2002 (filed herewith)
- 32 Certification of Principal Executive Officer and Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith)

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

FACE UP ENTERTAINMENT GROUP, INC.

Dated: December 17, 2012

By: /s/ Felix Elinson
Felix Elinson
President, Chief Executive Officer, and Director
(Principal Executive, Financial and Accounting Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Dated: December 17, 2012

By: /s/ Felix Elinson
Felix Elinson
President, Chief Executive Officer, and Director
(Principal Executive, Financial and Accounting Officer)

Dated: December 17 2012

By: /s/ Irving Bader
Irving Bader
Secretary and Director

**CERTIFICATION OF
PRINCIPAL EXECUTIVE AND FINANCIAL OFFICER PURSUANT TO
SECTION 302(a) OF THE SARBANES-OXLEY ACT OF 2002**

I, Felix Elinson , certify that:

1. I have reviewed the annual report on Form 10-K/A of Face Up Entertainment Group, Inc. f/k/a Game Face Gaming, Inc.(the “registrant”) for the year ended December 31, 2011;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer(s), and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer(s), and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: December 17, 2012

By: */s/ Felix Elinson*

Felix Elinson
President, Chief Executive Officer and Director
(Principal Executive, Financial and Accounting
Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Felix Elinson , the President, Chief Executive Officer, and Director of Face Up Entertainment Group, Inc. *f/k/a* Game Face Gaming, Inc. (the "Registrant"), certifies, under the standards set forth and solely for the purposes of 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to his knowledge, the Annual Report on Form 10-K/A of the Registrant for the year ended December 31, 2011 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in that Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

Date: December 17, 2012

By: */s/ Felix Elinson*

Felix Elinson
President, Chief Executive Officer, and Director
(Principal Executive, Financial and Accounting
Officer)

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

U.S. SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2012

Commission file number: 000-54415

FACE UP ENTERTAINMENT GROUP, INC.

(Exact name of registrant as specified in its charter)

Florida

(State of incorporation)

(I.R.S. Employer Identification No.)

20 East Sunrise Highway Suite 202, Valley Stream, New York 11581

(Address of principal executive offices)

(516) 303- 8100

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Exchange Act:
None

Securities registered pursuant to Section 12(g) of the Exchange Act:
Common Stock, \$0.0001 par value

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of June 30, 2012. \$ 3,551,250 based upon \$0.15 per share.

As of April 12, 2013, 62,642,666 shares of the issuer's common stock were issued and outstanding.

Documents Incorporated By Reference: None

TABLE OF CONTENTS

	<u>Page</u>
PART I	
Item 1 Business	3
Item 1A Risk Factors	9
Item 1B Unresolved Staff Comments	9
Item 2 Properties	9
Item 3 Legal Proceedings	9
Item 4 Mine Safety Disclosures	9
PART II	
Item 5 Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	10
Item 6 Selected Financial Data	12
Item 7 Management's Discussion and Analysis of Financial Condition and Results of Operations	12
Item 7A Quantitative and Qualitative Disclosures About Market Risk	14
Item 8 Financial Statements	14
Item 9 Changes in and Disagreements With Accountants on Accounting and Financial Disclosure	14
Item 9A Controls and Procedures	14
Item 9B Other Information	16
PART III	
Item 10 Directors, Executive Officers and Corporate Governance	17
Item 11 Executive Compensation	18
Item 12 Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	20
Item 13 Certain Relationships and Related Transactions, and Director Independence	21
Item 14 Principal Accountant Fees and Services	22
PART IV	
Item 15 Exhibits and Financial Statement Schedules	23
SIGNATURES	26

PART I

Item 1. Business.

As used in this Annual Report on Form 10-K (this "Report"), references to the "Company," the "Registrant," "we," "our" or "us" refer to Face Up Entertainment Group, Inc., unless the context otherwise indicates .

Forward-Looking Statements

This Report contains forward-looking statements. For this purpose, any statements contained in this Report that are not statements of historical fact may be deemed to be forward-looking statements. Forward-looking information includes statements relating to future actions, prospective products, future performance or results of current or anticipated products, sales and marketing efforts, costs and expenses, interest rates, outcome of contingencies, financial condition, results of operations, liquidity, business strategies, cost savings, objectives of management, and other matters. You can identify forward-looking statements by those that are not historical in nature, particularly those that use terminology such as "may," "will," "should," "expects," "anticipates," "contemplates," "estimates," "believes," "plans," "projected," "predicts," "potential," or "continue" or the negative of these similar terms. The Private Securities Litigation Reform Act of 1995 provides a "safe harbor" for forward-looking information to encourage companies to provide prospective information about themselves without fear of litigation so long as that information is identified as forward-looking and is accompanied by meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those projected in the information.

These forward-looking statements are not guarantees of future performance and involve risks, uncertainties and assumptions that we cannot predict. In evaluating these forward-looking statements, you should consider various factors, including the following: (a) those risks and uncertainties related to general economic conditions, (b) whether we are able to manage our planned growth efficiently and operate profitable operations, (c) whether we are able to generate sufficient revenues or obtain financing to sustain and grow our operations, (d) whether we are able to successfully fulfill our primary requirements for cash, which are explained below under "Liquidity and Capital Resources". We assume no obligation to update forward-looking statements, except as otherwise required under the applicable federal securities laws.

Corporate Background

Game Face Gaming, Inc., a Florida corporation (the "Company") was incorporated on December 24, 2009 under the name Intake Communications, Inc. From inception up until February 10, 2011, the Company intended to provide software to companies to help them market and sell their music and entertainment content to consumers. While the Company had identified product requirements, product development had not started and the Company had not commenced business operations other than organizational, start-up, capital formation activities, filing its registration statement and meeting its obligations as an SEC reporting company.

On January 6, 2011, the Board of Directors and majority shareholder of the Company approved an amendment to the Company's Articles of Incorporation (the "Amendment") to (i) affect a 13 for 1 forward stock split of the Company's issued and outstanding common stock in the form of a dividend, and (i) change the Company's name from Intake Communications, Inc. to Game Face Gaming, Inc. The Amendment was filed on January 7, 2011 with the Secretary of State of the State of Florida and became effective as at the close of business on January 25, 2011. The forward stock split was distributed to all shareholders of record on January 24, 2011. No cash was paid or distributed as a result of the forward stock split and no fractional shares were issued. All fractional shares which would have otherwise been required to be issued as a result of the stock split were rounded up to the nearest whole share.

On February 10, 2011, Ron Warren, the principal shareholder and sole officer and director of the Company, entered into a Stock Purchase Agreement which provided for the sale of his 11,333,333 shares of common stock of the Company (the "Control Shares") to Punim Chadoshos, LLC, a New York limited liability corporation (the "Buyer"). The consideration paid for the Control Shares, which at the time of such sale represented 40.57% of the issued and outstanding share capital of the Company on a fully-diluted basis, was \$50,000. The Buyer, which is owned by a trust, used funds which it borrowed to purchase the Shares.

Simultaneously with such purchase and sale by the Buyer, Mr. Warren resigned from all his positions with the Company and Felix Elinson and Irving Bader were appointed to the Board of Directors of the Company, and Mr. Elinson was appointed President and Mr. Bader the Secretary. In addition, Mr. Warren canceled 104,666,667 shares of the Company previously owned by him and no longer owns any shares in the Company.

On February 22, 2011, the Company entered into an Asset Purchase Agreement (the "Asset Purchase Agreement") with Lemberg Consulting, Inc., a New York corporation (the "Seller") pursuant to which the Company acquired certain assets of the Seller in consideration for the issuance of 22,666,667 shares of its common stock. The assets purchased consist of a provisional patent and other intellectual property related to operating multi-platform, multiplayer non-wagering, non-games of chance, such as chess, poker, and backgammon. As a result of the transaction, the Company now owns the domain name www.FaceUpGaming.com.

The Asset Purchase Agreement contained customary representations and warranties from each of the Company and the Seller. The Company did not assume any liabilities in connection with the acquisition, other than the contractual payments due to Icreon Communications Ltd., a company located in India which provides development outsourcing as well as other platform related enhancement and support work. Icreon is to be paid as follows - (i) \$25,000 when the platform completes Alpha testing; (ii) \$27,500 after beta; and (iii) the remaining \$27,500 after user acceptance testing. Icreon pursuant to the terms of this agreement has been paid in full. During the year ended December 31, 2011, the Company paid Icreon an additional \$3,892 for other work performed.

In connection with the asset acquisition on February 22, 2011, Mr. Elinson became our Chief Executive Officer.

On March 1, 2011, the Company entered into a Poker License Agreement with Atlas Software USA Inc., a New Jersey corporation ("Atlas") pursuant to which the Company granted Atlas the right to install and use Game Face Gaming software program for its own website and business. The Company retained all right, title and interest to its software. In consideration for the license, Atlas paid the Company \$55,000, and will pay the Company (i) \$27,500 upon acceptance of all design work, customization and the initiation of alpha testing that will support a minimum of 1,000 users; and (ii) \$27,500 upon resolution of issues derived during the alpha testing and the completion of a beta test. It was anticipated that the alpha testing will be completed by April 15th and the completion of the beta by June 15th. If payment is not made in accordance with the terms of the Agreement, the Company has the right to impose a 1% penalty per month on any overdue amount, and if not paid following 30 days notice, the Company may cancel the Agreement.

This Agreement was modified as of April 15, 2011 to extend the payments due by Atlas so that \$27,500 is due 60 days after the completion of beta testing and the code moved to production servers of an online poker room membership model and the final payment in the amount of \$27,500 will be due 60 days later. The Company anticipates to provide Atlas with a redesigned membership model platform as compared to a rake model by June 2013.

On March 3, 2011, the Company entered into a similar license agreement with Prodigious Capital Group LLC on the same terms and conditions as the agreement with Atlas, other than the payment of \$50,000 to the Company upon execution and delivery of the agreement and \$25,000 due and payable upon acceptance of all design work, customization and the initiation of alpha testing that will support a minimum of 1,000 users which is expected July 1st; and (ii) \$25,000 upon resolution of issues derived during the alpha testing and the completion of a beta test, which is expected September 1st. This license is limited to the "Texas Hold-em" version of the software of the Company and no other games or poker variations.

This Agreement was modified as of April 15, 2011 to extend the payments due by Prodigious so that \$27,500 will become immediately due 60 days after the completion of beta testing and the code moved to production server/s. A final payment in the amount of \$27,500 will be due 60 days later. The Company anticipates to provide Atlas with a redesigned membership model platform as compared to a rake model by June 2013.

Business Overview

Since the change of control and the consummation of the transactions contemplated by the Asset Purchase Agreement, we are now in the business of operating a reality gaming social network. We offer a non-wagering internet poker website and by incorporating proprietary technologies that provides players with streaming video, audio and messaging capabilities. We believe that these enhancements will dramatically enhance the players' online social gaming experiences. Management is not aware of any online games sites which offer players the ability to see one another and speak live during game play.

We are committed to responsible game-play and are not a gambling site - we want to encourage people to play competitively to win prizes without requiring them to risk losing money. The only cost to players is a monthly membership fee. Because we do not offer gambling, players cannot lose money, but still provide an exciting and entertaining experience. Our members pay us a monthly fee, which gives them a certain amount of points. These points are then used to enter tournaments and/or play games on the site. Each game has its own entry fee in terms of points. Additional points are not purchased; instead they are won based on a member's standing in various tournaments played on our site.

We will require additional capital to develop and expand our gaming platform to a full launch. We estimate that within the next 12 months we will need approximately \$3,600,000 in net operating funds to operate our subscription based site and market the site to obtain members and generate revenues from members. We anticipate that such funds, were they to be available to the Company, would be utilized as follows: 1- Accounts Payable \$ 400,000; 2- Notes Payable \$1,000,000; 3- Operations \$800,000; 4- Marketing \$1,100,000; 5- Development- \$300,000.

There can be no assurance that additional capital will be available to us. We currently have no agreements, arrangements or understandings with any person to obtain such amount of funds through bank loans, lines of credit or any other sources. Since we have no other such arrangements or plans currently in effect, our inability to raise funds for the above purposes will have a severe negative impact on our ability to remain a viable company.

Our Technology

We currently own provisional patent application number 61/423,751, titled "reality gaming social network".

Our software is designed in ASP.Net 2 and Flash, and the database is built in MS SQL and Flash Media Server. Utilizing this approach, we hope to provide video streaming and voice quality capabilities to more than 1 million players at one time. Because our infrastructure exists on cloud based technology, our platform enables rapid and immediate response to higher demand.

Cloud computing is by far the most economical way to scale up capacity, because as the need presents itself all we need to do is open up a new server and access the required server. This method not only enables us to determine the exact configuration and bandwidth which we need to use, but then we only have to pay for what we need and use.

We are currently using cloud computing provided by Rackspace.com on a monthly basis Rackspace offers data centers which simultaneously handle the resource requests from multiple clients. With everything in the data centers, we do not need to have our own information technology setup related directly to the constant upkeep of servers. We currently pay \$3200-\$3600 per month depending on bandwidth usage for this service. Our gaming systems have been designed to meet the most demanding security standards. We use the same technology currently employed by Amazon and Dell to secure their e-commerce sites' client information. All sensitive data will be securely transmitted and stored in encrypted databases with Rackspace.com.

We also believe that the use of ASP.Net in the front-end makes our system fully secure and encrypted from hackers because the software is running from the server instead of being downloaded to a player's computer. This design makes the system more secure and provides less chances of the system slowing down and/or crashing.

Products

Our first game offering is poker. Poker was selected as the Company's inaugural game product because our platform and technology (live, interactive video and chat) will enable players to see and speak to each other in real-time. Our technology will allow play not merely based on the cards being held in hand but also using the skill required to see and read the opponent's face; the proverbial 'poker face'.

