

DISTRICT COURT
COUNTY OF ARAPAHOE, COLORADO
Arapahoe County Justice Center
7350 South Potomac
Centennial, CO 80112

DATE FILED: March 15, 2017

THE PEOPLE OF THE STATE OF COLORADO,

v.

**JERRAM CATHEY
JOHN CATHEY
MICHAEL STONEHOUSE
RUDY SAENZ
THEODORE STONEHOUSE
TILDEN LAZARO
JOHN MASON CATHEY
VERNON WATTS
MYISHA EVANS
VINCENT CASTILLO
JASON JONES
AMY JONES
JIBARO SMITH
WILLIAM TODD GARNER
JOHN RAMSAY
RACIEL MARTINEZ**

Defendants.

▲ COURT USE ONLY ▲

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Case No:
GJ Case No.: 17CR1

Courtroom:

EIGHTEENTH JUDICIAL DISTRICT GRAND JURY INDICTMENT

Of the 2017 term of the Eighteenth Judicial District Grand Jury; the 2017 Eighteenth Judicial District Grand Jurors, chosen, selected, and sworn in the name and by the authority of the People of the State of Colorado, upon their oaths, present the following indictment.

COUNT 1 **VIOLATION OF THE COLORADO ORGANIZED CRIME CONTROL ACT – PATTERN OF RACKETEERING – PARTICIPATION IN AN ENTERPRISE; §18-17-104(3) & 18-17-105 C.R.S. (F2) (March 9, 2014 to March 9, 2017)**

Michael Stonehouse, Theodore Stonehouse, Tilden Lazaro, Jason Jones, John Cathey, Vincent Castillo, and Rudy Saenz

COUNT 2 **VIOLATION OF THE COLORADO ORGANIZED CRIME CONTROL ACT - CONSPIRACY/ENDEAVORING; §18-17-104(4) & 18-17-104(3), C.R.S. (F2) (March 9, 2014 to March 9, 2017)**

Michael Stonehouse, Theodore Stonehouse, Tilden Lazaro, Jason Jones, John Cathey, Vincent Castillo, and Rudy Saenz

COUNT 3 **CONSPIRACY TO DISTRIBUTE, OR POSSESS WITH INTENT TO MANUFACTURE OR DISTRIBUTE, MARIJUANA – 50 POUNDS OR MORE; §18-18-406(2)(b)(I),(III)(A), C.R.S. (DF1) (October 26, 2016 to October 28, 2016)**

Michael Stonehouse, Vernon Watts, Jibaro Smith

COUNT 4 **DISTRIBUTION OF MARIJUANA – 50 POUNDS OR MORE; §18-18-406(2)(b)(I),(III)(A), C.R.S. (DF1) (October 26, 2016)**

Vernon Watts

COUNT 5 **POSSESSION WITH INTENT TO DISTRIBUTE MARIJUANA – 50 POUNDS OR MORE; §18-18-406(2)(b)(I),(III)(A), C.R.S. (DF1) (October 27, 2016)**

Jibaro Smith

COUNT 6 **CONSPIRACY TO DISTRIBUTE OR POSSESS WITH INTENT TO DISTRIBUTE MARIJUANA – 50 POUNDS OR MORE; §18-18-406(2)(b)(I),(III)(A), C.R.S. (DF1) (July 20, 2016)**

Michael Stonehouse and Vincent Castillo

COUNT 7 **CONSPIRACY TO DISTRIBUTE OR POSSESS WITH INTENT TO DISTRIBUTE MARIJUANA – MORE THAN 5 POUNDS LESS**

THAN 50, §18-18-406(2)(b)(I),(III)(B), C.R.S. (DF2) (December 12, 2016)

Michael Stonehouse and Vincent Castillo

COUNT 8 **CONSPIRACY TO COMMIT MONEY LAUNDERING –
TRANSFER MONETARY INSTRUMENT WITH INTENT TO
PROMOTE A CRIME, §18-5-309(1)(B)(I) C.R.S. (F4) (January 24,
2017 – January 27, 2017)**

Vincent Castillo

COUNT 9 **POSSESSION WITH INTENT TO DISTRIBUTE MARIJUANA –
MORE THAN 5 POUNDS LESS THEN 50, §18-18-
406(2)(b)(I),(III)(B), C.R.S. (DF2) (January 26, 2016)**

Vincent Castillo

COUNT 10 **CONSPIRACY TO DISTRIBUTE OR POSSESS WITH INTENT TO
DISTRIBUTE MARIJUANA – MORE THAN 12 OUNCES LESS
THAN 5 POUNDS, §18-18-406(2)(b)(I),(III)(C), C.R.S. (DF3)
(December 19, 2016 to December 21, 2016)**

Michael Stonehouse and Theodore Stonehouse

COUNT 11 **CONSPIRACY TO DISTRIBUTE OR POSSESS WITH INTENT TO
DISTRIBUTE MARIJUANA – 50 POUNDS OR MORE, §18-18-
406(2)(b)(I),(III)(A), C.R.S. (DF1) (January 2, 2017 to January 5,
2017)**

Michael Stonehouse, Theodore Stonehouse, Jason Jones, Amy Jones

COUNT 12 **DISTRIBUTION OF MARIJUANA – 50 POUNDS OR MORE; §18-
18-406(2)(b)(I),(III)(A), C.R.S. (DF1) (January 5, 2017)
Jason Jones**

COUNT 13 **CONSPIRACY TO DISTRIBUTE OR POSSESS WITH INTENT TO
DISTRIBUTE MARIJUANA – 50 POUNDS OR MORE;), §18-18-
406(2)(b)(I),(III)(A), C.R.S. (DF1) (January 18, 2017 to January 20,
2017).**

Michael Stonehouse, Jason Jones, and John Mason Cathey

COUNT 14 DISTRIBUTION OF MARIJUANA – 50 POUNDS OR MORE; §18-18-406(2)(b)(I),(III)(A), C.R.S. (DF1) (January 19, 2017)

Jason Jones

COUNT 15 CONSPIRACY TO DISTRIBUTE OR POSSESS WITH INTENT TO DISTRIBUTE MARIJUANA – 50 POUNDS OR MORE, §18-18-406(2)(b)(I),(III)(A), C.R.S. (DF1) (January 30, 2017 to February 4, 2017)

Michael Stonehouse, Theodore Stonehouse, and Jason Jones

COUNT 16 CONSPIRACY TO DISTRIBUTE OR POSSESS WITH INTENT TO DISTRIBUTE MARIJUANA – 50 POUNDS OR MORE, §18-18-406(2)(b)(I),(III)(A), C.R.S. (DF1) (December 22, 2016)

Michael Stonehouse and John Cathey

COUNT 17 CONSPIRACY TO DISTRIBUTE MARIJUANA CONCENTRATE– MORE THAN 6 OUNCES, LESS THAN 2 ½ POUNDS, §18-18-406(2)(b)(I),(III)(C), C.R.S. (DF3) (January 26, 2017 – January 31, 2017)

Michael Stonehouse and Tilden Lazaro

COUNT 18 CONSPIRACY TO DISTRIBUTE MARIJUANA – MORE THAN 5 POUNDS LESS THAN 50; §18-18-406(2)(b)(I),(III)(B), C.R.S. (DF2) (January 31, 2017)

Michael Stonehouse and Racial Martinez

COUNT 19 CONSPIRACY TO EXTRACT MARIJUANA CONCENTRATE, §18-18-406.6 C.R.S., (DF3) (January 1, 2017 to March 9, 2017)

Michael Stonehouse, John Ramsay, William Garner, Jerram Cathey, and John Cathey

**COUNT 20 MONEY LAUNDERING – CONDUCT FINANCIAL
TRANSACTION WITH INTENT TO PROMOTE CRIME, §18-5-
309(1)(A)(I), C.R.S. (F3) (March 9, 2014 to March 9, 2017)**

Michael Stonehouse

**COUNT 21 MONEY LAUNDERING – CONDUCT FINANCIAL
TRANSACTION WITH INTENT TO PROMOTE CRIME, §18-5-
309(1)(A)(I), C.R.S. (F3) (January 1, 2015 to March 9, 2017)**

Rudy Saenz

**COUNT 22 MONEY LAUNDERING – CONDUCT FINANCIAL
TRANSACTION WITH INTENT TO PROMOTE CRIME, §18-5-
309(1)(A)(I), C.R.S. (F3) (October 1, 2016 to March 9, 2017)**

Tilden Lazaro

**COUNT 23 MONEY LAUNDERING – CONDUCT FINANCIAL
TRANSACTION WITH INTENT TO PROMOTE CRIME, §18-5-
309(1)(A)(I), C.R.S. (F3) (January 1, 2016 to March 9, 2017)**

Theodore Stonehouse

**COUNT 24 MONEY LAUNDERING – FINANCIAL TRANSACTION TO
CONCEAL OR DISGUISE NATURE OR AVOID REPORTING,
§18-5-309(1)(A)(II), C.R.S. (F3) (March 9, 2014 to March 9, 2017)**

Vernon Watts and Myisha Evans

**COUNT 25 CONSPIRACY TO DISTRIBUTE OR POSSESS WITH INTENT TO
DISTRIBUTE MARIJUANA – 50 POUNDS OR MORE, – 50
POUNDS OR MORE, §18-18-406(2)(b)(I),(II)(A), C.R.S. (DF1)
(September 28, 2016 -March 9, 2017)**

Michael Stonehouse and Rudy Saenz

COUNT 1

VIOLATION OF THE COLORADO ORGANIZED CRIME CONTROL ACT - PATTERN OF RACKETEERING - PARTICIPATION IN AN ENTERPRISE, C.R.S. 18-17-104(3) and 18-17-105 (F2)

Between the dates of March 9, 2014 and March 9, 2017, in, or triable in the State of Colorado, County of Arapahoe, **Michael Stonehouse, Theodore Stonehouse, Jason Jones, Tilden Lazaro, John Cathey, Vincent Castillo, and Rudy Saenz** and others both known and unknown, while employed by or associated with an enterprise, unlawfully, feloniously, and knowingly conducted or participated, directly or indirectly, in the enterprise through a pattern of racketeering activity: in violation of sections 18-17-104(3) and 18-17-105, C.R.S.

COUNT 2

VIOLATION OF THE COLORADO ORGANIZED CRIME CONTROL ACT - CONSPIRACY/ENDEAVORING, C.R.S. 18-17-104(4) (F2)

Between the dates of March 9, 2014 and March 9, 2017, in, or triable in the State of Colorado, County of Arapahoe, **Michael Stonehouse, Theodore Stonehouse, Jason Jones, Tilden Lazaro, John Cathey, Vincent Castillo, and Rudy Saenz**, and others both known and unknown, did unlawfully, knowingly, and feloniously conspire and endeavor to conduct and participate, directly or indirectly, in an enterprise, through a pattern of racketeering activity in violation of C.R.S. § 18-17-104(4) and § 18-17-104(3), C.R.S.

The offenses alleged in Count One and Count Two were committed in the following manner:

THE ENTERPRISE

The enterprise alleged in Counts One and Two was primarily a group of individuals, associated in fact, although not a legal entity. The enterprise included, but was not limited to, the following associated in fact individuals and/or legal entities: **Michael Stonehouse, Theodore Stonehouse, Jason Jones, Tilden Lazaro, John Cathey, Vincent Castillo, and Rudy Saenz** and others both known and unknown to the Grand Jury. (As depicted in Grand Jury Exhibits).

The individuals associated with the enterprise had a primary objective and a common interest and purpose to illegally distribute large quantities of marijuana to various users and customers throughout Arapahoe County and the Denver Colorado metropolitan area. The members of this enterprise included the heads and suppliers of the organization, the main-level distributors, assistants and runners, and lower-level dealers and associates.

The above persons and entities that associated with the enterprise, and the enterprise itself, engaged in a scheme including: receiving, buying, possessing, selling, dealing, cultivating and/or distributing marijuana and marijuana concentrate in Colorado and other states including Arkansas, Illinois, Minnesota, and Missouri, while simultaneously, money laundering.

The Drug Trafficking Organization ("DTO") operated numerous illegal marijuana grows across Colorado. Members of the enterprise/DTO cultivated most of their marijuana at warehouses and farms located at the following addresses: 27115 County Road 13 Elizabeth, Colorado; 12555 East 37th Street, Denver, Colorado; 3106 North Stone Ave, Colorado Springs, Colorado.

On average the DTO produced well over 300 pounds of finished marijuana per month during each month. In essence, the enterprise evolved into a distribution ring from Colorado to Arkansas, to Illinois, to Missouri, and Minnesota in part, because many members had established personal and business connections in those areas and it is highly profitable for them to illegally ship large amount of marijuana and marijuana concentrate out of Colorado.

The members of the criminal enterprise based in and operating in Arapahoe County and the Denver metropolitan area of Colorado, included **Michael Stonehouse, Theodore Stonehouse, Jason Jones, Tilden Lazaro, John Cathey, Vincent Castillo, and Rudy Saenz**. These individuals received illegal marijuana and distributed it to be sold in the local area including Arapahoe County. Once the illegal controlled substance was received by the main level dealers including those listed above, the members of the enterprise then supplied other dealers. Members of the organization received cash proceeds from the illegal sale and distribution of marijuana and marijuana concentrate and laundered it through various bank accounts.

The members of the enterprise relied upon and utilized a system of cellular telephones and other telecommunications facilities to arrange and execute the distribution of the illegal controlled substances throughout Arapahoe, Douglas, and Elbert Counties as well as the Denver metropolitan area. The members of the criminal enterprise used cellular telephones extensively to conduct the business and operations of the enterprise, that they sometimes utilized coded terminology when speaking to each other on the telephone in order to conceal their criminal activities from detection by law enforcement.

PATTERN OF RACKETEERING ACTIVITY

Michael Stonehouse, Theodore Stonehouse, Tilden Lazaro, John Cathey, Vincent Castillo, Jason Jones, and Rudy Saenz directly and in concert, engaged in, attempted to engage in, conspired to engage in, or solicited others to engage in at least two predicate acts, including any lesser offenses, related to the conduct of the enterprise, with at least one of which took place in the State of Colorado after July 1, 1981 and the last of the acts of racketeering activity occurring within ten years after a prior act of racketeering activity and include:

Distribution of Marijuana; Conspiracy to Distribute or Possess with Intent to Manufacture or Distribute Marijuana; Possession with Intent to Manufacture or Distribute Marijuana; Possession With Intent to Distribute Marijuana Concentrate; Distribution of Marijuana Concentrate; Conspiracy to Extract Marijuana Concentrate; and Money Laundering.

RACKETEERING ACTIVITY

The acts of racketeering activity that the above named persons committed, attempted to commit, conspired to commit, or solicited, coerced, or intimidated another person to commit, consist of the following predicate acts, including any lesser included offenses:

PREDICATE ACT 1 - CONSPIRACY TO DISTRIBUTE OR POSSESS WITH INTENT TO DISTRIBUTE MARIJUANA– 50 POUNDS OR MORE, §18-18-406(2)(b)(I),(III)(A), C.R.S. (DF1)

On or about October 26, 2016 to October 28, 2016, in and triable in the State of Colorado, **Michael Stonehouse, Vernon Watts, and Jibaro Smith** unlawfully, feloniously, and knowingly conspired to sell, distribute, or possess with intent to manufacture, sell or distribute marijuana.

Further, the amount of marijuana was more than fifty pounds in violation of §18-18-406(2)(b)(I),(III)(A), C.R.S. (DF1), and against the peace and dignity of the People of the State of Colorado.

PREDICATE ACT 2 - UNLAWFUL USE OF A COMMUNICATION FACILITY

Between on or about October 26, 2016 to October 28, 2016, in the state of Colorado, **Michael Stonehouse, Vernon Watts, and Jibaro Smith** did knowingly or intentionally use a communications facility, namely, a wire, telephone, and/or other means of communication, to facilitate the commission of a felony, namely, Conspiracy to Distribute a Controlled Substance, in violation of 21 U.S.C. §§ 841 and 846, such use of a communications facility being unlawful, and in violation of 21 U.S.C. § 843.

PREDICATE ACT 3 - CONSPIRACY TO DISTRIBUTE OR POSSESS WITH INTENT TO DISTRIBUTE MARIJUANA– 50 POUNDS OR MORE, §18-18-406(2)(b)(I),(III)(A), C.R.S. (DF1)

On or about July 20, 2016, in and triable in the State of Colorado, **Michael Stonehouse and Vincent Castillo** unlawfully, feloniously, and knowingly conspired with a person or persons known and unknown to the Grand Jury, to sell, distribute, or possess with intent to manufacture, sell or distribute marijuana.

Further, the amount of marijuana was more than fifty pounds in violation of §18-18-406(2)(b)(I),(III)(A). C.R.S. (DF1), and against the peace and dignity of the People of the State of Colorado.

PREDICATE ACT 4 - CONSPIRACY TO DISTRIBUTE OR POSSESS WITH INTENT TO DISTRIBUTE MARIJUANA – MORE THAN 5 POUNDS LESS THEN 50, §18-18-406(2)(b)(I),(III)(B), C.R.S. (DF2)

On or about December 12, 2016, in and triable in the State of Colorado, **Michael Stonehouse and Vincent Castillo** unlawfully, feloniously, and knowingly conspired to sell, distribute, or possess with intent to manufacture, sell or distribute marijuana.

Further, the amount of marijuana was more than 5 pounds, but less than 50 in violation of §18-18-406(2)(b)(I),(III)(B), C.R.S. (DF2), and against the peace and dignity of the People of the State of Colorado.

**PREDICATE ACT 5 – CONSPIRACY TO COMMIT MONEY LAUNDERING –
TRANSFER MONETARY INSTRUMENT WITH INTENT TO PROMOTE A CRIME,
§18-5-309(1)(B)(I) C.R.S. (F4)**

On or about January 24, 2017 to January 27, 2017, in and triable in the State of Colorado, **Vincent Castillo** conspired with a person or persons known and unknown to the Grand Jury, to unlawfully and feloniously transport, transmit, or transfer a monetary instrument or moneys, with the intent to promote the commission of a criminal offense, in violation of §18-5-309(1)(B)(I), C.R.S. (F3) and against the peace and dignity of the People of the State of Colorado.

**PREDICATE ACT 6 - POSSESSION WITH INTENT TO DISTRIBUTE MARIJUANA –
MORE THAN 5 POUNDS LESS THEN 50, §18-18-406(2)(b)(I),(III)(B), C.R.S. (DF2)**

On or about January 26, 2017, in and triable in the State of Colorado, **Vincent Castillo**, unlawfully, feloniously, and knowingly possessed with intent to manufacture, sell or distribute marijuana.

Further, the amount of marijuana was more than five (5) pounds, but less than 50 in violation of §18-18-406(2)(b)(I),(III)(B), C.R.S (DF2), and against the peace and dignity of the People of the State of Colorado.

PREDICATE ACT 7 - UNLAWFUL USE OF A COMMUNICATION FACILITY

Between on or about July 20, 2016 to January 27, 2017, in the state of Colorado, **Michael Stonehouse, and Vincent Castillo**, knowingly or intentionally used a communications facility, namely, a wire, telephone, and/or other means of communication, to facilitate the commission of a felony, namely, Distribution of a Controlled Substance, Possession with Intent to Distribute a Controlled Substance and/or Conspiracy to Distribute a Controlled Substance, in violation of 21 U.S.C. §§ 841 and 846, such use of a communications facility being unlawful, and in violation of 21 U.S.C. § 843.

**PREDICATE ACT 8 - CONSPIRACY TO DISTRIBUTE OR POSSESS WITH INTENT
TO DISTRIBUTE MARIJUANA – MORE THAN 12 OUNCES LESS THAN 5 POUNDS,
§18-18-406(2)(b)(I),(III)(C), C.R.S. (DF3)**

On or about December 19, 2016 to December 21, 2016, in and triable in the State of Colorado, **Michael Stonehouse and Theodore Stonehouse**, unlawfully, feloniously, and knowingly conspired, to sell, distribute, or possess with intent to manufacture, sell or distribute marijuana.