We offer people the opportunity to participate in tournaments, which are the ultimate poker players' thrill. A tournament is a poker game in which each player starts with an equal amount of chips. All of the players in the tournament continue to play until one player has amassed all of the chips. Each tournament has a chip-buy-in. The buy-in is put into the prize pool; the fee is kept by the Company. The size of the prize pool depends on the tournament structure and is paid out in its entirety to the winner.

To start the tournament, each player is dealt a card. The player with the highest card starts the game as the dealer. Each player's goal is to amass as many chips as possible. Players who lose all of their chips are out of the tournament. As the tournament continues, more and more players are eliminated until only the tournament winner remains.

Members will be given a tournament rating that is a measure of how successful they are in our tournaments. The tournament rating is a score that is based on a player's multi-table tournament performance and is constantly changing as the player plays more multi-table tournaments. Tournament ratings allow a player to see how he is doing and track his progress as he becomes a better player. We also hope to run special tournaments in which a player can play against players with similar tournament ratings. This will allow players the opportunity to play against other players of similar skill level.

The numerical value of a player's tournament rating is determined by a complex formula that takes into account primarily where the player is placed in a given multi table tournament and how many total people were in the tournament. The player's tournament rating then determines his color level, which starts at the Red level and progress to Green and finally to Black -- the highest color level. The more multi table tournaments he plays, the size of the tournaments and how he places in these tournaments will determine whether the player's score and color level move up or down. In general, the better the player's performance, the higher his numerical tournament rating score.

If we are successful and can raise sufficient funds, we hope to offer other types of tournaments, including:

Shootouts : A shootout is a special kind of multi-table tournament. Traditionally, when a player plays in a multi-table tournament, players are moved from table to table to balance the number of players at each table. Eventually, the fortunate last nine players end up at the " *final table* ". In a shootout, no such table balancing is done. A player remains at his original table until only one player is left standing. If he wins at that table, he advances to another table and repeats the process against other players who have each won at previous respective tables.

Double Shootout : In a ***Double Shootout*** , a player needs to win two tables to win the event, although often there is some money for everybody who makes the second table. Each starting table is played to its conclusion; the final table is formed of the winners of the first round matches.

Triple Shootout: In a ***Triple Shootout*** , a player must win three tables to win the entire event (again, there may well be some prize money distributed along the way). For example, assuming a standard (9 players per table) triple shootout is full, 729 players will be placed, 9 per table, at 81 tables within the tournament. Each table will play until there is one player remaining with all of the chips from that table. The 81 players remaining will then be moved to 9 tables for Round 2. As in Round 1, each table will play until one player has all of the chips from that table. Finally, the 9 remaining players will advance to the final table, where the champion of the tournament will be determined.

This process could be extended to quadruple shootouts and on up. Also, the tables don't necessarily have to start at nine players each. For instance, it is possible to run a triple shootout with four-player tables (a total of 64 players in each event).

Satellite : A satellite is a tournament in which the prize is an entry into a larger tournament. It can be less expensive to enter a satellite than it would be to enter the main tournament directly. Multi-table satellites are scheduled as regular tournaments, and the sign-up details and play are identical.

Freerolls : A "freeroll" is another type of tournament in which entry is completely free. There is no buy-in and no entry fee, but there are cash prizes available to win. We hope to hold many of these events on a daily basis.

Sit & Go : A "Sit & Go" is a tournament that is not regularly scheduled; it simply begins when all the seats are filled. We hope to offer several kinds of Sit & Go tournaments, including single table, multi table, and heads up events.

We hope to quickly expand the network beyond poker to include global staples in gaming such as backgammon, chess and checkers.

Market

Management has studied the state of multi-platform, multiplayer non-wagering, non-games. We feel that the gaming industry presents an ever increasing market and excellent opportunities for growth. The Company hopes to market the first online gaming product which will deliver video, audio and texting functionality along with the ability to allow users to create their own private tables and host their own private tournaments.

It is hoped that our proprietary technology will allow for interactive, face-to-face competition, which we believe is the only medium which allows for the true test of a poker player's skill. Without the possibility of being able to see and affect your opponent psychologically, the game might as well not be played.

Our Strategy

Management hopes that the Company will be able to generate revenues from the following sources: (1) monthly membership fees; (2) advertisements; (3) tournament plays; (4) social network community; and (5) e-Commerce.

Monthly Membership Fees

Players on our game site will be grouped into two communities, paying members and free-members. Membership packages will consist of monthly payments, the price being dependent on the package the person selects. Our free-member community will accumulate "Fun Points", while players in our paying member community will accumulate play chips leading to prizes and other giveaways.

A player in our free member community will need to accumulate points in order to have chance to play for smaller prizes. The player would be able to do this by winning these points playing in tournaments with other players or private tables. The tournaments will have various jackpots depending on qualifiers and points needed to enter any particular tournament.

Our paying member community will be able to win play chips enabling them entry into tournaments with bigger prizes and giveaways. For a monthly fee, players will receive the Company's monthly newsletter written by gaming professionals and will be given the opportunity to access:

- Entry into tournaments with monthly prizes;
- A proprietary tournament rating leader board based on actual play;
- Live chats customer service;
- Ability to create private tables;
- No ads, no interruptions game play; and
- Access into our structured proprietary league structured tournaments.

We plan to attract members to sign up utilizing different incentive and marketing programs.

Advertisement – We anticipate developing a strong following in the “Play for Fun” portion of the website in the early days following our beta testing. We hope this provides us with an opportunity to generate advertisement dollars.

Tournament Plays – This component of the online gaming industry is by far one of the most popular and lucrative venues. We believe that the launch of “*Tournament Play*” will drastically increase the number of user's who register on a monthly basis. We also hope that this will lead to even greater advertisement revenues.

Social Network Community – Up until now the social aspect of online poker has been relatively small when compared to other niche based communities. The existing format of online poker forces players to play as many hands as possible without any interaction among the players since players are unable to speak or directly view their opponents, there is no reasonable opportunity for them to interact with each other than on the hands played.

With the advent of our technology players will be able to see, communicate, and otherwise interact with other players in our online community. Our technology provides a new dimension of interaction which we hope will lead towards the development of social groups. We believe that this concept will help make us the most diverse and popular online poker social networks which we hope will lead to a larger player base, as compared to a standalone poker room, ultimately leading to greater revenues.

e-Commerce – In the natural course of development, we hope that merchants will find the online social community fertile ground to offer gambling related products and services. We will provide our e-commerce partners with the ability to market and sell their products directly through payment processing software. We will take a small percentage from each transaction we process adding to our list of revenue streams.

Employees

The Company has only one full-time employee as well as its officers and directors and a consultant, who will devote as much time as the Board of Directors determines is necessary to carry out the affairs of the Company.

Item 1A. Risk Factors

Smaller reporting companies are not required to provide the information required by this Item 1A.

Item 1B. Unresolved Staff Comments

None

Item 2. Properties

The Company does not own any real estate or other properties. The Company's office is located at 20 East Sunrise Highway, Suite 202, Valley Stream, New York 11581, in office space provided by Yitz Grossman, who was formerly a consultant of the Company, at no charge. It is currently sufficient for our operations.- Company will find and will look but has not found or even looked yet- will do so in the coming weeks

Item 3. Legal Proceedings.

There are no pending legal proceedings to which the Company is a party or in which any director, officer or affiliate of the Company, any owner of record or beneficially of more than 5% of any class of voting securities of the Company, or security holder is a party adverse to the Company or has a material interest adverse to the Company. The Company's property is not the subject of any pending legal proceedings.

Notwithstanding the foregoing, on April 4, 2013 the United States Attorney and the Federal Bureau of Investigation announced charges against seven individuals for their roles in a conspiracy to commit securities fraud and the extortion of a con-conspirator. The complaint alleges that the defendants worked to fraudulently inflate the prices and trading volumes of publicly traded stock of small companies, including our company. One of the defendants was a consultant to the Company since February 2011 and has resigned effective April 10, 2013.

Item 4. Mine Safety Disclosures.

Not applicable

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Market Information

Our common stock is quoted on the OTC Bulletin Board ("OTCBB") under the symbol "IKCC". Trading of our common stock commenced on August 2, 2011. Prior to that date, there was no market for our common stock. The following table sets forth the high and low sales prices as reported on the OTCBB. The quotations reflect inter-dealer prices, without retail mark-up, mark-down or commission, and may not represent actual transactions.

FISCAL YEAR 2011	HIGH	LOW
Third Quarter	\$ 0.50	\$ 0.10
Fourth Quarter	\$ 0.43	\$ 0.06

FISCAL YEAR 2012	HIGH	LOW
First Quarter	\$ 0.20	\$.05
Second Quarter	\$.27	\$.13
Third Quarter	\$.3850	\$.17
Fourth Quarter	\$.42	\$.2175

The last reported sales price of our common stock on the OTCBB on April 3, 2013, was \$.14.

Holdings

As of April 3, 2013, there were 45 holders of record of our common stock.

Dividends

We have never declared or paid any cash dividends on our common stock nor do we anticipate paying any in the foreseeable future. Furthermore, we expect to retain any future earnings to finance our operations and expansion. The payment of cash dividends in the future will be at the discretion of our Board of Directors and will depend upon our earnings levels, capital requirements, any restrictive loan covenants and other factors the Board considers relevant.

Equity Compensation Plans

We do not have any equity compensation plans.

Recent Sales of Unregistered Securities; Use of Proceeds from Registered Securities

As of February 20, 2013, the Company issued 150,000 shares of its common stock to DCO Capital Group LLC. The issuance was in consideration for the extension of \$75,000 loans made by DCO Capital to the Company until May 1, 2013.

As of February 9, 2013, the Company issued 100,000 shares of its common stock to Corporate Debt Consultants LLC. The issuance was in consideration for the extension of a \$50,000 loan made by Corporate Debt to the Company until May 1, 2013.

As of January 10, 2013, the Company issued 346,000 shares of its common stock to DCO Capital Group. The issuance was in consideration for the extension of a \$173,000 loan made by DCO Capital to the Company until May 1, 2013.

As of December 6, 2012, the Company issued 200,000 shares of its common stock to Yitz Grossman. The issuance was in consideration for the extension of a \$100,000 loan made by Mr. Grossman to the Company originally due November 6, 2012 until May 1, 2013.

As of December 1, 2012, the Company issued the following shares of common stock to the following persons – 25,000 shares to Beth England; 100,000 shares to L. Frankel Irrv Childrens Trust; 500,000 shares to Small Cap Consultants, Inc.; 382,000 shares to BSF II, LLC; 150,000 shares to BFSF, LLC; 50,000 shares to Corporate Debt Consultants LLC; 54,000 shares to DCO Capital Group LLC.

On August 22, 2012, the Company issued 350,000 shares of its common stock to DCO Capital Group, LLC a Delaware limited liability company.

On June 15, 2012, in connection with the execution of certain modification agreements with each of Beth England and the L Frankel Irrv Childrens Trust, the Company issued 100,000 shares of its common stock to each such lender as consideration for agreeing to extend the maturity dates of outstanding promissory notes in the principal amount of \$25,000 with England and \$50,000 with the Trust, from June 15, 2012 to September 15, 2012.

On June 15, 2012, in connection with the execution of a certain modification agreement with Small Cap Consultants, Inc., the Company issued an aggregate of 500,000 shares of its common stock to Small Cap as consideration for extending the maturity dates of outstanding principal notes to Small Cap to the earlier of September 15, 2012 or the Company receiving \$500,000 in financing.

On February 27, 2012, the Company issued 1,000,000 shares of its common stock to Corporate Debt Consultants, LLC, a New York limited liability company concurrent with a loan made by Corporate Debt Consultants to the Company. Corporate Debt was granted piggyback registration rights and demand registration rights upon a financing of at least \$2,000,000 by the Company with respect to said shares.

On November 1, 2011, the Company issued 250,000 shares of its common stock to Small Cap Consultants, concurrent with a loan made by Small Cap Consultants to the Company.

On August 18, 2011, the Company issued 250,000 shares of its common stock to Small Cap Consultants concurrent with a loan made by Small Cap Consultants to the Company.

On June 23, 2011, the Company issued shares of common stock to the following persons in consideration for consulting services provided or to be provided by such persons to the Company: BSF II, 500,000 shares; Bonnie Leinhos 50,000 shares; Xstream Assets, LLC 2,000,000 shares; Nalesta Consulting Inc. 2,500,000 shares; and Steve Morgan 25,000 shares. These securities were issued in reliance on the exemption under Section 4(2) of the Act; the recipients are accredited investors; are not affiliates of the Company and had access to all of the information which would be required to be included in a registration statement and the transaction did not involve a public offering.

All of the foregoing issuances were made in reliance upon an exemption from registration provided under Section 4(2) of the Securities Act of 1933, as amended.

Purchases of Equity Securities by the Small Business Issuer and Affiliated Purchasers

For the period ended December 31, 2012, we have not repurchased any shares of our common stock.

Item 6. Selected Financial Data.

Smaller reporting companies are not required to provide the information required by this Item 6.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Certain statements contained in this prospectus, including statements regarding the anticipated development and expansion of our business, our intent, belief or current expectations, primarily with respect to the future operating performance of Game Face Gaming, Inc. All forward-looking statements speak only as of the date on which they are made. We undertake no obligation to update such statements to reflect events that occur or circumstances that exist after the date on which they are made.

Plan of Operation

We are in the business of operating a reality gaming social network. We plan to offer a non wagering internet gaming website by incorporating proprietary technologies that will provide players with streaming video, audio and messaging capabilities. We believe that these enhancements will dramatically enhance the players' online gaming experiences. These games include poker, chess, backgammon and others. We believe that these enhancements will dramatically enhance players' online gaming experiences. Management is not aware of any online games sites which offer players the ability to see one another and speak live during game play.