Further, the amount of marijuana was more 12 ounces, but less than 5 pounds in violation of §18-18-406(2)(b)(I),(III)(C), C.R.S. (DF3), and against the peace and dignity of the People of the State of Colorado.

PREDICATE ACT 9 - UNLAWFUL USE OF A COMMUNICATION FACILITY

Between on or about December 19, 2016 to December 21, 2016, in the state of Colorado, **Michael Stonehouse**, knowingly or intentionally use a communications facility, namely, a wire, telephone, and/or other means of communication, to facilitate the commission of a felony, namely, Distribution of a Controlled Substance, Possession with Intent to Distribute a Controlled Substance and/or Conspiracy to Distribute a Controlled Substance, in violation of 21 U.S.C. §§ 841 and 846, such use of a communications facility being unlawful, and in violation of 21 U.S.C. § 843.

PREDICATE ACT 10 - CONSPIRACY TO DISTRIBUTE OR POSSESS WITH INTENT TO DISTRIBUTE MARIJUANA— 50 POUNDS OR MORE, §18-18-406(2)(b)(I),(III)(A), C.R.S. (DF1)

On or about January 2, 2017 to January 5, 2017 in and triable in the State of Colorado, **Michael Stonehouse, Theodore Stonehouse, Jason Jones, and Amy Jones** unlawfully, feloniously, and knowingly conspired with a person or persons known and unknown to the Grand Jury, to sell, distribute, or possess with intent to manufacture, sell or distribute marijuana.

Further, the amount of marijuana was more than fifty pounds in violation of §18-18-406(2)(b)(I),(III)(A), C.R.S. (DF1), and against the peace and dignity of the People of the State of Colorado.

PREDICATE ACT 11 - DISTRIBUTION OR POSSESSION WITH INTENT TO DISTRIBUTE MARIJUANA— 50 POUNDS OR MORE, §18-18-406(2)(b)(I),(III)(A), C.R.S. (DF1)

On or about January 5, 2017, in and triable in the State of Colorado, **Jason Jones**, unlawfully, feloniously, and knowingly sold or distributed marijuana.

Further, the amount of marijuana was more than fifty pounds, in violation of §18-18-406(2)(b)(I),(III)(A), C.R.S. (DF1), and against the peace and dignity of the People of the State of Colorado.

PREDICATE ACT 12 - CONSPIRACY TO DISTRIBUTE OR POSSESS WITH INTENT TO DISTRIBUTE MARIJUANA— 50 POUNDS OR MORE, §18-18-406(2)(b)(I),(III)(A), C.R.S. (DF1)

On or about January 18, 2017 to January 20, 2017 in and triable in the State of Colorado, **Michael Stonehouse, John Mason Cathey, and Jason Jones** unlawfully, feloniously, and knowingly conspired with a person or persons known and unknown to the Grand Jury, to sell, distribute, or possess with intent to manufacture, sell or distribute marijuana.

Further, the amount of marijuana was more than fifty pounds in violation of §18-18-406(2)(b)(I),(III)(A), C.R.S. (DF1), and against the peace and dignity of the People of the State of Colorado.

**PREDICATE ACT 13 - DISTRIBUTION OR POSSESSION WITH INTENT TO
DISTRIBUTE MARIJUANA– 50 POUNDS OR MORE, §18-18-406(2)(b)(I),(III)(A),
C.R.S. (DF1)**

On or about January 19, 2017, in and triable in the State of Colorado, **Jason Jones**, unlawfully, feloniously, and knowingly sold or distributed marijuana.

Further, the amount of marijuana was more than fifty pounds, in violation of §18-18-406(2)(b)(I),(III)(A), C.R.S. (DF1), and against the peace and dignity of the People of the State of Colorado.

**PREDICATE ACT 14 - CONSPIRACY TO DISTRIBUTE OR POSSESS WITH INTENT
TO DISTRIBUTE MARIJUANA– 50 POUNDS OR MORE, §18-18-406(2)(b)(I),(III)(A),
C.R.S. (DF1)**

On or about January 30, 2017 to February 4, 2017 in and triable in the State of Colorado, **Michael Stonehouse, Theodore Stonehouse, and Jason Jones** unlawfully, feloniously, and knowingly conspired with a person or persons known and unknown to the Grand Jury, to sell, distribute, or possess with intent to manufacture, sell or distribute marijuana.

Further, the amount of marijuana was more than fifty pounds in violation of §18-18-406(2)(b)(I),(III)(A), C.R.S. (DF1), and against the peace and dignity of the People of the State of Colorado.

PREDICATE ACT 15 - UNLAWFUL USE OF A COMMUNICATION FACILITY

Between on or about January 2, 2017 to February 4, 2017, in the state of Colorado, **Michael Stonehouse, Theodore Stonehouse, and Jason Jones**, knowingly or intentionally use a communications facility, namely, a wire, telephone, and/or other means of communication, to facilitate the commission of a felony, namely, Distribution of a Controlled Substance, Possession with Intent to Distribute a Controlled Substance and/or Conspiracy to Distribute a Controlled Substance, in violation of 21 U.S.C. §§ 841 and 846, such use of a communications facility being unlawful, and in violation of 21 U.S.C. § 843.

**PREDICATE ACT 16 - CONSPIRACY TO DISTRIBUTE OR POSSESS WITH INTENT
TO DISTRIBUTE MARIJUANA– 50 POUNDS OR MORE, §18-18-406(2)(b)(I),(III)(A),
C.R.S. (DF1)**

On or about December 22, 2016, and triable in the State of Colorado, **Michael Stonehouse and John Cathey** unlawfully, feloniously, and knowingly conspired to sell, distribute, or possess with intent to manufacture, sell or distribute marijuana.

Further, the amount of marijuana was more than fifty pounds in violation of §18-18-406(2)(b)(I),(III)(A), C.R.S. (DF1), and against the peace and dignity of the People of the State of Colorado.

**PREDICATE ACT 17 - CONSPIRACY TO DISTRIBUTE MARIJUANA
CONCENTRATE- MORE THAN 6 OUNCES, LESS THAN 2 ½ POUNDS,
§18-18-406(2)(b)(I),(III)(C), C.R.S. (DF3) (January 26, 2017 – January 31, 2017)**

On or about January 26, 2017 to January 31, 2017, in and triable in the State of Colorado, **Tilden Lazaro and Michael Stonehouse**, unlawfully, feloniously, and knowingly conspired with one another to sell, distribute, or possess with intent to manufacture, sell or distribute marijuana concentrate.

Further, the amount of marijuana concentrate was not more than 6 ounces but less than 2 ½ pounds in violation of §18-18-406(2)(b)(I),(III)(D), and against the peace and dignity of the People of the State of Colorado.

**PREDICATE ACT 18 - POSSESSION WITH INTENT TO DISTRIBUTE MARIJUANA –
MORE THAN 5 POUNDS LESS THEN 50, §18-18-406(2)(b)(I),(III)(B), C.R.S. (DF2)**

On or about January 31, 2017, in and triable in the State of Colorado, **Raciel Martinez and Michael Stonehouse**, unlawfully, feloniously, and knowingly possessed with intent to manufacture, sell or distribute marijuana.

Further, the amount of marijuana was more than five (5) pounds, but less than 50 in violation of §18-18-406(2)(b)(I),(III)(B), C.R.S (DF2), and against the peace and dignity of the People of the State of Colorado.

**PREDICATE ACT 19 - CONSPIRACY TO EXTRACT MARIJUANA CONCENTRATE,
§18-18-406.6 C.R.S. (DF2)**

On or about January 1, 2017 to March 9, 2017, in and triable in the State of Colorado, **Michael Stonehouse, John Ramsay, William Garner, Jerram Cathey and John Cathey**, unlawfully, feloniously, and knowingly conspired with one another and with a person or persons known and unknown to the Grand Jury, to knowingly manufacture marijuana concentrate using an inherently hazardous substance, who is not licensed pursuant to article 43.3 or 43.4 of title 12, C.R.S.

PREDICATE ACT 20- UNLAWFUL USE OF A COMMUNICATION FACILITY

Between on or about December 22, 2016 and March 9, 2017, in the state of Colorado, **Michael Stonehouse, John Ramsay, William Garner, Jerram Cathey and John Cathey**, knowingly or intentionally used a communications facility, namely, a wire, telephone, and/or other means of communication, to facilitate the commission of a felony, namely, Distribution of a Controlled Substance, Possession with Intent to Distribute a Controlled Substance and/or Conspiracy to Distribute a Controlled Substance, in violation of 21 U.S.C. §§ 841 and 846, such use of a communications facility being unlawful, and in violation of 21 U.S.C. § 843.

PREDICATE ACT 21 - MONEY LAUNDERING – CONDUCT FINANCIAL TRANSACTION WITH INTENT TO PROMOTE CRIME, §18-5-309(1)(A)(I), C.R.S. (F3)

On or about and between March 9, 2014 and March 9, 2017, in and triable in the State of Colorado, **Michael Stonehouse** unlawfully and feloniously, conducted or attempted to conduct a financial transaction that involved money or any other thing of value that the defendant knew or believed to be the proceeds, in any form, of a criminal offense, with the intent to promote the commission of a criminal offense; in violation of §18-5-309(1)(A)(I), C.R.S. (F3), and against the peace and dignity of the People of the State of Colorado.

PREDICATE ACT 22 - MONEY LAUNDERING – CONDUCT FINANCIAL TRANSACTION WITH INTENT TO PROMOTE CRIME, §18-5-309(1)(A)(I), C.R.S. (F3)

On or about and between January 1, 2015 to March 9, 2017, in and triable in the State of Colorado, **Rudy Saenz** unlawfully and feloniously, conducted or attempted to conduct a financial transaction that involved money or any other thing of value that the defendant knew or believed to be the proceeds, in any form, of a criminal offense, with the intent to promote the commission of a criminal offense; in violation of §18-5-309(1)(A)(I), C.R.S. (F3), and against the peace and dignity of the People of the State of Colorado.

PREDICATE ACT 23 – MONEY LAUNDERING – CONDUCT FINANCIAL TRANSACTION WITH INTENT TO PROMOTE CRIME, §18-5-309(1)(A)(I), C.R.S. (F3)

On or about and between October 1, 2016 and March 9, 2017, in and triable in the State of Colorado, **Tilden Lazaro** conspired to unlawfully and feloniously, conduct or attempted to conduct a financial transaction that involved money or any other thing of value that the defendant knew or believed to be the proceeds, in any form, of a criminal offense, with the intent to promote the commission of a criminal offense; in violation of §18-5-309(1)(A)(I), C.R.S. (F3), and against the peace and dignity of the People of the State of Colorado.

PREDICATE ACT 24 – MONEY LAUNDERING – CONDUCT FINANCIAL TRANSACTION WITH INTENT TO PROMOTE CRIME, §18-5-309(1)(A)(I), C.R.S. (F3)

On or about and between January 1, 2016 and March 9, 2017, in and triable in the State of Colorado, **Theodore Stonehouse** conspired to unlawfully and feloniously, conduct or attempted to conduct a financial transaction that involved money or any other thing of value that the defendant knew or believed to be the proceeds, in any form, of a criminal offense, with the intent to promote the commission of a criminal offense; in violation of §18-5-309(1)(A)(I), C.R.S. (F3), and against the peace and dignity of the People of the State of Colorado.

PREDICATE ACT 25 - CONSPIRACY TO DISTRIBUTE OR POSSESS WITH INTENT TO DISTRIBUTE MARIJUANA – 50 POUNDS OR MORE;), 50 POUNDS OR MORE, §18-18-406(2)(B)(I),(III)(A), C.R.S. (DF1)

On or about September 28, 2016 to March 9, 2017, in and triable in the State of Colorado, **Rudy Saenz and Michael Stonehouse**, unlawfully, feloniously, and knowingly conspired with one

another and with a person or persons known and unknown to the Grand Jury, to sell, distribute, or possess with intent to manufacture, sell or distribute marijuana.

Further, the amount of marijuana was more than fifty pounds in violation of §18-18-406(2)(b)(I),(III)(A), C.R.S. (DF1), and against the peace and dignity of the People of the State of Colorado.

PREDICATE ACT 26- UNLAWFUL USE OF A COMMUNICATION FACILITY

Between on or about March 9, 2014 and March 9, 2017, in the state of Colorado, **Michael Stonehouse, Rudy Saenz, Tilden Lazaro, and Theodore Stonehouse** knowingly or intentionally use a communications facility, namely, a wire, telephone, and/or other means of communication, to facilitate the commission of a felony, namely, Distribution of a Controlled Substance, Possession with Intent to Distribute a Controlled Substance and/or Conspiracy to Distribute a Controlled Substance, in violation of 21 U.S.C. §§ 841 and 846, such use of a communications facility being unlawful, and in violation of 21 U.S.C. § 843.

COUNT 3

CONSPIRACY TO DISTRIBUTE OR POSSESS WITH INTENT TO DISTRIBUTE MARIJUANA— 50 POUNDS OR MORE;), §18-18-406(2)(b)(I),(III)(A), C.R.S. (DF1)

On or about October 26, 2016 to October 28, 2016, in and triable in the State of Colorado, **Michael Stonehouse, Vernon Watts, and Jibaro Smith**, unlawfully, feloniously, and knowingly conspired to sell, distribute, or possess with intent to manufacture, sell or distribute marijuana.

Further, the amount of marijuana was more than fifty pounds in violation of §18-18-406(2)(b)(I),(III)(A), C.R.S. (DF1), and against the peace and dignity of the People of the State of Colorado.

COUNT 4

DISTRIBUTION OF MARIJUANA – 50 POUNDS OR MORE; §18-18-406(2)(B)(I),(III)(A), C.R.S. (DF1)

On or about October 26, 2016, in and triable in the State of Colorado, **Vernon Watts**, unlawfully, feloniously, and knowingly sold or distributed marijuana.

Further, the amount of marijuana was more than fifty pounds, in violation of §18-18-406(2)(b)(I),(III)(A), C.R.S. (DF1), and against the peace and dignity of the People of the State of Colorado.

COUNT 5

POSSESSION WITH INTENT TO DISTRIBUTE MARIJUANA – 50 POUNDS OR MORE; §18-18-406(2)(B)(I),(III)(A), C.R.S. (DF1)

On or about October 27, 2016, in and triable in the State of Colorado, **Jibaro Smith**, unlawfully, feloniously, and knowingly possessed with the intent to distribute marijuana.

Further, the amount of marijuana was more than fifty pounds, in violation of §18-18-406(2)(b)(I),(III)(A), C.R.S. (DF1), and against the peace and dignity of the People of the State of Colorado.

The offenses alleged in Predicate Acts 1 & 2 and Counts 3, 4, & 5 were committed in the following manner:

On August 25, 2016, investigators from the 18th Judicial District and Elbert County began an investigation into an illegal marijuana grow at 27115 County Road 13 Elizabeth, Colorado, owned by Michael Stonehouse. On September 28, 2016, a search warrant was executed at the

above address. There were eight hundred and forty-five (845) marijuana plants confiscated that weighed approximately two thousand five hundred and thirty-five pounds, which was worth approximately \$5,070,000.00. At that search warrant execution a Confidential Source (CS) was cultivated.

Michael Stonehouse asked the CS to meet with Vernon Watts on October 26, 2016 in order to pick up marijuana and illegally distribute the marijuana from Colorado to Peoria, Illinois. Vernon Watts agreed to transfer the marijuana to the CS at Vista Peak Preparatory School at 24500 E. 6th Avenue in Aurora, County of Arapahoe. At approximately 5:00 PM that day, investigators watched Vernon Watts transfer marijuana in duffel bags from his pickup truck and into the CS' vehicle in the parking lot of the Preparatory School. The duffel bags contained 59.54 pounds of marijuana in vacuum sealed bags. Per the CS, and corroborated by text messages between the CS, Vernon Watts, and Michael Stonehouse, the CS was to drive the marijuana and deliver it to Jibaro Smith in Peoria, Illinois the next day. Instead, investigators and the CS transported the more than 50 pounds of marijuana onto a DEA plane and flew to Peoria, Illinois.

While at the airport, the CS received a text message from Smith advising the CS to meet at the McDonalds on Knoxville in Peoria. At approximately 3:10 PM, the CS received a telephone call from Michael Stonehouse inquiring as to the CS's location. The CS informed Michael Stonehouse that the CS was just passing Galesburg. Shortly after, Jibaro Smith directed the CS to the Waterworks Car Wash located at 2145 North Knoxville Avenue, Peoria, Illinois. On October 27, 2016, at approximately 2:00 PM, investigators and the CS arrived in Peoria, Illinois and went to meet with Jibaro Smith, as directed by Michael Stonehouse, to distribute the marijuana. Jibaro Smith then directed the CS to the Waterworks Car Wash located at 2145 North Knoxville Avenue, Peoria, Illinois. The CS met with Jibaro Smith and transferred the marijuana into Jibaro Smith's car. The bags of marijuana had a GPS tracker in them. Jibaro Smith told the CS he would return with the drug proceeds.

Jibaro Smith left and drove to a residence at 1922 West Ayres Peoria, Illinois. While surveillance was watching Jibaro Smith, they observed the GPS tracker on the marijuana bags moving. Surveillance was able to stop the vehicle in the 10400 block of North Knoxville Avenue, Peoria, Illinois. Jibaro Smith was the driver of the vehicle and investigators located approximately forty (40) pounds of marijuana in the vehicle, which came from Michael Stonehouse and the CS. The investigators discovered that the other ten (10) pounds missing from the bags was offloaded at the 1922 W. Ayres residence after a search warrant execution that same day.

On October 28, 2016, Michael Stonehouse gave the CS \$3,900.00 as payment for transporting the marijuana to Illinois, but was upset that law enforcement arrested Jibaro Smith, and told the CS that future deals with the CS could be canceled. During this time period, between October 26, 2016 and October 27, 2016, Michael Stonehouse, Jibaro Smith, and Vernon Watts conducted transactions for the sale of more than 50 pounds of marijuana. They agreed to cooperate in the distribution and possession with intent to distribute marijuana. They each used cellular telephones to communicate and facilitate the orders and distribution of marijuana, and their stated agreements were confirmed by physical surveillance, photos, and documented by their conversations and text message during multiple phone interactions with the CS during that time period.

COUNT 6

CONSPIRACY TO DISTRIBUTE OR POSSESS WITH INTENT TO DISTRIBUTE MARIJUANA– 50 POUNDS OR MORE; §18-18-406(2)(b)(I),(III)(A), C.R.S. (DF1)

On or about July 20, 2016, in and triable in the State of Colorado, **Michael Stonehouse and Vincent Castillo** unlawfully, feloniously, and knowingly conspired with a person or persons known and unknown to the Grand Jury, to sell, distribute, or possess with intent to manufacture, sell or distribute marijuana.

Further, the amount of marijuana was more than fifty pounds in violation of §18-18-406(2)(b)(I),(III)(A), C.R.S. (DF1), and against the peace and dignity of the People of the State of Colorado.

COUNT 7

CONSPIRACY TO DISTRIBUTE OR POSSESS WITH INTENT TO DISTRIBUTE MARIJUANA – MORE THAN 5 POUNDS LESS THEN 50, §18-18-406(2)(b)(I),(III)(B), C.R.S. (DF2)

On or about December 12, 2016, in and triable in the State of Colorado, **Michael Stonehouse and Vincent Castillo**, unlawfully, feloniously, and knowingly conspired, to sell, distribute, or possess with intent to manufacture, sell or distribute marijuana.

Further, the amount of marijuana was more than five (5) pounds, but less than fifty (50) in violation of §18-18-406(2)(b)(I),(III)(B), C.R.S (DF2), and against the peace and dignity of the People of the State of Colorado

COUNT 8

CONSPIRACY TO COMMIT MONEY LAUNDERING – TRANSFER MONETARY INSTRUMENT WITH INTENT TO PROMOTE A CRIME, §18-5-309(1)(B)(I) C.R.S. (F4)

On or about January 24, 2017 to January 27, 2017, in and triable in the State of Colorado, **Vincent Castillo** conspired with a person or person known and unknown to the Grand Jury, to unlawfully and feloniously transport, transmit, or transfer a monetary instrument or moneys, with the intent to promote the commission of a criminal offense, in violation of §18-5-309(1)(B)(I), C.R.S. (F3) and against the peace and dignity of the People of the State of Colorado.