We will require additional capital to develop and expand our gaming platform from beta testing to a full launch. We estimate that within the next 12 months we will need approximately \$3,600,000 to fund its expenses over the next twelve months. On a monthly basis, if the Company had these funds it would utilize, among other uses, approximately \$125,000 for advertising and marketing, \$100,000 for salaries and office expenses and \$60,000 for software development. There can be no assurance that additional capital will be available to the Company. The Company currently has no agreements, arrangements or understandings with any person to obtain funds through bank loans, lines of credit or any other sources.

Current cash on hand is insufficient for all of the Company's commitments for the next 12 months. We anticipate that the additional funding that we require will be in the form of equity financing from the sale of our common stock. However, we cannot provide investors with any assurance that we will be able to raise sufficient funding from the sale of our common stock to fund additional development and expansion of our gaming platform from beta testing to a full launch. We cannot be certain that the required additional financing will be available or available on terms favorable to us. If additional funds are raised by the issuance of our equity securities, such as through the issuance and exercise of warrants, then existing stockholders will experience dilution of their ownership interest. We do not currently have any arrangements in place for any future equity financing.

If additional funds are raised by the issuance of debt or other equity instruments, we may be subject to certain limitations in our operations, and issuance of such securities may have rights senior to those of the then existing holders of common stock. If adequate funds are not available or not available on acceptable terms, we may be unable to fund expansion, develop or enhance services or respond to competitive pressures or continue to operate.

We do not anticipate any equipment purchases in the twelve months ending December 31, 2013.

Results of Operations

Years Ended December 31, 2012 and 2011

We had \$3,348 in cash and cash equivalent as of December 31, 2012, and have experienced losses since inception. We recognized \$113,301 in income in 2012 from Site membership sales. Expenses during the year ended December 31, 2012 were \$1,301,894 for a net loss of \$3,440,537 compared to expenses of \$743,844 for a net loss of \$971,772 for the year ended December 31, 2011. Expenses for the year ended December 31, 2012 were primarily the result of from Operations, development and Marketing and general and administrative expenses, while expenses for the year ended December 31, 2011 consisted primarily of general and administrative expenses (\$609,607), professional fees (\$79,512) and advertising expenses (\$52,368) due to expenditures necessary as the Company prepares to launch its first product offering. We have incurred a cumulative net loss of \$4,438,725 for the period December 24, 2009 (inception) to December 31, 2012.

Liquidity and Capital Resources

Our balance sheet as of December 31, 2012 reflects that the Company has \$3,384 in cash and cash equivalents. In addition, the Company had a working capital deficiency of \$ 3,317,925 at December 31, 2012.

As of December 31, 2012 we had a total of \$1,666,000 owed to nine entities and individuals, of which \$416,000 are due upon demand and \$1,250,000 are due on May 1, 2013 with the exception of one Note in the amount of \$25,000 which was due on March 15, 2013 and is currently in default. Of the \$1,666,000 outstanding as of December 31, 2012, \$466,000 is owed to affiliates of the company.

During the first quarter of 2013, the Company borrowed \$97,000 of additional funds nonaffiliated lenders. On January 24, 2013 the Company canceled three of the notes totaling \$125,000 and issued a note in the amount of \$134,414 to an unrelated party. The Note issued included \$9,414 of accrued interest due to holders of the cancelled Notes. The note payable has a conversion factor whereby the note holder may convert the principal amount and accrued unpaid interest into common stock equal to a price which is a 32.5% discount from the lowest "VWAP in the 3 days prior to the day that the holder requests conversion.

In addition to the outstanding Notes, as of April 14, 2013, we also currently owe \$311,000 in cash and non cash prizes to our site members. The break down of that amount is as follows, As of Dec 31, 2012 the amount of the cash prizes owed was \$151,000 and a \$80,000 in non cash prizes, equaling a total of \$231,000 owed on 12-31-12. For the period of 1-1-2013 to April 14, 2013 we owe an additional \$45,000 in cash prizes and \$35,000 in no cash prizes.

Going Concern Consideration

The Company is a development stage company. For the period December 24, 2009 (date of inception) through December 31, 2011, the Company has had a net loss of \$4,438,725. Our independent auditor has expressed substantial doubt about our ability to continue as a going concern and believes that our ability is dependent on our ability to begin operations and to achieve profitability. See Note 6 of our financial statements.

The Company believes that it will need approximately \$3,600,000 to fund its expenses over the next twelve months. On a monthly basis, if the Company had these funds it would utilize, among other uses, approximately \$125,000 for advertising and marketing, \$100,000 for salaries and office expenses and \$60,000 for software development. There can be no assurance that additional capital will be available to the Company. The Company currently has no agreements, arrangements or understandings with any person to obtain funds through bank loans, lines of credit or any other sources.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future material effect on our financial condition, results of operations or liquidity.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

Smaller reporting companies are not required to provide the information required by this item.

Item 8. Financial Statements.



REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and
Stockholders of Face Up Entertainment Group, Inc. (fka Game Face Gaming, Inc.)

We have audited the accompanying balance sheet of Face Up Entertainment Group, Inc. (fka Game Face Gaming, Inc.) (a development stage company) (the "Company") as of December 31, 2012 and 2011 and the related statements of operations, stockholders' equity/(deficit), and cash flows for each of the years in the two-year period ended December 31, 2012, and for the period since December 24, 2009 (inception) through December 31, 2012. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Face Up Entertainment Group, Inc. (fka Game Face Gaming, Inc.) (a development stage company) as of December 31, 2012 and 2011 and the results of its operations and its cash flows for each of the years in the two-year period ended December 31, 2012, and for the period since December 24, 2009 (inception) through December 31, 2012, in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed further in Note 6, the Company has been in the development stage since its inception (December 24, 2009) and continues to incur significant losses. The Company's viability is dependent upon its ability to obtain future financing and the success of its future operations. These factors raise substantial doubt as to the Company's ability to continue as a going concern. Management's plan in regard to these matters is also described in Note 6. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ Lake & Associates CPA's LLC
Lake & Associates CPA's LLC
Schaumburg, Illinois
April 15, 2013

Face Up Entertainment Group, Inc.
(f/k/a Game Face Gaming, Inc.)
(A Development Stage Company)
Consolidated Balance Sheets

ASSETS

	<u>December 31, 2012 (Unaudited)</u>	<u>December 31, 2011 (Audited)</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 3,348	\$ 18,325
Prepaid expenses and other current assets	1,438	1,621
TOTAL CURRENT ASSETS	<u>4,786</u>	<u>19,946</u>
PROPERTY AND EQUIPMENT (Net)	<u>204,670</u>	<u>35,070</u>
OTHER ASSETS		
Intangible asset	100,000	100,000
TOTAL OTHER ASSETS	<u>100,000</u>	<u>100,000</u>
TOTAL ASSETS	<u>\$ 309,456</u>	<u>\$ 155,016</u>

LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)

CURRENT LIABILITIES:		
Accounts payable	344,217	10,450
Accrued expenses and other current liabilities	14,724	15,458
Derivative liabilities	1,213,280	178,070
Notes payable-convertible	1,666,000	656,000
Accrued interest on notes payable--convertible	84,490	12,396
TOTAL CURRENT LIABILITIES	<u>3,322,711</u>	<u>872,374</u>
STOCKHOLDERS' EQUITY (DEFICIT):		
Capital stock - authorized: 250,000,000 common shares, \$0.0001 par value 61,582,000 and 56,175,000 shares issued and outstanding at December 31, 2012 and December 31, 2011, respectively	6,159	5,618
Additional paid in capital	1,419,311	275,212
Deficit accumulated during the development stage	(4,438,725)	(998,188)
TOTAL STOCKHOLDERS' EQUITY (DEFICIT)	<u>(3,013,255)</u>	<u>(717,358)</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)	<u>\$ 309,456</u>	<u>\$ 155,016</u>

Face Up Entertainment Group, Inc. and Subsidiary
(f/k/a Game Face Gaming, Inc.)
(A Development Stage Company)
Consolidated Statements of Operations

	For the Year Ended December 31, 2012	For the Year Ended December 31, 2011	For the Period December 24, 2009 (Inception) to December 31, 2012
REVENUES:			
Net revenue	\$ 113,301*	\$ 105,000	\$ 218,301
EXPENSES:			
Depreciation expense	3,143	2,357	5,500
General & administrative expenses	1,298,751	741,487	2,066,654
Total expenses	<u>1,301,894</u>	<u>743,844</u>	<u>2,072,154</u>
Operating Loss	<u>(1,188,593)</u>	<u>(638,844)</u>	<u>(1,853,853)</u>
OTHER INCOME (EXPENSE):			
Interest expense	(1,216,734)	(157,274)	(1,374,008)
Derivate liability	(1,035,210)	(178,070)	(1,213,280)
Interest income	-	-	-
Other income - cancellation of debt	-	2,416	2,416
Total other income (expense)	<u>(2,251,944)</u>	<u>(332,928)</u>	<u>(2,584,872)</u>
Income (Loss) before Provision for Income Taxes	(3,440,537)	(971,772)	(4,438,725)
Provision for Income Taxes	-	-	-
Net Loss	<u>\$ (3,440,537)</u>	<u>\$ (971,772)</u>	<u>\$ (4,438,725)</u>
PER SHARE DATA:			
Basic and diluted loss per common share	<u>\$ (0.06)</u>	<u>\$ (0.02)</u>	
Weighted Average Common shares outstanding	<u>58,145,150</u>	<u>61,856,370</u>	

Face Up Entertainment Group, Inc. and Subsidiary
(f/k/a Game Face Gaming, Inc.)
(A Development Stage Company)
Consolidated Statements of Stockholders' Equity (Deficit)

	<u>Common Stock</u>		<u>Additional Paid-in Capital</u>	<u>Stock Subscriptions Receivable</u>	<u>Deficit Accumulated During the Development Stage</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>				
Inception - December 24, 2009	-	\$ -	\$ -	\$ -	\$ -	\$ -
Common shares issued to Founder for cash at \$0.001 per share (par value \$0.00001) on December 24, 2009	117,000,000	11,700	(2,700)	(3,000)	-	6,000
Loss for the period from inception on December 24, 2009 to December 31, 2009	-	-	-	-	(3,579)	(3,579)
Balance - December 31, 2009	117,000,000	11,700	(2,700)	(3,000)	(3,579)	2,421
Payment of Subscription Receivable				3,000		3,000
Common shares issued to Investors for cash at \$0.01 per share (par value \$0.00001) on May 26, 2010	15,600,000	1,560	10,440			12,000
Loss for the year ended December 31, 2010					(22,837)	(22,837)
Balance - December 31, 2010	132,600,000	13,260	7,740	-	(26,416)	(5,416)
Common shares cancelled by the Corporation on February 10, 2011	(104,666,667)	(10,467)	10,467			-
Common shares issued at \$0.0044 per share (par value \$0.0001) for the contribution of intangible assets on February 22, 2011	22,666,667	2,267	97,733			100,000
Common shares issued to Consultants for services at \$0.0044 per share (par value \$0.0001) on June 23, 2011	5,075,000	508	21,822			22,330
Common shares issued for finance costs at \$0.25 per share (par value \$0.0001) on August 17, 2011	250,000	25	62,475			62,500
Common shares issued for finance costs \$0.30 per share (par value \$0.0001) on October 31, 2011	250,000	25	74,975			75,000
Loss for the year ended December 31, 2011					(971,772)	(971,772)
Balance - December 31, 2011	56,175,000	5,618	275,212	-	(998,188)	(717,358)
Common shares issued for finance costs \$0.16 per share (par value \$0.0001) on February 27, 2012	1,000,000	100	159,900			160,000
Common shares issued for finance costs \$0.17 per share (par value \$0.0001) on May 29, 2012	500,000	50	84,950			85,000
Common shares issued for finance costs \$0.27 per share (par value \$0.0001) on June						

15, 2012	700,000	70	97,930		98,000
Common shares issued for finance costs \$0.18 per share (par value \$0.0001) on August 9, 2012	250,000	25	44,975		45,000
Common shares issued for finance costs \$0.18 per share (par value \$0.0001) on August 22, 2012	350,000	35	62,965		63,000
Common shares issued for finance costs \$0.20 per share (par value \$0.0001) on November 29, 2012	454,000	46	90,755		90,800
Common shares issued for finance costs \$0.28 per share (par value \$0.0001) on December 1, 2012	2,153,000	215	602,625		602,840
Loss for the twelve months ended December 31, 2012					(3,440,537) (3,440,537)
Balance - December 31, 2012	<u>61,582,000</u>	<u>\$ 6,159</u>	<u>\$ 1,419,311</u>	<u>\$ -</u>	<u>\$ (4,438,725) \$ (3,013,255)</u>

Face Up Entertainment Group, Inc. and Subsidiary
(f/k/a Game Face Gaming, Inc.)
(A Development Stage Company)
Consolidated Statements of Cash Flows