COUNT 9

POSSESSION WITH INTENT TO DISTRIBUTE MARIJUANA – MORE THAN 5 POUNDS LESS THEN 50, §18-18-406(2)(b)(I),(III)(B), C.R.S. (DF2)

On or about January 26, 2017, in and triable in the State of Colorado, **Vincent Castillo**, unlawfully, feloniously, and knowingly possessed with intent to manufacture, sell or distribute marijuana.

Further, the amount of marijuana was more than five (5) pounds, but less than fifty (50) in violation of §18-18-406(2)(b)(I),(III)(B), C.R.S (DF2), and against the peace and dignity of the People of the State of Colorado.

The offenses alleged in Predicate Acts 3 to 7 and Counts 6 to 9 were committed in the following manner:

Early in the investigation, the CS provided investigators with a copy of a video, which was taken on July 20, 2016, in the parking lot of the Starbucks located at 506 Castle Pines Parkway in the City of Castle Pines, Douglas County, Colorado. The video showed Michael Stonehouse distributing approximately one hundred and eighty (180) pounds of marijuana to Vincent Castillo. In the video, Vincent Castillo and another Hispanic male removed three large duffle bags, which the CS told investigators contained approximately 180 pounds of marijuana, from Michael Stonehouse's vehicle and placed them in the rear cargo area of Vincent Castillo's car. The CS further explained to investigators that Vincent Castillo is responsible for much of the out of state transport of marijuana for Michael Stonehouse and that Michael Stonehouse ships marijuana illegally to such states as Florida, Arkansas, Oklahoma, Missouri, and Illinois.

On December 6, 2016, investigators obtained judicial authorization to intercept calls on Michael Stonehouse's phone (Target Telephone One). On December 12, 2016, wire room personnel intercepted communications on Target Telephone One indicating that Michael Stonehouse was going to meet and pay his main partner and investor, Rudy Saenz, at the DTO marijuana warehouse at 12555 E. 37th Ave. Specifically, Saenz asked Stonehouse if he had any money for him. Michael Stonehouse told Saenz he was picking it up at noon, would count it, and would get the rest of it together for Saenz. At 11:15 AM, Michael Stonehouse was followed to the Wells Fargo at 2043 S. Colorado Blvd, Denver. Michael Stonehouse then received a call on Target Telephone One from Vincent Castillo in which they spoke about just passing each other and agreed to meet in a parking lot. Investigators watched Michael Stonehouse meet with Vincent Castillo and transfer a medium bag, believed to be more than 5 pounds, but less than 50 of marijuana, to Vincent Castillo and received a check sized package, believed to be currency, from Vincent Castillo. On December 13, 2016, at approximately 12:39 PM, at the 37th Ave warehouse, Michael Stonehouse took the bag, believed to be the same currency Vincent Castillo gave Michael Stonehouse the day before, to Rudy Saenz's vehicle, and got into the front passenger seat (Rudy Saenz was in the driver's seat). When Michael Stonehouse exited the car, he no longer had the parcel and investigators believed that he had just given Rudy Saenz the cash, which Vincent Castillo had provided in return for marijuana the day before.

At 2:50 PM on December 13, 2016, investigators watched Jamey Block meet with Michael Stonehouse at the 37th Street Warehouse. Investigators were familiar with Jamey Block from the August search warrant executed at Michael Stonehouse's farm where Jamey Block told investigators that he helped Michael Stonehouse with his marijuana plants. Investigators watched as Michael Stonehouse unloaded a large tub and a cardboard Home Depot box from his Acura into the back of Jamey Block's vehicle. Jamey Block then drove that truck with the large tubs of probable marijuana to Michael Stonehouse's other marijuana grow warehouse at 3601 N.

Stone Avenue, Colorado Springs, Colorado. When Jamey Block left the warehouse, he no longer had the boxes in the bed of the truck. That day, wire room personnel intercepted Jamey Block speaking to Michael Stonehouse on Target Telephone One speaking about the 37th Ave warehouse and different strains of marijuana. Specifically, Jamey Block and Michael Stonehouse spoke about Jamey Block filling up with the rooms of the warehouse and working there. Based on these previously intercepted calls, investigators believed Michael Stonehouse gave the suspected marijuana to Jamey Block so he could transport it to the Stone Avenue warehouse, where it could be transformed into hash oil. Based on the sizes of the packages, investigators believe that Jamey Block transported over 5 pounds of marijuana, but less than 50 pounds of marijuana.

During the early weeks of January, 2017, investigators intercepted several calls on Target Telephone Two (Vincent Castillo's phone) concerning packages coming from Silver City, New Mexico, which investigators believed related to Vincent Castillo's illegal marijuana business. Vincent Castillo communicated with a male named "Scooter" and asked "Scooter" to accept a package for him at "Scooter's" address of 4387 E 93rd Ave, Thornton, Colorado 80229 on January 27, 2017. Investigators intercepted a package that had in fact, been shipped via UPS from Silver Springs, New Mexico to "Scooter's" address on January 27, 2017. A search warrant was executed on the package and approximately \$9800, disguised in birthday wrapping paper, was recovered, which investigators believed to be drug proceeds. It should be noted, that on January 26, 2017, investigators conducted a traffic stop on Vincent Castillo and recovered 11 pounds of marijuana. Investigators believed the marijuana was for distribution based on the wire intercepts and Vincent Castillo's past distributions with Michael Stonehouse.

During this time period, between July 20, 2016, and January 27, 2017, Jamey Block, Vincent Castillo, and Michael Stonehouse, conducted transactions for the sale of marijuana. Vincent Castillo and Michael Stonehouse agreed to cooperate in the distribution and possession with intent to distribute marijuana. Michael Stonehouse and Jamey Block also agreed to cooperate in the distribution and possession with intent to distribute marijuana. They each used cellular telephones to communicate and facilitate the orders and distribution of marijuana, and their stated agreements were confirmed by physical, photo, and video, surveillance, and documented by their conversations and text message during multiple phone interactions.

COUNT 10

CONSPIRACY TO DISTRIBUTE OR POSSESS WITH INTENT TO DISTRIBUTE MARIJUANA – MORE THAN 12 OUNCES LESS THAN 5 POUNDS, §18-18- 406(2)(b)(I),(III)(C), C.R.S. (DF3)

On or about December 19, 2016 to December 21, 2016, in and triable in the State of Colorado, **Michael Stonehouse and Theodore Stonehouse**, unlawfully, feloniously, and knowingly conspired, to sell, distribute, or possess with intent to manufacture, sell or distribute marijuana.

Further, the amount of marijuana was more than 12 ounces, but less than 5 pounds in violation of §18-18-406(2)(b)(I),(III)(C), C.R.S. (DF3), and against the peace and dignity of the People of the State of Colorado.

The offenses alleged in Predicate Acts 8 & 9 and Count 10 were committed in the following manner:

On December 19, 2016, the CS communicated with Michael Stonehouse on Target Telephone One to arrange for a three (3) pound purchase of marijuana for transport from Colorado to New Mexico. On December 20, 2016, the CS met with Michael Stonehouse at the warehouse located at 12555 E. 37th Avenue, Denver, Colorado. During the meeting, Michael Stonehouse had Theodore Stonehouse retrieve a package from Theodore Stonehouse's vehicle. Michael Stonehouse then gave that package to the CS. The package contained approximately three (3) pounds of marijuana and 5.1 grams of marijuana hash oil. On December 21, 2016, at approximately 4:20 PM, Michael Stonehouse arrived at the 7-11 (9355 E Dry Creek Rd) after he called the CS on Target Telephone One and stated he would be there in 5 minutes. At the meeting, the CS gave Michael Stonehouse \$5,000 of DEA funds in payment for the hash oil and marijuana. During this time period, between December 19, 2016 and December 21, 2016, Michael Stonehouse conducted transactions for the sale of marijuana. They agreed to cooperate in the distribution and possession with intent to distribute marijuana. They each used cellular telephones to communicate and facilitate the orders and distribution of marijuana, and their stated agreements were confirmed by physical surveillance, and documented by their conversations during multiple phone interactions with the CS during that time period.

COUNT 11

CONSPIRACY TO DISTRIBUTE OR POSSESS WITH INTENT TO DISTRIBUTE MARIJUANA— 50 POUNDS OR MORE, §18-18-406(2)(b)(I),(III)(A), C.R.S. (DF1)

On or about January 2, 2017 to January 5, 2017, in and triable in the State of Colorado, **Michael Stonehouse, Theodore Stonehouse, Jason Jones, and Amy Jones**, unlawfully, feloniously, and knowingly conspired with a person or persons known and unknown to the Grand Jury, to sell, distribute, or possess with intent to manufacture, sell or distribute marijuana.

Further, the amount of marijuana was more than fifty pounds in violation of §18-18-406(2)(b)(I),(III)(A), C.R.S. (DF1), and against the peace and dignity of the People of the State of Colorado.

COUNT 12

DISTRIBUTION OF MARIJUANA – 50 POUNDS OR MORE; §18-18-406(2)(b)(I),(III)(A), C.R.S. (DF1)

On or about January 5, 2017, in and triable in the State of Colorado, **Jason Jones**, unlawfully, feloniously, and knowingly sold or distributed marijuana.

Further, the amount of marijuana was more than fifty pounds, in violation of §18-18-406(2)(b)(I),(III)(A), C.R.S. (DF1), and against the peace and dignity of the People of the State of Colorado.

COUNT 13

CONSPIRACY TO DISTRIBUTE OR POSSESS WITH INTENT TO DISTRIBUTE MARIJUANA – 50 POUNDS OR MORE;), §18-18-406(2)(b)(I),(III)(A), C.R.S. (DF1)

On or about January 18, 2017 to January 20, 2017, in and triable in the State of Colorado, **Michael Stonehouse, John Mason Cathey, and Jason Jones** unlawfully, feloniously, and knowingly conspired with a person or persons known and unknown to the Grand Jury, to sell, distribute, or possess with intent to manufacture, sell or distribute marijuana.

Further, the amount of marijuana was more than fifty pounds in violation of §18-18-406(2)(b)(I),(III)(A), C.R.S. (DF1), and against the peace and dignity of the People of the State of Colorado.

COUNT 14

DISTRIBUTION OF MARIJUANA – 50 POUNDS OR MORE; §18-18-406(2)(b)(I),(III)(A), C.R.S. (DF1)

On or about January 19, 2017, in and triable in the State of Colorado, **Jason Jones**, unlawfully, feloniously, and knowingly sold or distributed marijuana.

Further, the amount of marijuana was more than fifty pounds, in violation of §18-18-406(2)(b)(I),(III)(A), C.R.S. (DF1), and against the peace and dignity of the People of the State of Colorado.

COUNT 15

CONSPIRACY TO DISTRIBUTE OR POSSESS WITH INTENT TO DISTRIBUTE MARIJUANA – 50 POUNDS OR MORE, §18-18-406(2)(b)(I),(III)(A), C.R.S. (DF1)

On or about January 30, 2017 to February 4, 2017, in and triable in the State of Colorado, **Michael Stonehouse, Theodore Stonehouse, and Jason Jones** unlawfully, feloniously, and knowingly conspired with a person or persons known and unknown to the Grand Jury, to sell, distribute, or possess with intent to manufacture, sell or distribute marijuana.

Further, the amount of marijuana was more than fifty pounds in violation of §18-18-406(2)(b)(I),(III)(A), C.R.S. (DF1), and against the peace and dignity of the People of the State of Colorado.

The offenses alleged in Predicate Acts 10 to 15 and Counts 11 to 15 were committed in the following manner:

On January 2, 2017, Michael Stonehouse, utilizing Target Telephone One, made a call to Jason Jones, his main out of state runner. Michael Stonehouse told Jason Jones during the call that they had a shipment of "200 plus", believed to be 200 pounds of marijuana, that needed to go to "Razorback." Jason Jones replied that he would be able to do that on Wednesday, January 4, 2017. Michael Stonehouse told Jason Jones that "Ted" (believed to be Theodore Stonehouse) was meeting with "Travis" (believed to be Travis Bridle) to arrange the shipment.

On January 4, 2017, surveillance witnessed Jason Jones getting his vehicle serviced, as he had a broken radiator. On Target Telephone One, Michael Stonehouse told Jamey Block that Jason Jones did not want to drive with a cracked radiator with all of this in there. Investigators believed that Michael Stonehouse was referring to the 200 pounds of marijuana that Jason Jones would be transporting to Arkansas. After the vehicle was fixed, Jason Jones was followed to the warehouse at 3106 N. Stone Avenue, Colorado Springs, Colorado. Investigators witnessed Jason Jones back his vehicle up to a door on the south of the warehouse. Investigators then observed Jason Jones and an unknown male load at least seven (7) large duffle bags into the back of Jason Jones' vehicle. Surveillance observed a female, later identified as Amy Jones, assisting Jason Jones with opening the gate to the warehouse and standing by while the vehicle was loaded.

At approximately 3:40 PM, on January 4, 2017, surveillance followed Jason Jones and Amy Jones from Colorado Springs, Colorado to 1140 Denny Drive, Alexander, Arkansas. Jason Jones and Amy Jones arrived at the Denny address at approximately 6:00 PM on January 5, 2017. Jason Jones dropped off the duffle bags containing the marijuana to an individual named Jeremy Lester, who lived at the above address. DEA Denver followed Jason and Amy Jones as they returned to Colorado after the delivery. DEA Arkansas conducted surveillance and witnessed at least one vehicle arrive at the residence. That vehicle was stopped and marijuana was recovered from the vehicle. DEA Arkansas conducted a knock and talk at 1140 Denny Drive and met with Jeremy Lester, who gave consent for a search of his home. Agents located approximately two hundred and ninety (290) pounds of marijuana packaged in eight (8) duffle bags, matching the description provided by investigators who had witnessed Jason Jones load the duffel bags into his vehicle. There was also approximately thirty (30) pounds of marijuana throughout the residence. DEA Arkansas also located over \$150,000.00 in US Currency. Jeremy Lester claimed all of the evidence was his and stated that he received most of the marijuana from a courier that same day. Jeremy stated that he pre-paid just under \$300,000.00 for the shipment of marijuana.

On January 17, 2017, investigators intercepted a call between Michael Stonehouse and Jason Jones on Target Telephone One. Michael Stonehouse said there was some moisture in a couple of the packages (believed to contain marijuana) that they were going to send out and asked if there was a way for Jason Jones to delay his departure. Jason Jones acknowledged, and asked if Michael Stonehouse meant for Jason Jones to go to the Springs to pick up product and then leave that Thursday. Michael Stonehouse acknowledged, and said he would let Mason, (believed to be John Mason Cathey), tell his guys. Investigators, based on the above facts, believed that Jason Jones and Michael Stonehouse were discussing picking up a load of suspected marijuana that eventually was distributed to John Mason Cathey's customers in Minneapolis, Minnesota.

On January 18, 2017, investigators once again followed Jason Jones from his residence at 6618 Alkire Street, Lakewood, Colorado to 3106 N. Stone Avenue, Colorado Springs, Colorado. Agents were able to view several bags in the rear of the vehicle that matched the description of bags used to transport marijuana in the past. On January 19, 2017, investigators followed Jason

Jones from his residence to 6233 14th Ave S, Minneapolis, Minnesota. Jason Jones left his residence at approximately 6:15 AM and arrived in Minneapolis at approximately 8:40 PM. Surveillance witnessed Jason Jones meet with an unidentified person at the residence. Jason Jones was at the residence for approximately twenty (20) minutes and then went to a hotel. Investigators believed Jason Jones delivered more than 50 pounds of marijuana. On January 20, 2017, at approximately 7:00 AM, Jason Jones started driving towards Colorado and investigators were able to see that the back of Jason Jones' vehicle was now empty. Per the GPS trackers on Jason Jones' and Michael Stonehouse's cars and calls on Target Telephone One and Three, Jason Jones met with Michael Stonehouse to give him an unknown amount of drug proceeds on January 20, 2017. Calls intercepted on Target Telephone One between John Mason Cathey and Michael Stonehouse show that John Mason Cathey has marijuana customers in Minnesota, which investigators believe Jason Jones delivered a large amount of marijuana to. John Mason Cathey uses the term t-shirts on the phone with Michael Stonehouse, which investigators believe to be code word for packages of marijuana.

On January 30, 2017, investigators intercepted Michael Stonehouse speaking to Jason Jones on Target Telephone Three. During the call, Michael Stonehouse asked Jason Jones if he was available "this week" and told Jason Jones that they would be doing a Missouri run this time and it would be twelve (12) instead of fifteen (15). Further, the two spoke about Jason Jones leaving Friday and arriving in Missouri Friday night. Jason Jones told Michael Stonehouse that he would meet with Theodore Stonehouse the day before his departure. On February 2, 2017 surveillance observed Jason Jones leave his residence, drive to the storage unit near his house, and then drive to Theodore Stonehouse's residence at 3828 Falconry Drive, Colorado Springs. Per surveillance, at approximately 2:04 PM, Jason Jones arrived in his Yukon and backed his vehicle into the open garage at Theodore Stonehouse's residence and closed the garage door. At approximately 2:12 PM Jason Jones pulled out of Theodore Stonehouse's garage, drove to, and parked near his storage unit in Lakewood, Colorado and then proceeded to his residence at 6618 S. Alkire Street #1518, Lakewood, CO. At approximately 3:55 PM, investigators observed the rear of Jason Jones' Yukon was loaded with something covered by a blanket. Investigators were familiar with the type of duffle bags previously transported by Jason Jones and stated that the shapes they could see under the blanket matched the physical dimensions of the duffle bags that were used to distribute marijuana to Arkansas. On February 3, 2017, Jason Jones' vehicle left his residence at approximately 6:00 am, which was confirmed by the GPS tracker on his car. At approximately 11:41 AM Michael Stonehouse sent Jason Jones a text from Target Telephone Three which was "4175094762 Jake bass pro shop". At approximately 6:00pm Jason Jones' Yukon arrived at the intersection of W. Seminole Street and S. Manley Drive in Springfield, Missouri. The GPS device showed Jason Jones' Yukon in the yard of 3145 W. Seminole Street, Springfield, Missouri. Jason Jones' Yukon stayed at that location for approximately 5-10 minutes before departing. At approximately 6:15 PM (Mountain time) Jason Jones' texted Michael Stonehouse, "All Good." Michael Stonehouse replied "U the man praise God."

On February 4, 2017, investigators intercepted communications on Target Telephone Three between Michael Stonehouse and Jason Jones, setting up a meeting at the Running Creek Auto Center car way at 712 E. Kiowa Elizabeth, Colorado. Per the GPS tracker on Jason Jones' vehicle, it showed Jason Jones traveling eastbound from Missouri to Colorado. Investigators observed Michael Stonehouse meet with Jason Jones and retrieve a package, approximately the shape of a shoe box from Jason Jones and return to his vehicle. Investigators believed Michael Stonehouse met with Jason Jones to receive the payment for the marijuana delivered to John Mason Cathey's clients in Missouri.

During this time period, between January 2, 2017 and February 4, 2017, Michael Stonehouse, Jason Jones, and Theodore Stonehouse conducted transactions for the sale of more than 50 pounds of marijuana. They agreed to cooperate in the distribution and possession with intent to distribute marijuana. They each used cellular telephones to communicate and facilitate the orders and distribution of marijuana, and their stated agreements were confirmed by physical, photo, and video, surveillance, and documented by their conversations and text message during multiple phone interactions.

COUNT 16

CONSPIRACY TO DISTRIBUTE OR POSSESS WITH INTENT TO DISTRIBUTE MARIJUANA – 50 POUNDS OR MORE, §18-18-406(2)(b)(I),(III)(A), C.R.S. (DF1)

On or about December 22, 2016, and triable in the State of Colorado, **Michael Stonehouse and John Cathey** unlawfully, feloniously, and knowingly conspired to sell, distribute, or possess with intent to manufacture, sell or distribute marijuana.