	For the Year Ended December 31, 2012	For the Year Ended December 31, 2011	For the Period December 24, 2009 (Inception) to December 31, 2012
OPERATING ACTIVITIES:			
Net loss	\$ (3,440,537)	\$ (971,772)	\$ (4,438,725)
Depreciation	3,143	2,357	5,500
Common stock issued for services	-	22,330	22,330
Common stock issued for financing costs	1,144,640	137,500	1,282,140
Changes in Assets and Liabilities:			
(Increase) decrease in current assets:			
Prepaid Expenses and other current assets	183	(1,621)	(1,438)
Increase (decrease) in current liabilities:			
Accounts payable	333,767	7,450	344,217
Derivative liabilities	1,035,210	178,070	1,213,280
Accrued interest on convertible debt	72,094	12,396	84,490
Accrued expenses and other current liabilities	(734)	15,458	14,724
Net cash used in operating activities	<u>(852,234)</u>	<u>(597,832)</u>	<u>(1,473,482)</u>
INVESTMENT ACTIVITIES:			
Computer hardware purchased	-	(9,427)	(9,427)
Source code purchased	(172,743)	(28,000)	(200,743)
Net cash provided by investment activities	<u>(172,743)</u>	<u>(37,427)</u>	<u>(210,170)</u>
FINANCING ACTIVITIES:			
Common stock issued	-	-	21,000
Issuance of notes payable	1,010,000	851,000	1,861,000
Repayments of notes payable	-	(195,000)	(195,000)
Loan from officer	-	(3,000)	-
Net cash provided by financing activities	<u>1,010,000</u>	<u>653,000</u>	<u>1,687,000</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(14,977)	17,741	3,348
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>18,325</u>	<u>584</u>	<u>-</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>\$ 3,348</u>	<u>\$ 18,325</u>	<u>\$ 3,348</u>
Supplemental Cash Flow Disclosures:			
Cash paid for:			
Interest expense	<u>\$ -</u>	<u>\$ 7,380</u>	<u>\$ 7,380</u>
Income taxes	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Non-cash transactions:			
Stock Issued for intangible asset	<u>\$ -</u>	<u>\$ 100,000</u>	<u>\$ 100,000</u>

FACE UP ENTERTAINMENT GROUP, INC. AND SUBSIDIARY
(F/K/A GAME FACE GAMING, INC.)
(A Development Stage Company)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2012

NOTE 1 - GENERAL ORGANIZATION AND BUSINESS

Face Up Entertainment Group, Inc. (f/k/a Game Face Gaming, Inc.) the Company is a development stage company, incorporated in the State of Florida on December 24, 2009 to provide software to companies to help them market and sell their music and entertainment content to consumers. On April 24, 2012 the Company changed its name from Game Face Gaming, Inc. (F/K/A Intake Communications, Inc.) to Face Up Entertainment Group, Inc.

Since February 2011, the Company has been engaged in developing the internet's first Reality Gaming Social Network. The Company seeks to penetrate the market in the business of operating a non-wagering Internet social media and gaming company. The Internet Gaming platform incorporates proprietary technologies that will provide users with streaming video, audio and messaging capabilities enhancing both the users experience and the gaming experience.

Face Up Entertainment Group's proprietary platform will be used in creating a vast global gaming network consisting of games from every region of the globe, supporting native languages as well as cross language functionality. Once these games make their way onto our platform they will be accessible on almost all devices currently used to access the internet. In addition to popular and well known games that are already being played on line by tens of millions of people around the world, Game Face will be launching its own in- house developed games.

NOTE 2 - SUMMARIES OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Company is currently a development stage enterprise reporting under the provisions of FASB ASC 915, Development Stage Entity. The financial statements have been prepared on the accrual basis of accounting in conformity accounting principles generally accepted in the United States of America.

Principles of Consolidation

The consolidated financial statements include the accounts of Face Up Entertainment Group, Inc. (F/K/A Game Face Gaming, Inc.) and its wholly owned subsidiary Socii Management, LLC. All material intercompany balances and transactions have been eliminated from in consolidation.

Cash and Cash Equivalents

For purposes of the cash flow statements, the company considers all highly liquid investments with original maturities of three months or less at the time of purchase to be cash equivalents. At December 31, 2012 the company did not have any balances that exceeded FDIC insurance limits.

FACE UP ENTERTAINMENT GROUP, INC. AND SUBSIDIARY
(F/K/A GAME FACE GAMING, INC.)
(A Development Stage Company)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2012

Property and Equipment

Property and equipment is stated at cost. Depreciation and amortization expense is computed using principally accelerated methods over the estimated useful life of the related assets ranging from 3 to 7 years. When assets are sold or retired, their costs and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in the statement of operations.

The Company recognizes an impairment loss on property and equipment when evidence, such as the sum of expected future cash flows (undiscounted and without interest charges), indicates that future operations will not produce sufficient revenue to cover the related future costs, including depreciation, and when the carrying amount of the asset cannot be realized through sale. Measurement of the impairment loss is based on the fair value of the assets.

Long-Lived Assets

Long-lived assets such as intangible assets other than goodwill, furniture, equipment and leasehold improvements are evaluated for impairment when events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability of asset groups to be held and used is measured by a comparison of the carrying amount of an asset group to estimated undiscounted future cash flows expected to be generated by the asset group. If the carrying amount exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of an asset group exceeds the fair value of the asset group. The Company evaluated its long-lived assets and no impairment charges were recorded for any of the periods presented.

Earnings (Loss) per Share

The Company adopted FASB ASC 260, Earnings per Share. Basic earnings (loss) per share is calculated by dividing the Company's net income available to common shareholders by the weighted average number of common shares outstanding during the year. Diluted earnings (loss) per share is calculated by dividing the Company's net income (loss) available to common shareholders by the diluted weighted average number of shares outstanding during the year. The diluted weighted average number of shares outstanding is the basic weighted number of shares adjusted as of the first of the year for any potentially dilutive debt or equity. There were no diluted or potentially diluted shares outstanding for all periods presented.

Software Development Costs

The Company accounts for costs incurred to develop computer software for internal use in accordance with FASB ASC 350-40 "Internal-Use Software". As required by ASC 350-40, the Company capitalizes the costs incurred during the application development stage, which include costs to design the software configuration and interfaces, coding, installation, and testing. Costs incurred during the preliminary project along with post-implementation stages of internal use computer software are expensed as incurred. Capitalized development costs are amortized over a period of one to three years. Costs incurred to maintain existing product offerings are expensed as incurred. The capitalization and ongoing assessment of recoverability of development costs requires considerable judgment by management with respect to certain external factors, including, but not limited to, technological and economic feasibility, and estimated economic life.

Dividends

The Company has not adopted a policy regarding payments of dividends. No dividends have been paid during the period presented and no payments are foreseen in the near future.

**FACE UP ENTERTAINMENT GROUP, INC. AND SUBSIDIARY
(F/K/A GAME FACE GAMING, INC.)
(A Development Stage Company)**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2012**

Income Taxes

The Company adopted FASB ASC 740, Income Taxes, at its inception. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets, including tax loss and credit carry forwards, and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Deferred income tax expense represents the change during the period in the deferred tax assets and deferred tax liabilities. The components of the deferred tax assets and liabilities are individually classified as current and non-current based on their characteristics. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. No deferred tax assets or liabilities were recognized as of December 31, 2012.

Uncertain Tax Positions

The Company adopted the provisions of *Accounting for Uncertainty in Income Taxes ("Uncertain Tax Positions")* of the ASC. *Uncertain Tax Positions* prescribes recognition thresholds that must be met before a tax position is recognized in the financial statements and provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. Under "*Uncertain Tax Positions*", an entity may only recognize or continue to recognize tax positions that meet a "more-than-likely-than-not" threshold. All related interest and penalties would be expensed as incurred. The Company has evaluated its tax position for the period ended December 31, 2012 and such evaluation did not require a material adjustment to the financial statements.

Advertising and Marketing

The Company expenses advertising and marketing as incurred. For the year ended December 31, 2012 and 2011, advertising expense totaled \$331,159 and \$52,368 respectively.

Stock Based Compensation

The Company accounts for all stock based payments in accordance with ASC Topic 718, which requires the Company to measure all employee stock-based compensation awards using a fair value method and record the related expense in the financial statements. The Company utilizes the Black-Scholes model to estimate the value of options granted.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that could affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value of Financial Instruments

The carrying amounts of the Company's accounts payable, accrued expenses and notes payable approximate fair value due to the relatively short period to maturity for these instruments.

Concentration of Credit Risk

The Company's financial instruments that are exposed to the concentrations of credit risk consist primarily of cash and cash equivalents. The Company's places its cash with high quality institutions. At times, such investments may be in excess of the FDIC insurance limit. Cash and cash equivalents held in a bank may exceed federally insured limits at year end and at various points during the year.

FACE UP ENTERTAINMENT GROUP, INC. AND SUBSIDIARY
(F/K/A GAME FACE GAMING, INC.)
(A Development Stage Company)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2012

The Company routinely assesses the financial strength of its customers and, as a consequence, believes that its trade accounts receivable credit risk exposure is limited.

Revenue Recognition

The company has adopted the following revenue recognition guidelines.

Sale of subscriptions

Revenue from sale of subscriptions is recognized when the following conditions are satisfied:

- * The user properly registered with the website of the Company, and provided the Company with a valid proof of identity and address. Furthermore the Company had set up a valid user account for the user;
- * The amount of revenue can be measured reliably;
- * The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Whitepaper Solution income

Revenue from sale of Whitepaper Solutions is recognized when the following conditions are met:

- * The contract for the solutions clearly specifies the price and payment options with the transfer of ownership;
- * The Company is reasonably expected to complete the project in the time frame that the contract sets forth;
- * As the milestones set forth in the contract are met, the Company will recognize revenue as set forth in the contract;
- * As set forth in the contract the amount of revenue can be measured reliably;
- * There is a reasonable belief that buyer is expected to pay the whole amount as the milestones are met.

Effect of recently issued accounting standards

The company has adopted all recently issued accounting pronouncements. The Adoption of the accounting pronouncements, including those not yet effective, is not anticipated to have a material effect on the financial position or results of operations of the Company.

FACE UP ENTERTAINMENT GROUP, INC. AND SUBSIDIARY
(F/K/A GAME FACE GAMING, INC.)
(A Development Stage Company)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2012

NOTE 3 - INCOME TAXES

Deferred tax attributes resulting from differences between financial accounting methods and tax basis of assets and liabilities at December 31, 2012 are as follows (rounded to the nearest hundred):

	December 31, 2012
Noncurrent Assets:	
Net operating loss carry-forwards	\$ 583,000
Valuation Allowance	\$ (583,000)
Net Deferred Tax Asset	\$ 0

At December 31, 2012, the Company had estimated net loss carry forwards of approximately \$1,943,000 which expire between 2029 through 2031. Utilization of these net operating loss card forwards may be limited in accordance with IRC Section 382 in the event of certain shifts in ownership.

The reconciliation of federal statutory income tax rate to our effective income tax rate is as follows:

	Amount	Percent
December 31, 2012		
Book income at Federal Statutory Rate	\$ (315,000)	25%
State Taxes, net of Federal Benefit	\$ (63,000)	5%
Change in Valuation Allowances	\$ 378,000	(30%)
	\$ 0	0%

NOTE 4 - STOCKHOLDERS' EQUITY

Common Stock

On December 24, 2009, the Company issued 117,000,000 of its \$0.0001 par value common stock at \$0.001 per share for \$6,000 cash and \$3,000 in a subscription receivable to the founder of the Company. The issuance of the shares was made to the sole officer and director of the Company and an individual who is a sophisticated and accredited investor, therefore, the issuance was exempt from registration of the Securities Act of 1933 by reason of Section 4 (2) of that Act.

FACE UP ENTERTAINMENT GROUP, INC. AND SUBSIDIARY
(F/K/A GAME FACE GAMING, INC.)
(A Development Stage Company)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2012

On May 26, 2010 the Company issued 15,600,000 common shares to investors in accordance with Form S-1 for cash in the amount of \$12,000.

On January 6, 2011, the Board of Directors and majority shareholder of the Company approved an amendment to the Company's Articles of Incorporation (the "Amendment") to (i) affect a 13 for 1 forward stock split of the Company's issued and outstanding common stock in the form of a dividend. Accordingly there were 10,200,000 pre-split common shares and following the forward split there were 132,600,000 common shares issued and outstanding. All share amounts, including those stated above, have been adjusted to reflect the forward split. On February 10, 2011, Ron Warren, the principal shareholder and sole officer and director of the Company cancelled 104,666,667 of his own shares and on February 22, 2011 the Company issued an additional 22,666,667 shares in an intangible asset purchase.

On February 22, 2011 the Company issued 22,666,667 common shares at \$0.0001 par value and \$0.0044 face value to Lemberg Consulting for their intellectual property and pending patents in the amount of \$100,000.

On June 23, 2011 the Company issued 5,075,000 common shares at \$0.0001 par value and \$0.0044 face value to various "founding fathers" of the company for services rendered to the company in lieu of cash.

On August 17, 2011 the Company issued 250,000 common shares at \$0.0001 par value and \$0.25 face value as an inducement for the \$100,000 note payable issued on that date. The value of the 250,000 common shares issued totaled \$62,500.

On October 31, 2011 the Company issued 250,000 common shares at \$0.0001 par value and \$0.30 face value as an inducement for the \$100,000 note payable issued on that date. The value of the 250,000 common shares issued totaled \$75,000.

On February 29, 2012 the Company issued 1,000,000 common shares at \$0.0001 par value and \$0.16 face value as an inducement for the \$500,000 line of credit entered by the Company on that date. The value of the 1,000,000 common shares issued totaled \$160,000.

On May 29, 2012 the Company issued 500,000 common shares at \$0.0001 par value and \$0.17 face value as an inducement for the \$200,000 line of credit entered by the Company on that date. The value of the 500,000 common shares issued totaled \$85,000.

On June 15, 2012 the Company issued 700,000 common shares at \$0.0001 par value and \$0.14 face value as an inducement for an extension of time of the due date on the convertible debt outstanding by the Company on that date. The value of the 700,000 common shares issued totaled \$98,000.

On August 9, 2012 the Company issued 250,000 common shares at \$0.0001 par value and \$0.18 face value as an inducement for the \$100,000 line of credit entered by the Company on that date. The value of the 250,000 common shares issued totaled \$45,000.

On August 22, 2012 the Company issued 350,000 common shares at \$0.0001 par value and \$0.18 face value as an inducement for the \$100,000 line of credit entered by the Company on that date. The value of the 350,000 common shares issued totaled \$63,000.

FACE UP ENTERTAINMENT GROUP, INC. AND SUBSIDIARY
(F/K/A GAME FACE GAMING, INC.)
(A Development Stage Company)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2012

On November 29, 2012 the Company issued 454,000 common shares at \$0.0001 par value and \$0.20 face value as an inducement for the extension of time of the due date on both the convertible and non-convertible debt outstanding by the Company on that date. The value of the 454,000 common shares issued totaled \$90,800.

On December 1, 2012 the Company issued 2,153,000 common shares at \$0.0001 par value and \$0.28 face value as an inducement for the extension of time of the due date on both the convertible and non-convertible debt outstanding by the Company on that date. The value of the 2,153,000 common shares issued totaled \$602,840

As of December 31, 2012 there are 250,000,000 Common Shares at \$0.0001 par value authorized with 61,582,000 shares issued and outstanding.

NOTE 5 - RELATED PARTY TRANSACTIONS

The officers and directors of the Company are involved in business activities outside of the company and may, in the future, become involved in other business opportunities that become available. They may face a conflict in selecting between the Company and other business interests. The Company has not formulated a policy for the resolution of such conflicts.

The Company has demand notes payable outstanding totaling \$516,000 to related parties; these outstanding notes bear interest between 3% to 6% per annum (See Note 9).

NOTE 6 - GOING CONCERN

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. For the period December 24, 2009 (date of inception) through December 31, 2012 the Company has had a net loss of \$4,438,725. As of December 31, 2012, the Company has not emerged from the development stage. In view of these matters, recoverability of any asset amounts shown in the accompanying financial statements is dependent upon the Company's ability to begin operations and to achieve a level of profitability. Since inception, the Company has financed its activities from the sale of equity securities, and obtaining loans. The Company intends on financing its future development activities and its working capital needs largely from notes, loans and the sale of public equity securities, until such time that funds provided by operations, if ever, are sufficient to fund working capital requirements.

NOTE 7 - PROPERTY AND EQUIPMENT

	<u>December 31, 2012</u>
Computer hardware	\$ 9,427
Source code	<u>200,742</u>
	210,169
Less accumulated depreciation and amortization	<u>(5,499)</u>
Property and Equipment (net)	<u>\$ 204,670</u>
Depreciation and amortization expense	<u>\$ 3,143</u>

During the year ended December 31, 2012 the company acquired \$172,743 of source code for cash.

**FACE UP ENTERTAINMENT GROUP, INC. AND SUBSIDIARY
(F/K/A GAME FACE GAMING, INC.)
(A Development Stage Company)**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2012**

NOTE 8 - INTANGIBLE ASSETS

On February 22, 2011, the Company acquired from Lemberg Consulting an intangible asset worth \$100,000 in a non-cash transaction for 22,666,667 shares of the Company. The company purchased future contracts and pending patents for a gaming system that incorporates voice and video into the gaming experience.

NOTE 9 - CONVERTIBLE DEBT

As of December 31, 2012 the bridge notes payable totaled \$1,666,000. The bridge notes payable were offered by the company during 2011 and 2012. The bridge notes payable consist of \$325,000 of convertible debt and \$1,341,000 of demand notes bearing interest at rates varying from 3.00% to 6.50% per annum. A total of \$516,000 of the demand notes were issued to related parties (See Note 5)

The convertible debt payable was issued by the Company as follows:

On February 22, 2011 the Company issued convertible debt totaling \$175,000, bearing a rate of 8% simple interest per annum. On December 14, 2011, \$100,000 was repaid plus accrued interest of \$6,466. The remaining Convertible debt of \$75,000 in addition to accrued unpaid interest shall be due and payable on December 1, 2012. The principal amount and all unpaid interest accrued on this debt maybe converted by the greater of \$0.25 per share or 50% of the average closing bid price of the Common stock on the OTC Bulletin Board, for the 10 trading days ending 5 days before the conversion date. On April 14, 2012, the maturity date was extended to June 15, 2012 and the conversion factor was adjusted to \$0.05 per share. On June 15, 2012, the maturity date was extended to September 15, 2012. As an inducement for the extension the Company issued the convertible note holders 200,000 share of common stock. On September 14, 2012 the maturity date was extended to December 1, 2012..

On June 22, 2011 the Company issued a convertible debt totaling \$20,000, bearing a rate of 8.0% simple interest per annum. During December 2011, the principle was repaid in the amount of \$20,000 plus \$758 of accrued interest.

On August 17, 2011, the Company issued a convertible debt in amount of \$100,000. The convertible debt bears a rate of 6.5% simple interest per annum. The principal and accrued unpaid interest shall be due and payable on December 1, 2012. As further inducement for the lender to advance the loan, the company granted the convertible debt holder the amount of 250,000 shares Common Stock. The principal amount and all unpaid interest accrued on this debt maybe converted by the greater of \$0.05 per share or 50% of the average closing bid price of the Common stock on the OTC Bulletin Board, for the 10 trading days ending 5 days before the conversion date. On April 14, 2012, the maturity date was extended to June 15, 2012 and the conversion factor was adjusted to \$0.05 per share. On June 15, 2012, the maturity date was extended to September 15, 2012. As an inducement for the extension the Company issued the convertible note holder 200,000 share of common stock. On September 14, 2012 the maturity date was extended to December 1, 2012.

On September 22, 2011, the Company issued demand debt in amount of \$50,000. The debt bears a rate of 6.5% simple interest per annum. The principal and accrued unpaid interest shall be due and payable on December 1, 2012. On April 15, 2012, the maturity rate was extended to June 15, 2012. As inducement for the lender to extend the note, the demand debt was converted to convertible debt whereby the principal amount and all unpaid interest accrued on this debt maybe converted to common shares at a price of \$0.05 per share. On June 15, 2012, the maturity date was extended to September 15, 2012. As an inducement for the extension the Company issued the convertible note holder 100,000 share of common stock. On September 14, 2012 the maturity date was extended to December 1, 2012.

FACE UP ENTERTAINMENT GROUP, INC. AND SUBSIDIARY
(F/K/A GAME FACE GAMING, INC.)
(A Development Stage Company)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2012

On October 31, 2011, the Company issued a convertible debt in amount of \$100,000. The convertible debt bears a rate of 6.5% simple interest per annum. The principal and accrued unpaid interest shall be due and payable on December 1, 2012. As further inducement for the lender to advance the loan, the company granted the convertible debt holder the amount of 250,000 shares Common Stock. The principal amount and all unpaid interest accrued on this debt maybe converted by the greater of \$0.05 per share or 50% of the average closing bid price of the Common stock on the OTC Bulletin Board, for the 10 trading days ending 5 days before the conversion date. On April 14, 2012, the maturity date was extended to June 15, 2012 and the conversion factor was adjusted to \$0.05 per share. On June 15, 2012, the maturity date was extended to September 15, 2012. As an inducement for the extension the Company issued the convertible note holder 200,000 share of common stock. On September 14, 2012 the maturity date was extended to December 1, 2012.

On August 9, 2012 the Company secured additional financing through the issuance of a Note Purchase Agreement, the total not to exceed \$100,000. Each note will bear interest at 5% per annum and is payable within six months from the date of issuance or earlier from proceeds of a private offering or through a registration statement. As part of the agreement the Company granted the lender 250,000 shares of the Company's common stock. On August 9, 2012, the Company borrowed \$50,000. The Company has \$50,000 available on this financing agreement.

On August 22, 2012 the Company secured additional financing through the issuance of a Note Purchase Agreement, the total not to exceed \$100,000. Each note will bear interest at 5% per annum and is payable within six months from the date of issuance or earlier from proceeds of a private offering or through a registration statement. As part of the agreement the Company granted the lender 350,000 shares of the Company's common stock. On August 22, 2012, the Company borrowed \$50,000. On September 12, 2012, the Company borrowed \$25,000. The Company has \$25,000 available on this financing agreement.

The following table illustrates the carrying value of the demand notes payable and convertible debt:

	December 31, 2012
Convertible Notes	\$ 325,000
Notes with a six month maturity	825,000
Demand Notes to Related Parties	516,000
Discount on Convertible Note	(0)
Convertible Note, Net	<u>1,666,000</u>
Less: Current portion of convertible debt	<u>(1,666,000)</u>
Long term portion of convertible debt	<u>\$ -</u>

**FACE UP ENTERTAINMENT GROUP, INC. AND SUBSIDIARY
(F/K/A GAME FACE GAMING, INC.)
(A Development Stage Company)**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2012**

The following tables illustrate the fair value adjustments that were recorded related to the derivative financial instruments associated with the convertible debenture financings:

	For the year ended December 31, 2012			
	Fair Value January 1, 2011	Fair Value Adjustments	Redemptions	Total
Derivative income (expense):				
Convertible debt	\$ (178,070)	\$ (1,035,210)	\$ -	\$ (1,213,280)
	<u>\$ (178,070)</u>	<u>\$ (1,035,210)</u>	<u>\$ -</u>	<u>\$ (1,213,280)</u>

The following table illustrates the components of derivative liabilities:

Balance at December 31, 2011	\$ 178,070
Change in fair value of derivative liability due to beneficial conversion feature	1,035,210
Debt redemption	-
Balance at December 31, 2012	<u>\$ 1,213,280</u>

NOTE 10 - SUBSEQUENT EVENTS

The Company has evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through the date which the financial statements were issued.

On January 24, 2013 the Company canceled three of the notes totaling \$125,000 to related parties and issued a note for \$134,414 to an unrelated party. The note issued included \$9,414 of accrued interest due to the related parties. The note payable has a conversion factor whereby the note holder may convert the principal amount and accrued unpaid interest into common stock equal to a price which is a 32.5% discount from the lowest "VWAP in the 3 days prior to the day that the holder requests conversion.

Subsequent to the balance sheet date the company issued 450,000 common shares as an inducement for the extension of time of the due date on the non-convertible debt outstanding by the company.

On January 11, 2013 the Company borrowed \$50,000 through the issuance of a Note Purchase Agreement. The note bears interest at 3% per annum and is payable on May 11, 2013.

On February 22, 2013, the Company issued 162,500 of its \$0.0001 par value common stock at \$0.001 per share for \$13,000 cash.

On March 15, 2013, the Company issued 257,143 of its \$0.0001 par value common stock at \$0.001 per share for \$18,000 cash.

On March 19, 2013, the Company issued 200,000 of its \$0.0001 par value common stock at \$0.001 per share for \$16,000 cash.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure.

There were no disagreements with accountants on accounting and financial disclosure of a type described in Item 304 (a)(1)(iv) or any reportable event as described in Item 304 (a)(1)(v) of Regulation S-K.

Item 9A. Controls and Procedures

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is defined in Rule 13a-15(f) or 15d-15(f) promulgated under the Securities Exchange Act of 1934 as a process designed by, or under the supervision of, the company's principal executive and principal financial officers and effected by the company's board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America and includes those policies and procedures that:

- Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the company;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. All internal control systems, no matter how well designed, have inherent limitations.

Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Because of the inherent limitations of internal control, there is a risk that material misstatements may not be prevented or detected on a timely basis by internal control over financial reporting. However, these inherent limitations are known features of the financial reporting process. Therefore, it is possible to design into the process safeguards to reduce, though not eliminate, this risk.

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of our disclosure controls and procedures, as such term is defined under Rule 13a-15(e) and Rule 15d-15(e) promulgated under the Securities Exchange Act of 1934, as amended, as of December 31, 2012. Based on this evaluation, our principal executive officer and principal financial officer concluded that, based on the material weaknesses discussed below, our disclosure controls and procedures were not effective to ensure that information required to be disclosed by us in reports filed or submitted under the Securities Exchange Act were recorded, processed, summarized, and reported within the time periods specified in the Securities and Exchange Act Commission's rules and forms and that our disclosure controls are not effectively designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act is accumulated and communicated to management, including our principal executive officer and principal financial officer, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

As of December 31, 2012 management assessed the effectiveness of our internal control over financial reporting based on the criteria for effective internal control over financial reporting established in Internal Control--Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") and SEC guidance on conducting such assessments. Based on that evaluation, they concluded that, during the period covered by this report, such internal controls and procedures were not effective to detect inappropriate application of US GAAP rules as more fully described below. This was due to deficiencies that existed in the design or operation of our internal controls over financial reporting that adversely affected our internal controls and that may be considered to be material weaknesses.

The matters involving internal controls and procedures that our management considered to be material weaknesses under the standards of the Public Company Accounting Oversight Board were: (1) lack of a functioning audit committee due to a lack of a majority of independent members and a lack of a majority of outside directors on our board of directors, resulting in ineffective oversight in the establishment and monitoring of required internal controls and procedures; (2) inadequate segregation of duties consistent with control objectives; and (3) ineffective controls over period end financial disclosure and reporting processes. The aforementioned material weaknesses were identified by our Officers in connection with the review of our financial statements as of December 31, 2012.

Management believes any of the matters noted above could result in a material misstatement in our financial statements in future periods.

MANAGEMENT'S REMEDIATION INITIATIVES

In an effort to remediate the identified material weaknesses and other deficiencies and enhance our internal controls, we have initiated, or plan to initiate, the following series of measures:

We will create a position to segregate duties consistent with control objectives and will increase our personnel resources and technical accounting expertise within the accounting function when funds are available to us. And, we plan to appoint one or more outside directors to our board of directors who shall be appointed to an audit committee resulting in a full functioning audit committee who will undertake the oversight in the establishment and monitoring of required internal controls and procedures such as reviewing and approving estimates and assumptions made by management post funding.