Further, the amount of marijuana was more than fifty pounds in violation of §18-18-406(2)(b)(I),(III)(A), C.R.S. (DF1), and against the peace and dignity of the People of the State of Colorado.

COUNT 17

CONSPIRACY TO DISTRIBUTE MARIJUANA CONCENTRATE– MORE THAN 6 OUNCES, LESS THAN 2 ½ POUNDS, §18-18-406(2)(b)(I),(III)(C), C.R.S. (DF3) (January 26, 2017 – January 31, 2017)

On or about January 26, 2017, to January 31, 2017, in and triable in the State of Colorado, **Tilden Lazaro and Michael Stonehouse**, unlawfully, feloniously, and knowingly conspired with one another to sell, distribute, or possess with intent to manufacture, sell or distribute marijuana concentrate.

Further, the amount of marijuana concentrate was not more than 6 ounces but less than 2 ½ pounds in violation of §18-18-406(2)(b)(I),(III)(D), and against the peace and dignity of the People of the State of Colorado.

COUNT 18

CONSPIRACY TO DISTRIBUTE OR POSSESS WITH INTENT TO DISTRIBUTE MARIJUANA – MORE THAN 5 POUNDS LESS THEN 50, §18-18-406(2)(b)(I),(III)(B), C.R.S. (DF2)

On or about January 31, 2017, in and triable in the State of Colorado, **Michael Stonehouse and Raciell Martinez**, unlawfully, feloniously, and knowingly conspired, to sell, distribute, or possess with intent to manufacture, sell or distribute marijuana.

Further, the amount of marijuana was more than five (pounds), but less than fifty (50) in violation of §18-18-406(2)(b)(I),(III)(B), C.R.S (DF2), and against the peace and dignity of the People of the State of Colorado.

COUNT 19

CONSPIRACY TO EXTRACT MARIJUANA CONCENTRATE, §18-18-406.6 C.R.S. (DF3)

On or about January 1, 2017 to March 9, 2017, in and triable in the State of Colorado, **Michael Stonehouse, John Ramsay, William Garner, Jerram Cathey, and John Cathey**, unlawfully, feloniously, and knowingly conspired with one another and with a person or persons known and unknown to the Grand Jury, to knowingly manufacture marijuana concentrate using an inherently hazardous substance, who is not licensed pursuant to article 43.3 or 43.4 of title 12, C.R.S.

The offenses alleged in Predicate Acts 16 to 20 and Counts 16 to 19 were committed in the following manner:

On December 22, 2016, John Cathey and Michael Stonehouse spoke about John Cathey picking up tubs of marijuana from Stonehouse's garage on Target Telephone One. At approximately 1 PM that day, investigators went to Stonehouse's Mira Del Sol address and witnessed John Cathey arrive. At approximately 1:09 PM, John Cathey drove out of the area and went east bound on Founders Pkwy, arriving at County Road 13 at 1:45 PM. Based on previous calls in which Michael Stonehouse told Jerram Cathey that he had 300 to 400 pounds of trim left in his garage, investigators believed the amount of marijuana in the bins was more than 50 pounds.

On January 26, 2017, at approximately 12:38 PM, the CS arrived at Stonehouse's residence, 4567 Mira Del Sol, Castle Rock, CO 80104. Tilden Lazaro met the CS at the door of the residence and handed the CS 282.8 grams of marijuana extract and told the CS to settle up with Mike (believed to be Michael Stonehouse). The CS then met with Michael Stonehouse on January 31, 2017 at Pho 999. The CS gave Michael Stonehouse \$4,000 of DEA buy money, which the CS gave to Stonehouse for the marijuana extract Tilden Lazaro sold on behalf of Michael Stonehouse on January 26, 2017.

On January 31, 2017, Michael Stonehouse spoke with Raciell Martinez on Target Telephone One, who stated he had approximately twenty (20) pounds of marijuana that he would like to sell/give to Michael Stonehouse. Later that day, surveillance witnessed Raciell Martinez arrive at 4567 Mira Del Sol Court, Castle Rock, Colorado and deliver the previous discussed marijuana.

Between January 1, 2017 and March 9, 2017, the CS met with Michael Stonehouse multiple times. During one of the meetings, the CS was allowed to visit the "Ranch" at 27115

County Road 13, Elizabeth, Colorado to view how the Stoned House DTO was processing marijuana concentrate, also known as shatter or hash oil. Specifically on February 11, 2017, the CS viewed "Todd" and John Cathey utilizing a closed system butane hash oil extraction lab to make the marijuana concentrate. On that date, the CS was told the marijuana concentrate being made on the Ranch was for an order for the CS and for people in California. On that same date the CS went to John Ramsay's house and viewed him with packaging material, bags, and products that are used in a closed system butane extraction lab. On that date, Michael Stonehouse brought John Ramsay 100 pounds of marijuana from the 37th Ave warehouse. During the month of February 2017, the CS positively identified "Todd" as William "Todd" Garner 11/16/1958. On March 3, 2017, the CS also spoke with Jerram Cathey. Jerram Cathey told the CS that he was taking a hash oil extraction system to the Ranch and told the CS that John Mason Cathey is the manager of the Ranch, John Cathey oversees the property, including security, and Jerram Cathey is in charge of the butane hash oil extractions.

Calls on Target Telephone One indicated that William Todd Garner, John Ramsay, Jerram Cathey, and John Cathey are all working with Michael Stonehouse to illegally extract marijuana concentrate at an illegal butane hash oil extraction lab at the "Ranch." Specifically, there were multiple calls between Michael Stonehouse and William "Todd" Garner discussing that William Garner needed butane out at the ranch and that William Garner need to start processing, as they had a big order they needed to fill. Jerram Cathey, son of John Cathey, was intercepted on numerous occasions talking to Michael Stonehouse about moving William Garner in to process the concentrates as well as sending Jerram Cathey to a hash oil class. Further, John Ramsay is recorded on Target Telephone One speaking to Michael Stonehouse about hanging up shatter at the Ranch and that it was selling for \$100 a gram in New York. On February 8, 2017, John Ramsay further told Michael Stonehouse on a call, that Todd (believed to be William Garner) knew each other and Michael Stonehouse wanted Todd (William Garner) to see what all John Ramsay does. Michael Stonehouse also spoke on the intercept about Todd (William Garner) getting the crude out at the ranch. Investigators believed "crude" to be a reference to marijuana concentrate. Based on the intercepts as well as the information from the CS, investigators believe that John Ramsay, William Garner, John Cathey, and Jerram Cathey are all extracting marijuana concentrate for Michael Stonehouse without a license to do so and on properties that are not licensed for butane marijuana extraction. Further, Michael Stonehouse speaks about selling shatter/hash oil many times on Target Telephone One. Investigators believe that Michael Stonehouse is then selling the marijuana concentrate for profit.

During this time period, between December 22, 2016 and March 9, 2017, Michael Stonehouse, Theodore Stonehouse, William Garner, John Cathey, John Ramsay, and Jerram Cathey, conducted transactions for the sale of marijuana as well as the extraction of marijuana concentrate. They agreed to cooperate in the distribution and possession with intent to distribute marijuana. They each used cellular telephones to communicate and facilitate the orders and distribution of marijuana, and their stated agreements were confirmed by physical surveillance and documented by their conversations and text message during multiple phone interactions as well as by information from the CS during that time period. Further, they conspired to extract marijuana concentrate without the proper personal or property marijuana licenses under 43.3 or 43.4 of title 12 C.R.S., as Michael Stonehouse's farm, nor any of the participants have the proper documentation.

COUNT 20

**MONEY LAUNDERING – CONDUCT FINANCIAL TRANSACTION WITH INTENT
TO PROMOTE CRIME, §18-5-309(1)(A)(I), C.R.S. (F3)**

On or about and between March 9, 2014 and March 9, 2017, in and triable in the State of Colorado, **Michael Stonehouse** unlawfully and feloniously, conducted or attempted to conduct a financial transaction that involved money or any other thing of value that the defendant knew or believed to be the proceeds, in any form, of a criminal offense, with the intent to promote the commission of a criminal offense; in violation of §18-5-309(1)(A)(I), C.R.S. (F3), and against the peace and dignity of the People of the State of Colorado.

COUNT 21

**MONEY LAUNDERING – CONDUCT FINANCIAL TRANSACTION WITH INTENT
TO PROMOTE CRIME, §18-5-309(1)(A)(I), C.R.S. (F3)**

On or about and between January 1, 2015 to March 9, 2017, in and triable in the State of Colorado, **Rudy Saenz** unlawfully and feloniously, conducted or attempted to conduct a financial transaction that involved money or any other thing of value that the defendant knew or believed to be the proceeds, in any form, of a criminal offense, with the intent to promote the commission of a criminal offense; in violation of §18-5-309(1)(A)(I), C.R.S. (F3), and against the peace and dignity of the People of the State of Colorado.

COUNT 22

**MONEY LAUNDERING – CONDUCT FINANCIAL TRANSACTION WITH INTENT
TO PROMOTE CRIME, §18-5-309(1)(A)(I), C.R.S. (F3)**

On or about and between October 1, 2016 and March 9, 2017, in and triable in the State of Colorado, **Tilden Lazaro** conspired to unlawfully and feloniously, conduct or attempted to conduct a financial transaction that involved money or any other thing of value that the defendant knew or believed to be the proceeds, in any form, of a criminal offense, with the intent to promote the commission of a criminal offense; in violation of §18-5-309(1)(A)(I), C.R.S. (F3), and against the peace and dignity of the People of the State of Colorado.

COUNT 23

**MONEY LAUNDERING – CONDUCT FINANCIAL TRANSACTION WITH INTENT
TO PROMOTE CRIME, §18-5-309(1)(A)(I), C.R.S. (F3)**

On or about and between January 1, 2016 and March 9, 2017, in and triable in the State of Colorado, **Theodore Stonehouse** conspired to unlawfully and feloniously, conduct or attempted to conduct a financial transaction that involved money or any other thing of value that the

defendant knew or believed to be the proceeds, in any form, of a criminal offense, with the intent to promote the commission of a criminal offense; in violation of §18-5-309(1)(A)(I), C.R.S. (F3), and against the peace and dignity of the People of the State of Colorado.