Management believes that the appointment of one or more outside directors, who shall be appointed to a fully functioning audit committee, will remedy the lack of a functioning audit committee and a lack of a majority of outside directors on our Board.

We anticipate that these initiatives will be at least partially, if not fully, implemented with the next 12 months. Although we had planned to test our updated controls and remediate our deficiencies by November 30, 2012, we did not achieve this goal as a result of, among other reasons, a lack of funding and the absence of a new board member.

CHANGES IN INTERNAL CONTROLS OVER FINANCIAL REPORTING

There was no change in our internal controls over financial reporting that occurred during the period covered by this report, which has materially affected, or is reasonably likely to materially affect, our internal controls over financial reporting.

Item 9B. Other Information.

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

Directors and Executive Officers

Directors and Executive Officers

Set forth below are the names, ages and present principal occupations or employment, and material occupations, positions, offices or employments for the past five years of our current directors and executive officers.

<u>Name</u>	<u>Age</u>	<u>Position</u>
Felix Elinson	44	President, Chief Executive Officer, CFO and Director
Irving Bader	73	Secretary and Director

Felix Elinson has been our President and Chief Executive Officer and a director since February 11, 2011. Mr. Elinson brings to the Company a wide array of experience with marketing, on-line expertise, a proficiency in on-line games and had vast experiences that are helpful to the Company. Since February 2008, Mr. Elinson has served as a Strategic Partner in Mega M LLC, a registered merchant services, credit card processing company in New York. From August 2003 to January 2008, Mr. Elinson served as the Chief Executive Officer of Fresh Start Management Consulting Corp. where he was involved in various types of international commodity trading transactions. From August 2000 to July 2003, Mr. Elinson worked as an independent consultant. From May 1993 to July 2000, Mr. Elinson worked for futures and commodity firms as a Senior Sales Manager and trader such as Tran World Metals (cotton division, 1993-1997) and ICG (International Commodity Trading Group, Futures Division, 1998-2000).

Irving Bader has been Secretary and a director of the Company since February 11, 2011. Mr. Bader brings many years of management, organizational and marketing skills to the Company. From 1973 to present, Mr. Bader has been the owner and a director of the Seneca Lake Camp, an organization engaged in providing summer outdoor sporting activities for children ages 7 to 18. From 2002 to present, Mr. Bader has been the director and anchor for the Jewish Sport Network and from 2005 to present he has been the director of Athletics and an Associate Professor of Physical Education at Touro College. Mr. Bader is also the author of "A Pre-School P.E. Curriculum-An Adaptive Approach and "Motor Education for Retarded and Other Handicapped Children".

There are no familial relationships among any of our officers or directors, although Mr. Bader is the father in law of Yitz Grossman. None of our directors or officers has been affiliated with any company that has filed for bankruptcy within the last ten years. We are not aware of any proceedings to which any of our officers or directors, or any associate of any such officer or director, is a party adverse to us or any of our or has a material interest adverse to us or any of our subsidiaries.

Each director of the Company serves for a term of one year or until such director's successor is duly elected and is qualified. Each officer serves, at the pleasure of the board of directors, for a term of one year and until such officer's successor is duly elected and is qualified.

Code of Ethics; Financial Expert

We currently have a Code of Ethics applicable to our principal executive, financial and accounting officers. We currently do not have a “financial expert” on the board or an audit committee or nominating committee.

Potential Conflicts of Interest

Since we do not have an audit or compensation committee comprised of independent directors, the functions that would have been performed by such committees are performed by our directors. Thus, there is a potential conflict of interest in that our directors and officers have the authority to determine issues concerning management compensation and audit issues that may affect management decisions. We are not aware of any other conflicts of interest with any of our executives or directors.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires executive officers and directors of the Company and persons who own more than 10% of a registered class of the Company's equity securities to file reports of ownership and changes in their ownership with the Securities and Exchange Commission, and forward copies of such filings to the Company. Based solely on our review of copies of such reports and representations from our executive officers and directors, we believe that our executive officers and directors complied with all Section 16(a) filing requirements during the fiscal year ended December 31, 2012.

Involvement in Certain Legal Proceedings

There are no legal proceedings that have occurred within the past ten years concerning our directors, or control persons which involved a criminal conviction, a criminal proceeding, an administrative or civil proceeding limiting one's participation in the securities or banking industries, or a finding of securities or commodities law violations.

Notwithstanding the foregoing, on April 4, 2013 the United States Attorney and the Federal Bureau of Investigation announced charges against seven individuals for their roles in a conspiracy to commit securities fraud and the extortion of a con-conspirator. The complaint alleges that the defendants worked to fraudulently inflate the prices and trading volumes of publicly traded stock of small companies, including our company. One of the defendants was an unpaid consultant to the Company since February 2011 and resigned effective April 10, 2013.

Item 11. Executive Compensation.

Summary Compensation

The table below sets forth information concerning compensation paid, earned or accrued by our chief executive officer and each of our executive officers (each a “Named Executive Officer”) for the last two fiscal years. No other executive officer earned compensation in excess of \$100,000 during our 2012 fiscal year.

SUMMARY COMPENSATION TABLE

Name and Principal Position	Fiscal Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)	Option Awards (\$)(10)(11)	Non-Equity Incentive Plan Compensation (\$)	Nonqualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)	Total (\$)
Felix Elinson	2012	54,000	0	0	0	0	0	0	54,000
President and Chief Executive Officer	2011	54,000	0	0	0	0	0	0	54,000
Irving Bader	2012	0	0	0	0	0	0	0	0
Secretary	2011	0	0	0	0	0	0	0	0

In connection with our asset acquisition on February 22, 2011, we entered into an employment agreement with Felix Elinson, pursuant to which Mr. Elinson became employed as our Chief Executive Officer. As Chief Executive Officer, Mr. Elinson is responsible for developing our business strategies, policies and operations, as well as such duties consistent with his position as the principal executive officer of the Company. In consideration for his services, Mr. Elinson is in agreement to be compensated with a monthly salary of \$7,200, payable paid bi-monthly on the first and fifteenth business day of each month (No pay has been made since August 2012). Commencing upon the earlier to occur of the consummation of an equity financing of \$1,000,000 or the first full month in which we have 15,000 paying subscribers, his compensation will increase to \$12,000 per month. Mr. Elinson has agreed not to compete with the Company during the term of his employment and for a period of one and a half years thereafter. Mr. Elinson also agreed not to disclose confidential information. Although the agreement is on a month to month basis, we may terminate Mr. Elinson for cause at any time immediately upon written notice and should he be terminated, he is entitled to compensation accrued through the date of termination.

Since our incorporation on December 24, 2009, no stock options or stock appreciation rights were granted to our directors or executive officers and our directors or executive officers have not exercised any stock options or stock appreciation rights, and do not hold any unexercised stock options. We have no long-term incentive plans.

Outstanding Equity Awards

Our directors or executive officers do not hold any unexercised options, stock that had not vested, or equity incentive plan awards.

Compensation of Directors

Since our incorporation on December 24, 2009, no compensation has been paid to our directors in consideration for their services rendered in their capacities as directors.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The following table lists, as of April 14, 2013, the number of shares of our common stock that are beneficially owned by (i) each person or entity known to us to be the beneficial owner of more than 5% of our common stock; (ii) each executive officer and director of our company; and (iii) all executive officers and directors as a group. Information relating to beneficial ownership of Common Stock by our principal shareholders and management is based upon information furnished by each person using "beneficial ownership" concepts under the rules of the Securities and Exchange Commission. Under these rules, a person is deemed to be a beneficial owner of a security if that person has or shares voting power, which includes the power to vote or direct the voting of the security, or investment power, which includes the power to vote or direct the voting of the security. The person is also deemed to be a beneficial owner of any security of which that person has a right to acquire beneficial ownership within 60 days. Under the Securities and Exchange Commission rules, more than one person may be deemed to be a beneficial owner of the same securities, and a person may be deemed to be a beneficial owner of securities as to which he or she may not have any pecuniary beneficial interest. Except as noted below, each person has sole voting and investment power.

The percentages below are calculated based on 62,642,666 shares of our common stock issued and outstanding as of April 9, 2013. Unless otherwise indicated, the address of each person listed is c/o Game Face Gaming, Inc., 20 East Sunrise Highway, Valley Stream, NY 11581.

<u>Name of Beneficial Owner</u>	<u>Amount and Nature of Beneficial Ownership</u>	<u>Percent of Class</u>
Felix Elinson (1) 2928 West 5th Street Brooklyn, NY 11224	11,333,333	18.09%
Irving Bader (2)	11,333,333	18.09%
Punim Chadoshos, LLC	11,333,334	18.09%
Elina Leonova (3) 333 East 23rd Street New York, NY 10010	11,333,333	18.09%
Directors and officers as a group (2 persons)	22,666,666	36.18%

(1) Mr. Elinson is President and Chief Executive Officer and a director of the Company.

(2) Mr. Bader is Secretary and a director of the Company, and is the trustee of the CPT 2011 Trust which owns all of the membership interests of Punim Chadoshos, LLC, a New York limited liability company.

(3) Mrs. Leonova is the wife of Alex Lemberg, a consultant to the Company.

Punim Chadoshos, LLC has granted a proxy to Alex Lemberg to vote its shares effective upon the Company paying in full and satisfying all its obligations pursuant to the \$300,000 private placement offering.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

On February 22, 2011 we issued 22,666,667 to Lemberg Consulting Inc. in consideration of the intellectual rights relating to operating multi-platform, multiplayer non-wagering, non-games of chance. On February 28, 2011, Lemberg Consulting transferred 11,333,334 of said shares to Elina Leonova, the wife of Alex Lemberg, a consultant to the Company, and 11,333,333 shares to Felix Elinson, our President and Chief Executive Officer and a director.

On February 22, 2011, Punim Chadoshos, LLC a shareholder holding 19.82% of our issued and outstanding stock, executed a non-competition/confidentiality agreement with the Company. Punim Chadoshos has granted a proxy to Alex Lemberg to vote its shares effective upon the Company paying in full and satisfying all its obligations pursuant to the \$300,000 private placement offering.

Alex Lemberg, a consultant to the Company, is married to Elina Leonova, who holds 19.82% of our issued and outstanding stock. Punim Chadoshos has granted Mr. Lemberg a proxy to vote its shares effective upon the Company paying and satisfying in full all its obligations pursuant to its \$300,000 convertible notes private placement offering.

On October 25, 2011, we issued a Demand Note in the principal amount of \$25,000 to BSF, LLC. Lisa Grossman, wife of our consultant, Yitz Grossman, is a managing member of BSF, LLC.

On each of November 30, 2011, December 12, 2011 and December 14, 2011, the Company issued a Demand Note in the principal amount of \$25,000, \$75,000 and \$106,000, respectively, to each of Arevim, Inc., BFSF, LLC and BSF II, LLC respectively. The Demand Notes bear interest at 6% per annum and can be prepaid by the Company without penalty. If the Demand Notes and accrued interest thereon are not paid within 10 days of demand, the interest rate will increase to 12% retroactive to the date of issuance of the Demand Note. All principal and accrued interest on the Demand Notes are convertible into shares of the Company's common stock at the election of the holder at a conversion price per share equal to the lower of (i) \$0.10 and (ii) the closing bid price on the date of conversion. If the Company fails to timely pay the Demand Note and accrued interest, it will be required to issue to the holder 20,000 shares, (for the first 30 days), 50,000 shares (for day 31 through 60) and 1,000,000 shares thereafter of its common stock per day. Lisa Grossman, is a managing member of BFSF, LLC and BSF II, LLC. She is the wife of Yitz Grossman, a consultant to the Company, and president of Arevim and a managing member of BFSF, LLC.

On January 18, 2012, the Company issued the BSF II Note in the principal amount of \$85,000 to BSF II LLC. The BSF II Note is payable upon demand at any time after February 15, 2012. The BSF II Note bears interest at 6% per annum and can be prepaid by the Company without premium or penalty. Lisa Grossman, is a managing member of BSF II, LLC. She is the wife of Yitz Grossman, a consultant to the Company.

On February 22, 2011, we entered into a Consulting Agreement with Yitz Grossman pursuant to which he was retained as a consultant to advise us on corporate development and introduce the Company to some of his contacts which may have an interest in investing in the Company. The term of the Agreement is for a period of three years and will automatically be extended for an additional three years should we raise at least \$3,000,000 gross capital. We agreed to compensate Mr. Grossman with the monthly sum of \$10,000 to be paid bi-monthly on the first and fifteenth business day of each month, said payments to commence upon the earlier of the consummation of an equity financing of \$2,000,000 or the first full month in which we have 15,000 paying subscribers. Mr. Grossman has also agreed not to compete with the Company during the term of his consultancy and for a period of one and a half years thereafter. Mr. Grossman has also agreed to not to disclosed confidential information. We have the right to terminate him for cause at any time immediately upon written notice and should he be terminated, he is entitled to compensation accrued through the date of termination. In connection with charges brought on April 4, 2013 by the United States Attorney and the Federal Bureau of Investigation against seven individuals for their roles in a conspiracy to commit securities fraud and the extortion, Mr. Grossman resigned, effective April 10, 2013.

Between December 2012 and March 2013, the company, in connection with Loan Extensions to its Note holders, issued a total of 3,057,000 shares. In connection therewith, all but one of the Note holders, agreed to extend their loans until May 1, 2013. One Note in the amount of \$25,000 was extended until March 15, 2013. That loan has not been paid.

Director Independence

We are not subject to listing requirements of any national securities exchange or national securities association and, as a result, we are not at this time required to have our board comprised of a majority of "independent directors." We do not believe that any of our directors currently meet the definition of "independent" as promulgated by the rules and regulations of the American Stock Exchange.

Item 14. Principal Accounting Fees and Services.

Our principal independent accountant is Lake and Associates CPAs. Their pre-approved fees billed to the Company are set forth below:

	Fiscal Year Ended December 31, 2012	Fiscal Year Ended December 31, 2011
Audit Fees	\$ 18,450	\$ 16,250
Audit Related Fees	\$ 0	\$ 0
Tax Fees	\$ 0	\$ 0
All Other Fees	\$ 0	\$ 0

As of December 31, 2012, the Company did not have a formal documented pre-approval policy for the fees of the principal accountant. The Company does not have an audit committee. The percentage of hours expended on the principal accountant's engagement to audit our financial statements for the most recent fiscal year that were attributed to work performed by persons other than the principal accountant's full-time, permanent employees was 0%.

PART IV

Item 15. Exhibits. Financial Statement Schedules.

Exhibit	Document
3.1	Certificate of Incorporation of Registrant (filed as Exhibit 3.3 to the Registration Statement on Form S-1 filed with the Securities and Exchange Commission on February 2, 2010 and incorporated herein by reference)
3.2	By-Laws of Registrant (filed as Exhibit 3.2 the Registration Statement on Form S-1 filed with the Securities and Exchange Commission on February 2, 2010 and incorporated herein by reference)
3.3	Form of Articles of Amendment to the Articles of Incorporation as filed with the Secretary of State of Florida on January 7, 2011 (filed as Exhibit 3.3 to Current Report on Form 8-K filed with the Securities and Exchange Commission on January 25, 2011 and incorporated herein by reference)
4.1	Form of Convertible Promissory Note (filed as Exhibit 4.2 to Current Report on Form 8-K filed with the Securities and Exchange Commission on March 4, 2011 and incorporated herein by reference)
4.2	Form of Form of Modification and Extension Agreement, dated October 22, 2011 (filed as Exhibit 4.3 to Current Report on Form 8-K filed with the Securities and Exchange Commission on March 9, 2012 and incorporated herein by reference)
4.3	Form of Form of Modification and Extension Agreement, dated January 14, 2011 (filed as Exhibit 4.4 to Current Report on Form 8-K filed with the Securities and Exchange Commission on March 9, 2012 and incorporated herein by reference)
4.4	Amendment to Note dated October 31, 2011, dated December 14, 2011 (filed as Exhibit 4.5 to Current Report on Form 8-K filed with the Securities and Exchange Commission on March 9, 2012 and incorporated herein by reference)
4.5	Second Amendment to Note dated August 17, 2011, dated December 14, 2011 (filed as Exhibit 4.6 to Current Report on Form 8-K filed with the Securities and Exchange Commission on March 9, 2012 and incorporated herein by reference)
4.6	Second Amendment to Note dated October 31, 2011, dated January 14, 2012 (filed as Exhibit 4.7 to Current Report on Form 8-K filed with the Securities and Exchange Commission on March 9, 2012 and incorporated herein by reference)
4.7	Third Amendment to Note dated August 17, 2011, dated January 14, 2012 (filed as Exhibit 4.8 to Current Report on Form 8-K filed with the Securities and Exchange Commission on March 9, 2012 and incorporated herein by reference)
4.8	Form of Demand Promissory Note (filed as Exhibit 4.9 to Current Report on Form 8-K filed with the Securities and Exchange Commission on March 9, 2012 and incorporated herein by reference)

- 4.9 Demand Promissory Note, dated January 18, 2012 issued to BSF II LLC (filed as Exhibit 4.10 to Current Report on Form 8-K filed with the Securities and Exchange Commission on March 9, 2012 and incorporated herein by reference)
- 4.10 Promissory Note, dated February 27, 2012, issued to Corporate Debt Consultants LLC (filed as Exhibit 4.11 to Current Report on Form 8-K filed with the Securities and Exchange Commission on March 9, 2012 and incorporated herein by reference)
- 10.1 Asset Purchase Agreement dated February 22, 2011 between Game Face Gaming, Inc. and Lemberg Consulting Inc. (filed a Exhibit 10.1 to Current Report filed with the Securities and Exchange Commission on February 28, 2011 and incorporated herein by reference)
- 10.2 Employment Agreement dated February 22, 2011 between Game Face Gaming, Inc. and Felix Elinson (filed a Exhibit 10.2 to Current Report filed with the Securities and Exchange Commission on February 28, 2011 and incorporated herein by reference)
- 10.3 Consulting Agreement dated February 22, 2011 between Game Face Gaming, Inc. and Yitz Grossman (filed a Exhibit 10.3 to Current Report filed with the Securities and Exchange Commission on February 28, 2011 and incorporated herein by reference)
- 10.4 Consulting Agreement dated February 22, 2011 between Game Face Gaming, Inc., Lemberg Consulting, Inc. and Alex Lemberg (filed a Exhibit 10.4 to Current Report filed with the Securities and Exchange Commission on February 28, 2011 and incorporated herein by reference)
- 10.5 Non-Competition Agreement dated February 22, 2011 between Game Face Gaming, Inc. and Punim Chadoshos, LLC. (filed a Exhibit 10.5 to Current Report filed with the Securities and Exchange Commission on February 28, 2011 and incorporated herein by reference)
- 10.6 Proxy executed by Punim Chadoshos, LLC. (filed a Exhibit 10.6 to Current Report filed with the Securities and Exchange Commission on February 28, 2011 and incorporated herein by reference)
- 10.7 Contract Agreement dated November 19, 2009 between Icreon Communications (P) Ltd. and Lemberg Consulting Inc. (filed a Exhibit 10.8 to Current Report filed with the Securities and Exchange Commission on February 28, 2011 and incorporated herein by reference)
- 10.8 Form of Convertible Note Purchase Agreement (filed a Exhibit 10.8 to Current Report filed with the Securities and Exchange Commission on March 4, 2011 and incorporated herein by reference)
- 10.9 Poker License Agreement dated March 1, 2011 between Game Face Gaming, Inc. and Atlas Software USA Inc. (filed a Exhibit 10.9 to Current Report filed with the Securities and Exchange Commission on March 4, 2011 and incorporated herein by reference)
- 10.9.1 Modification and Extension Agreement dates ad of April 15, 2011 between Game Face Gaming, Inc. and Atlas Software USA Inc.
- 10.10 Poker License Agreement dated March 3, 2011 between Game Face Gaming, Inc. and Prodigious Capital Group LLC. (filed a Exhibit 10.10 to Current Report filed with the Securities and Exchange Commission on March 4, 2011 and incorporated herein by reference)
- 10.10.1 Modification and Extension Agreement dates ad of April 15, 2011 between Game Face Gaming, Inc. and Prodigious Capital Group LLC

- 10.11 Subscription Documents and Procedures (filed as Exhibit 99.1 to the Registration Statement on Form S-1 filed with the Securities and Exchange Commission on February 2, 2010 and incorporated herein by reference)
- 10.12 Note Purchase Agreement, dated February 27, 2012 between the Company and Corporate Debt Consultants LLC (filed as Exhibit 10.12 to Current Report on Form 8-K filed with the Securities and Exchange Commission on March 9, 2012 and incorporated herein by reference)
- 10.13 Amendment to Note Purchase Agreement, dated February 27, 2012 between the Company and Corporate Debt Consultants LLC (filed as Exhibit 10.13 to Current Report on Form 8-K filed with the Securities and Exchange Commission on March 9, 2012 and incorporated herein by reference)
- 10.14 Letter Agreement, dated February 27, 2012, between the Company and Corporate Debt Consultants LLC (filed as Exhibit 10.14 to Current Report on Form 8-K filed with the Securities and Exchange Commission on March 9, 2012 and incorporated herein by reference)
- 10.15 Addendum to Note Purchase Agreement, dated February 27, 2012, between the Company and Corporate Debt Consultants LLC (filed as Exhibit 10.15 to Current Report on Form 8-K filed with the Securities and Exchange Commission on March 9, 2012 and incorporated herein by reference)
- 14.1 Code of Ethics ((filed as Exhibit 14.1 to the Registration Statement on Form S-1 filed with the Securities and Exchange Commission on February 2, 2010 and incorporated herein by reference)
- 31 Certification of Principal Executive Officer and Principal Financial Officer pursuant to Section 302(a) of the Sarbanes-Oxley Act of 2002 (filed herewith)
- 32 Certification of Principal Executive Officer and Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith)

101.INS ** XBRL Instance Document

101.SCH ** XBRL Taxonomy Extension Schema Document

101.CAL ** XBRL Taxonomy Extension Calculation Linkbase Document

101.DEF ** XBRL Taxonomy Extension Definition Linkbase Document

101.LAB ** XBRL Taxonomy Extension Label Linkbase Document

101.PRE ** XBRL Taxonomy Extension Presentation Linkbase Document

** XBRL (Extensible Business Reporting Language) information is furnished and not filed or a part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, is deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise is not subject to liability under these sections.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934 , the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

FACE UP ENTERTAINMENT GROUP, INC.

Dated: April 16, 2013

By: /s/ Felix Elinson
Felix Elinson
President, Chief Executive Officer, and Director
(Principal Executive, Financial and Accounting Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Dated: April 16, 2013

By: /s/ Felix Elinson
Felix Elinson
President, Chief Executive Officer, and Director
(Principal Executive, Financial and Accounting Officer)

Dated: April 16, 2013

By: /s/ Irving Bader
Irving Bader
Secretary and Director

**CERTIFICATION OF
PRINCIPAL EXECUTIVE AND FINANCIAL OFFICER PURSUANT TO
SECTION 302(a) OF THE SARBANES-OXLEY ACT OF 2002**

I, Felix Elinson , certify that:

1. I have reviewed the annual report on Form 10-K of Face Up Entertainment Group, Inc.(the “registrant”) for the year ended December 31, 2012;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer(s), and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer(s), and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: April 16, 2013

By: /s/ Felix Elinson
Name: Felix Elinson
Title: President, Chief Executive Officer and Director
(Principal Executive, Financial and Accounting
Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Felix Elinson , the President, Chief Executive Officer, and Director of Face Up Entertainment Group, Inc. (the "Registrant"), certifies, under the standards set forth and solely for the purposes of 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to his knowledge, the Annual Report on Form 10-K of the Registrant for the year ended December 31, 2012 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in that Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

Date: April 16, 2013

By: /s/ Felix Elinson
Name: Felix Elinson
Title: President, Chief Executive Officer, and Director
(Principal Executive, Financial and Accounting
Officer)

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

15-12G 1 fueg_15.htm 15-12G

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL
OMB Number: 3235-0167
Expires: December 31, 2014
Estimated average burden hours per response 1.50

FORM 15

CERTIFICATION AND NOTICE OF TERMINATION OF REGISTRATION UNDER SECTION 12(g) OF THE SECURITIES EXCHANGE ACT OF 1934 OR SUSPENSION OF DUTY TO FILE REPORTS UNDER SECTIONS 13 AND 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

Commission File Number 000-54415

Face up Entertainment Group

(Exact name of registrant as specified in its charter)

20 EAST SUNRISE HIGHWAY #202 VALLEY STREAM NEW YORK 11581 (516) 303-8100
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

COMMON STOCK

(Title of each class of securities covered by this Form)

(Titles of all other classes of securities for which a duty to file reports under section 13(a) or 15(d) remains)
NONE

Please place an X in the box(es) to designate the appropriate rule provision(s) relied upon to terminate or suspend the duty to file reports:

- Rule 12g-4(a)
(1)
Rule 12g-4(a)
(2)
Rule 12h-3(b)
(1)(i)
Rule 12h-3(b)
(1)(ii)
Rule 15d-6

Approximate number of holders of record as of the certification or notice date: 45

Pursuant to the requirements of the Securities Exchange Act of 1934 (*Name of registrant as specified in charter*) has caused this certification/notice to be signed on its behalf by the undersigned duly authorized person.
Date: 5-14-2013 By: /s/ FELIX ELINSON

Instruction: This form is required by Rules 12g-4, 12h-3 and 15d-6 of the General Rules and Regulations under the Securities Exchange Act of 1934. The registrant shall file with the Commission three copies of Form 15, one of which shall be manually signed. It may be signed by an officer of the registrant, by counsel or by any other duly authorized person. The name and title of the person signing the form shall be typed or printed under the signature.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.
SEC2069(02-08)