COUNT 24

MONEY LAUNDERING – FINANCIAL TRANSACTION TO CONCEAL OR DISGUISE NATURE OR AVOID REPORTING, §18-5-309(1)(A)(II), C.R.S. (F3)

On or about and between March 9, 2014 to March 9, 2017, in and triable in the State of Colorado, **Vernon Watts and Myisha Evans**, and others known to the Grand Jury, unlawfully and feloniously conducted or attempted to conduct a financial transaction that involved money or any other thing of value that the defendant knew or believed to be the proceeds, in any form, of a criminal offense, with knowledge or a belief that the transaction was designed in whole or in part to conceal or disguise the nature, location, source, ownership, or control of the proceeds of a criminal offense or avoid a transaction reporting requirement under federal law; in violation of §18-5-309(1)(A)(II), C.R.S. (F3) and against the peace and dignity of the People of the State of Colorado.

COUNT 25

CONSPIRACY TO DISTRIBUTE OR POSSESS WITH INTENT TO DISTRIBUTE MARIJUANA – 50 POUNDS OR MORE, – 50 POUNDS OR MORE, §18-18-406(2)(b)(I),(III)(A), C.R.S. (DF1)

On or about September 28, 2016 to March 9, 2017, in and triable in the State of Colorado, **Rudy Saenz and Michael Stonehouse**, unlawfully, feloniously, and knowingly conspired with one another and with a person or persons known and unknown to the Grand Jury, to sell, distribute, or possess with intent to manufacture, sell or distribute marijuana.

Further, the amount of marijuana was more than fifty pounds in violation of §18-18-406(2)(b)(I),(III)(A), C.R.S. (DF1), and against the peace and dignity of the People of the State of Colorado.

The offenses alleged in Predicate Acts 21 to 26 and Counts 20 to 25 were committed in the following manner:

From March 9, 2014 to March 9, 2017, Michael Stonehouse has used a variety of financial institutions to deposit cash proceeds from illicit marijuana distributions and transferred these monies within banks and/or to other banking institutions in a way to make it appear that Michael Stonehouse was earning wages/income from consulting on other activities and that were false to the true nature of the deposits and transactions. Michael Stonehouse also used lines of credit to make purchases and these lines of credit were then paid off incrementally with cash to hide the true nature of where the money to pay for the purchases was coming from.

Between early 2014 and December 2016, Michael Stonehouse had over \$1,000,000 in cash deposits into accounts he controlled in the name of a variety of LLC's and entities in his control. All of the cash deposits appear to have come from the illegal sale of marijuana being cultivated and distributed in one or more warehouses as well as secondary sources controlled by Rudy Saenz and/or Michael Stonehouse and their DTO. All these cash deposits happened during a period of time Michael Stonehouse did not legally report or pay associated taxes with marijuana being cultivated and distributed from Colorado.

Between January 2015 and November 2016, Rudy Saenz had over \$500,000 in cash deposits into accounts he controlled in the name of a variety of LLC's and entities that he appears to control. All of the cash deposits appear to have come from the illegal sale of marijuana being cultivated and distributed in one or more warehouses as well as secondary sources controlled by Rudy Saenz and/or Michael Stonehouse and their DTO. All these cash deposits happened during a period of time Rudy Saenz did not legally report or pay associated taxes with marijuana being cultivated and distributed from Colorado.

The investigation has shown that TRL Ent is an entity controlled by Tilden Lazaro and is involved in Stonehouse's marijuana operation. Intercepts on Target Telephone One as well as photos from various banks show that Tilden Lazaro deposited cash for Michael Stonehouse that came from their illegal marijuana business. Specifically, in one call on January 6, 2017, Tilden Lazaro speaks with Michael Stonehouse about being turned away at a bank where he was attempting to deposit cash for Michael Stonehouse. Tilden Lazaro tells Michael Stonehouse that he told the teller the money was for a business transaction for rent, but the bank tellers turned Tilden Lazaro away because he did not have an ID and they needed to make sure he was not money laundering.

Telephone intercepts have shown that Theodore Stonehouse, the brother of Michael Stonehouse is one of the main day-to-day operators and facilitators of Michael Stonehouse's illegal marijuana cultivation and distribution organization. The investigation has shown Theodore Stonehouse depositing large sums of money for Michael Stonehouse in cash. Specifically, Between May 2016 and September 2016 Theodore Stonehouse deposited \$36,800 in cash payments. The intercepts as well as bank records have shown that Theodore Stonehouse, who purports to not have a job, investing large amounts of cash, in smaller increments into his bank account and on behalf of Michael Stonehouse and then proceeding to work for Michael Stonehouse in his illegal out of state marijuana distribution operation.

An analysis of Vernon Watt's and his wife, Myisha Evans', financial dealings showed that in total between, February 2015 and September 2016, there were \$83,550 in money orders deposited into their bank account in the forms the money orders. There was no reference to why Watts & Evans properties were receiving these monies from the money orders but based upon the investigation which showed Vernon Watts as a middle man for illegal marijuana distributions that were leaving the State of Colorado and also based on how the money orders were purchased, it appeared the cash the money orders were purchased with were derived from Vernon Watts illegal marijuana activities. Their bank accounts show that between September 2014 and April 2016 there were \$125,260 in cashier's checks from banks and/or purchasers who listed the payee as Watts & Evans Properties, Vernon Watts and/or Myisha Evans and each of these cashier's checks was less than \$9,000 except one cashier's check for \$14,000. Between June 2015 and November 2016, it appears that multiple houses were purchased Vernon Watts and/or Myisha Evans and based on upon the bank records and the investigation the money used to purchase these condos came from cash and the cash was proceeds of Vernon Watts illegal marijuana operation.

Even though Michael Stonehouse and Rudy Saenz appear to have had State approved marijuana licensing and are knowledgeable of the process and laws associated with legal marijuana in Colorado, since 2014, they have operated an illegal marijuana business using the guise of a licensed and legal business to cultivate and distribute marijuana illegally while avoiding detection through the formation of businesses, movement and funneling of money and not reporting or paying associated marijuana specific sales and taxes that were required to be reported and paid. It should be noted that on January 11, 2017, investigators intercepted a conversation between Rudy Saenz and Michael Stonehouse concerning falsifying receipts in order to get good contractor bids.

Throughout the course of the investigation, Rudy Saenz and Michael Stonehouse have spoken on the phone almost daily. From those phone conversations and the introduction of an Undercover Officer on March 3, 2017, that Rudy Saenz and Michael Stonehouse have conspired and continue to conspire to distribute hundreds of pounds of marijuana illegally out of State. On December 6, 2016, investigators intercepted a call between Rudy Saenz and Michael Stonehouse in which they talk about the loss of the plants investigators took at Michael Stonehouse's farm in August and Rudy Saenz acknowledges that the grow they had at Michael's Stonehouse's farm was indeed "illegal." Again on December 9, 2016, Michael Stonehouse and Rudy Saenz spoke on the phone about their product crossing state lines, to which Michael Stonehouse replied that they had done that before, showing that Rudy Saenz is well aware of the movement of marijuana across State lines. During the undercover meeting on March 3, 2017, the undercover officer, posing as an investor, spoke openly to Rudy Saenz and Michael Stonehouse about the "dark world" and how Rudy Saenz and Michael Stonehouse were trying to move their business from the illegal world to the legal world.

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A TRUE BILL

SIGNATURE REDACTED



A NO TRUE BILL

AS TO COUNT 2:

A TRUE BILL

SIGNATURE REDACTED



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A NO TRUE BILL

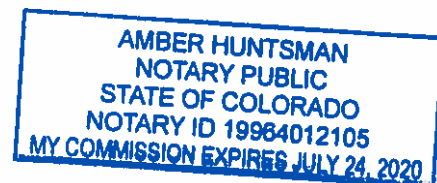
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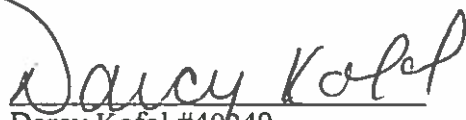
I, **SIGNATURE REDACTED**, the Foreperson of the 2017 Eighteenth Judicial District Grand Jury, do hereby swear and affirm that each and every True Bill returned in this Indictment by the 2017 Eighteenth Judicial District Grand Jury was arrived at after deliberation and with the assent and agreement to the existence of probable cause by at least nine members of the 2017 Eighteenth Judicial District Grand Jury. **SIGNATURE REDACTED**

Subscribed and sworn to before me in the County of Arapahoe, State of Colorado, the 9th day of March, 2017.


NOTARY PUBLIC
My Commission Expires: 07/24/2020

GEORGE H. BRAUCHLER
District Attorney
Eighteenth Judicial District




Darcy Kofol #49249
Deputy District Attorney
Eighteenth Judicial District

The 2017 Eighteenth Judicial District Grand Jury presents the within Indictment, and the same is hereby ORDERED FILED this 13th day of March, 2017.

WARRANTS TO ISSUE

BOND SET AT \$250,000 c/s JERRAM CATHEY

BOND SET AT \$500,000 c/s JOHN CATHEY

BOND SET AT \$1,000,000 c/s MICHAEL STONEHOUSE

BOND SET AT \$1,000,000 c/s RUDY SAENZ

BOND SET AT \$750,000 c/s THEODORE STONEHOUSE

BOND SET AT \$500,000 c/s TILDEN LAZARO

BOND SET AT \$75,000 c/s JOHN MASON CATHEY

BOND SET AT \$350,000 c/s VERNON WATTS

BOND SET AT \$500,000 c/s VINCENT CASTILLO

BOND SET AT \$750,000 c/s JASON JONES

BOND SET AT \$50,000 c/s AMY JONES

BOND SET AT \$150,000 c/s JIBARO SMITH

BOND SET AT \$50,000 c/s WILLIAM TODD GARNER

BOND SET AT \$50,000 c/s JOHN RAMSAY

BOND SET AT \$50,000 c/s RACIEL MARTINEZ

BOND SET AT \$250,000 c/s MYISHA EVANS



CHIEF JUDGE