EXHIBIT G

Date	Open	High	Low	Close	Volume
5/4/2012	0.0500	0.1800	0.0500	0.1400	9,984
5/7/2012	0.1600	0.1600	0.1600	0.1600	1,735
5/8/2012	0.1600	0.1600	0.1600	0.1600	3,365
5/9/2012	0.1600	0.1600	0.1600	0.1600	1,435
5/10/2012	0.1600	0.1800	0.1600	0.1600	55,650
5/11/2012	0.1700	0.1700	0.1700	0.1700	15,000
5/14/2012	0.1800	0.2000	0.1800	0.2000	26,000
5/15/2012	0.2000	0.2700	0.2000	0.2500	63,527
5/16/2012	0.2000	0.2500	0.1600	0.2400	33,605
5/17/2012	0.2000	0.2700	0.2000	0.2700	10,300
5/18/2012	0.2000	0.2000	0.2000	0.2000	1,000
5/21/2012	0.2000	0.2700	0.2000	0.2000	5,998
5/22/2012	0.1700	0.2000	0.1700	0.1900	5,499
5/25/2012	0.1900	0.1900	0.1900	0.1900	15,500
5/29/2012	0.1700	0.1700	0.1700	0.1700	13,000
5/30/2012	0.1700	0.2300	0.1700	0.2300	9,500
6/1/2012	0.1600	0.1600	0.1600	0.1600	7,500
6/5/2012	0.1600	0.1600	0.1600	0.1600	23,000
6/6/2012	0.1700	0.1700	0.1700	0.1700	1,000
6/7/2012	0.1800	0.1800	0.1800	0.1800	5,000
6/8/2012	0.2000	0.2000	0.2000	0.2000	2,000
6/11/2012	0.1600	0.1600	0.1600	0.1600	212
6/14/2012	0.2700	0.2700	0.2700	0.2700	2,500
6/15/2012	0.1300	0.1400	0.1300	0.1400	40,212
6/19/2012	0.1300	0.1300	0.1300	0.1300	200
6/20/2012	0.1300	0.1300	0.1300	0.1300	300
6/22/2012	0.1300	0.1300	0.1300	0.1300	1,150
6/25/2012	0.2200	0.2200	0.1900	0.1900	7,550
6/26/2012	0.1900	0.1900	0.1900	0.1900	850
6/27/2012	0.1900	0.1900	0.1500	0.1500	6,833
6/29/2012	0.1500	0.1500	0.1500	0.1500	1,500
7/2/2012	0.1500	0.1500	0.1500	0.1500	5,000
7/6/2012	0.1900	0.1900	0.1600	0.1900	63,000
7/9/2012	0.1900	0.2300	0.1300	0.2300	27,574
7/12/2012	0.2000	0.2400	0.2000	0.2400	24,500
7/13/2012	0.2000	0.2000	0.2000	0.2000	5,262
7/16/2012	0.1900	0.2700	0.1900	0.2700	7,731
7/17/2012	0.1800	0.2700	0.1800	0.2700	2,100
7/18/2012	0.2700	0.2800	0.2500	0.2800	4,500
7/19/2012	0.1800	0.2800	0.1800	0.2800	12,000
7/20/2012	0.2000	0.2600	0.1800	0.2600	32,000
7/23/2012	0.2600	0.2600	0.2500	0.2500	9,050
7/24/2012	0.2800	0.2800	0.2300	0.2300	4,141
7/25/2012	0.2300	0.2300	0.2000	0.2200	60,200
7/26/2012	0.2000	0.2000	0.2000	0.2000	4,400
7/30/2012	0.1300	0.1800	0.1300	0.1800	3,000
7/31/2012	0.1900	0.1900	0.1900	0.1900	5,000
8/1/2012	0.1900	0.1900	0.1800	0.1800	13,500
8/2/2012	0.1800	0.1800	0.1600	0.1600	42,500
8/8/2012	0.1800	0.1800	0.1600	0.1800	5,000
8/24/2012	0.1300	0.1400	0.1300	0.1300	14,688
8/27/2012	0.2000	0.2000	0.0200	0.2000	13,812
8/28/2012	0.2100	0.2200	0.2100	0.2100	10,270
8/29/2012	0.2100	0.2500	0.2000	0.2500	85,600
8/30/2012	0.2400	0.3200	0.2300	0.3200	98,516
8/31/2012	0.3100	0.4000	0.3100	0.3600	100,267
9/4/2012	0.3800	0.3800	0.2300	0.2600	601,573
9/5/2012	0.3000	0.3200	0.2000	0.2500	403,768
9/6/2012	0.2400	0.2500	0.1800	0.2200	180,668
9/7/2012	0.2000	0.2200	0.2000	0.2200	61,072
9/10/2012	0.2100	0.2200	0.2100	0.2200	13,900
9/11/2012	0.2100	0.2200	0.2100	0.2100	45,218

Date	Open	High	Low	Close	Volume
9/12/2012	0.2100	0.2200	0.2100	0.2200	24,517
9/13/2012	0.2000	0.2200	0.2000	0.2100	8,238
9/14/2012	0.2100	0.2100	0.2000	0.2000	11,582
9/18/2012	0.1700	0.1700	0.1700	0.1700	9,025
9/19/2012	0.1700	0.1700	0.1700	0.1700	2,541
9/20/2012	0.2600	0.2700	0.2000	0.2600	98,333
9/21/2012	0.2600	0.2800	0.2500	0.2800	33,418
9/24/2012	0.2800	0.3100	0.2500	0.2800	229,229
9/25/2012	0.3000	0.3100	0.2500	0.2700	78,626
9/26/2012	0.2900	0.3000	0.2600	0.2800	35,603
9/27/2012	0.2900	0.3000	0.2700	0.2800	166,914
9/28/2012	0.2800	0.3000	0.2700	0.3000	116,703
10/1/2012	0.3000	0.3200	0.3000	0.3200	148,968
10/2/2012	0.3200	0.3200	0.3000	0.3100	58,252
10/3/2012	0.3100	0.3100	0.3000	0.3000	46,085
10/4/2012	0.3000	0.3100	0.2800	0.3000	50,690
10/5/2012	0.3000	0.3000	0.2900	0.2900	41,083
10/8/2012	0.2400	0.2800	0.2300	0.2800	56,798
10/9/2012	0.2800	0.3000	0.2800	0.2800	64,861
10/10/2012	0.2800	0.3000	0.2800	0.3000	6,405
10/12/2012	0.2600	0.2600	0.2600	0.2600	19,580
10/15/2012	0.2600	0.3000	0.2600	0.2800	138,938
10/16/2012	0.2800	0.2800	0.2500	0.2800	29,093
10/17/2012	0.2800	0.2800	0.1900	0.2600	146,548
10/18/2012	0.2200	0.2300	0.1700	0.1800	38,000
10/19/2012	0.1800	0.2300	0.1800	0.1800	13,400
10/22/2012	0.2000	0.2000	0.2000	0.2000	2,200
10/23/2012	0.2500	0.2500	0.2000	0.2400	257,669
10/24/2012	0.2400	0.2400	0.2000	0.2400	38,888
10/25/2012	0.2100	0.2200	0.2100	0.2200	9,483
10/26/2012	0.2400	0.2500	0.2100	0.2400	286,690
10/31/2012	0.2400	0.2400	0.2400	0.2400	970
11/1/2012	0.2100	0.2200	0.2100	0.2100	20,000
11/2/2012	0.2100	0.2400	0.2100	0.2400	6,209
11/5/2012	0.2100	0.2100	0.2100	0.2100	1,000
11/6/2012	0.2100	0.2100	0.2100	0.2100	6,444
11/7/2012	0.2100	0.2100	0.2100	0.2100	250
11/8/2012	0.2400	0.2400	0.2400	0.2400	1,000
11/9/2012	0.2400	0.2400	0.2100	0.2100	6,325
11/12/2012	0.2400	0.2400	0.2100	0.2100	5,400
11/13/2012	0.2100	0.2100	0.2000	0.2000	11,031
11/14/2012	0.1600	0.1800	0.1600	0.1700	28,400
11/15/2012	0.1700	0.1700	0.1700	0.1700	2,940
11/16/2012	0.1600	0.1700	0.1600	0.1700	35,162
11/19/2012	0.1700	0.2200	0.1400	0.2000	13,750
11/20/2012	0.2000	0.2200	0.2000	0.2200	23,985
11/21/2012	0.2200	0.2200	0.1900	0.1900	6,600
11/23/2012	0.1500	0.1500	0.1500	0.1500	1,000
11/26/2012	0.1500	0.2200	0.1500	0.2200	4,250
11/27/2012	0.2200	0.2400	0.2200	0.2400	25,676
11/28/2012	0.2400	0.2400	0.2200	0.2400	57,030
11/29/2012	0.2400	0.2400	0.2000	0.2000	3,700
11/30/2012	0.2400	0.2800	0.2400	0.2800	36,550
12/3/2012	0.2200	0.2800	0.2200	0.2400	17,250
12/4/2012	0.2400	0.2500	0.2400	0.2500	9,300
12/5/2012	0.2500	0.2500	0.2500	0.2500	3,950
12/6/2012	0.2500	0.2800	0.2500	0.2800	20,125
12/7/2012	0.2800	0.4200	0.2800	0.3900	191,358
12/10/2012	0.3600	0.3700	0.2500	0.2900	109,220
12/11/2012	0.3800	0.3800	0.2600	0.3000	323,796
12/12/2012	0.3000	0.3100	0.2600	0.2700	73,380
12/13/2012	0.2600	0.2800	0.2600	0.2800	56,901

Date	Open	High	Low	Close	Volume
12/14/2012	0.2800	0.2800	0.2600	0.2600	11,100
12/17/2012	0.2600	0.2900	0.2600	0.2800	41,944
12/18/2012	0.2600	0.2800	0.2500	0.2500	23,700
12/19/2012	0.2500	0.2700	0.2500	0.2700	6,910
12/20/2012	0.2500	0.2500	0.2400	0.2400	12,000
12/21/2012	0.2700	0.2700	0.2400	0.2700	7,850
12/24/2012	0.2200	0.2200	0.2200	0.2200	3,700
12/26/2012	0.2200	0.2200	0.2200	0.2200	3,238
12/27/2012	0.2700	0.2700	0.2200	0.2200	3,450
12/28/2012	0.2200	0.2200	0.2200	0.2200	3,800
12/31/2012	0.2200	0.2700	0.2200	0.2200	2,000
1/2/2013	0.2200	0.2200	0.2200	0.2200	8,994
1/3/2013	0.2200	0.2200	0.2000	0.2000	46,796
1/4/2013	0.2000	0.2300	0.2000	0.2100	14,300
1/7/2013	0.2100	0.2100	0.2100	0.2100	7,000
1/8/2013	0.2100	0.2100	0.2000	0.2000	8,300
1/9/2013	0.2000	0.2000	0.2000	0.2000	4,375
1/10/2013	0.2000	0.2000	0.2000	0.2000	6,355
1/11/2013	0.2000	0.2100	0.1900	0.2100	49,715
1/14/2013	0.1900	0.1900	0.1800	0.1800	600
1/15/2013	0.1900	0.1900	0.1500	0.1500	56,140
1/16/2013	0.1500	0.2500	0.1500	0.2400	35,999
1/17/2013	0.1700	0.2200	0.1700	0.2200	1,590
1/22/2013	0.2400	0.2400	0.1700	0.1700	7,250
1/23/2013	0.1700	0.2000	0.1700	0.2000	3,200
1/24/2013	0.1700	0.1700	0.1700	0.1700	200
1/25/2013	0.2000	0.2000	0.2000	0.2000	8,500
1/28/2013	0.1800	0.2000	0.1800	0.1900	25,175
1/29/2013	0.1900	0.1900	0.1800	0.1800	45,000
1/31/2013	0.1800	0.2200	0.1800	0.1800	24,032
2/1/2013	0.1700	0.2000	0.1700	0.2000	2,250
2/4/2013	0.1700	0.2100	0.1500	0.1800	46,126
2/5/2013	0.1900	0.1900	0.1900	0.1900	5,000
2/6/2013	0.2000	0.2100	0.1800	0.1800	20,455
2/7/2013	0.1800	0.2000	0.1600	0.2000	37,580
2/8/2013	0.2000	0.2200	0.1500	0.1700	177,296
2/11/2013	0.1700	0.1700	0.1600	0.1600	22,125
2/12/2013	0.2000	0.2000	0.1600	0.1700	30,748
2/13/2013	0.1600	0.1600	0.1500	0.1500	22,102
2/14/2013	0.1600	0.1700	0.1500	0.1700	29,750
2/15/2013	0.1500	0.1900	0.1300	0.1900	55,465
2/19/2013	0.1900	0.1900	0.1600	0.1600	30,704
2/20/2013	0.1700	0.2000	0.1700	0.1900	1,393,722
2/21/2013	0.2000	0.2000	0.1600	0.1800	408,173
2/22/2013	0.1700	0.1700	0.1300	0.1500	149,349
2/25/2013	0.1500	0.1800	0.1500	0.1600	72,234
2/26/2013	0.1600	0.2000	0.1300	0.1800	458,200
2/27/2013	0.2000	0.2000	0.1700	0.1800	35,300
2/28/2013	0.1900	0.2000	0.1500	0.1600	1,148,515
3/1/2013	0.1600	0.1600	0.1400	0.1600	34,401
3/4/2013	0.1600	0.1600	0.1600	0.1600	2,580
3/5/2013	0.1400	0.1400	0.1400	0.1400	19,916
3/6/2013	0.1600	0.1600	0.1500	0.1500	19,750
3/7/2013	0.1400	0.1400	0.1000	0.1200	1,066,914
3/8/2013	0.1300	0.1300	0.0800	0.1300	900,880
3/11/2013	0.1200	0.1200	0.1000	0.1000	39,935
3/12/2013	0.1100	0.1100	0.1000	0.1100	37,131
3/13/2013	0.1200	0.1400	0.1200	0.1400	324,583
3/14/2013	0.1400	0.1600	0.1200	0.1400	1,137,386
3/15/2013	0.1500	0.1600	0.1400	0.1600	110,180
3/18/2013	0.1500	0.1600	0.1500	0.1600	35,380
3/19/2013	0.1500	0.1500	0.1400	0.1500	24,000

Date	Open	High	Low	Close	Volume
3/20/2013	0.1500	0.1500	0.1200	0.1300	113,652
3/21/2013	0.1200	0.1500	0.1000	0.1200	303,291
3/22/2013	0.1300	0.1300	0.1000	0.1100	333,956
3/25/2013	0.1000	0.1100	0.0800	0.1100	149,884
3/26/2013	0.1000	0.1000	0.0800	0.0800	147,800
3/27/2013	0.0800	0.1000	0.0800	0.1000	176,667
3/28/2013	0.0900	0.1000	0.0700	0.1000	75,200
4/1/2013	0.1000	0.1000	0.0800	0.1000	30,696
4/2/2013	0.0800	0.1000	0.0800	0.0800	22,900
4/3/2013	0.1000	0.1500	0.1000	0.1400	359,650