United States Department of Justice

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Operators Of Global Cryptocurrency Ponzi Scheme And Attorney Charged With Fraud And Money Laundering

Defendants Defrauded Victims of Tens of Millions of Dollars

Audrey Strauss, Acting United States Attorney for the Southern District of New York, and Peter C. Fitzhugh, Special Agent-in-Charge of the New York Field Office of Homeland Security Investigations ("HSI"), announced the unsealing of an indictment charging PABLO RENATO RODRIGUEZ, GUTEMBERG DOS SANTOS, SCOTT HUGHES, CECILIA MILLAN, and JACKIE AGUILAR for their roles in an internationally coordinated fraud and money laundering ring involved in defrauding individuals through investments in AirBit Club, a purported cryptocurrency mining and trading company.

The case has been assigned to U.S. District Judge George B. Daniels. RODRIGUEZ and HUGHES are expected to be presented today before U.S. Magistrate Judge John Early of the Central District of California, MILLAN is expected to be presented today before U.S. Magistrate Judge L. Patrick Auld of the Middle District of North Carolina, and AGUILAR is expected to be presented today before U.S. Magistrate Judge Christine A. Nowak of the Eastern District of Texas. DOS SANTOS was arrested in Panama City, Panama, and is pending extradition to the United States.

Acting United States Attorney Audrey Strauss said: "As alleged, the defendants put a modern-day spin on an age-old investment scam, promising extraordinary rates of guaranteed return on phantom investments in cryptocurrencies. Thanks to HSI, the defendants are in custody and facing serious criminal charges."

HSI Special Agent-in-Charge Peter C. Fitzhugh said: "Those arrested today have not only been charged with running a multimillion-dollar cryptocurrency investment fraud and money laundering ring, but also for allegedly spending their victim's money on luxury cars, jewelry, and homes. These alleged fraudsters pulled out all the stops to sell their scheme to their victims with enticing recruitment events, then shamelessly used proceeds of their scheme to recruit additional victims through even more aggressive and lavish marketing pitches. As today's arrests show, HSI New York's El Dorado Task Force investigates financial crimes of every type, and will stop those who prey on unsuspecting investors who entrust their hard-earned savings to so-called financial advisors. Those who violate this trust for their personal gain will face consequences for their actions."

According to the allegations in the Superseding Indictment unsealed today:[1]

RODRIGUEZ, DOS SANTOS, HUGHES, MILLAN, and AGUILAR participated in a coordinated scheme in which victim-investors (the "Victims") were induced to invest in AirBit Club based on the promise of

guaranteed profits in exchange for cash investments in club "memberships" (the "AirBit Club Scheme" or the "Scheme"). Beginning in late 2015, AirBit Club, through its founders, RODRIGUEZ and DOS SANTOS, as well as its promoters (the "Promoters"), including MILLAN and AGUILAR, marketed AirBit Club as a multilevel marketing club in the cryptocurrency industry. Promoters falsely promised Victims that AirBit Club earned returns on cryptocurrency mining and trading and that Victims would earn passive, guaranteed daily returns on any membership purchased.

RODRIGUEZ, DOS SANTOS, HUGHES, MILLAN, and AGUILAR traveled throughout the United States, and around the world to places in Latin America, Asia, and Eastern Europe, where they hosted lavish expos and small community presentations aimed at convincing Victims to purchase AirBit Club memberships. In furtherance of the AirBit Club Scheme, the Victims were induced to buy memberships in cash, including in the Southern District of New York. Following a Victim's investment, a Promoter provided the Victim with access to an online AirBit Club portal to view the purported returns on memberships (the "Online Portal"). While Victims saw "profits" accumulate on their Online Portal, those representations were false: no Bitcoin mining or trading on behalf of Victims in fact took place. Instead, RODRIGUEZ, DOS SANTOS, MILLAN, and AGUILAR enriched themselves, and spent Victim money on cars, jewelry, and luxury homes, and financed more extravagant expos to recruit more Victims.

HUGHES, an attorney licensed to practice law in California, had previously represented RODRIGUEZ and DOS SANTOS in a Securities and Exchange Commission investigation related to another investment scheme known as Vizinova before aiding RODRIGUEZ and DOS SANTOS in perpetrating the AirBit Club Scheme by, among other things, helping to remove negative information about AirBit Club and Vizinova from the internet.

In many instances, as early as 2016, Victims who attempted to withdraw money from the AirBit Club Online Portal and complained to a Promoter were met with excuses, delays, and hidden fees amounting to more than 50% of the Victim's requested withdrawal, if they were able to make any withdrawal at all. In one instance, AGUILAR told one Victim of the AirBit Club Scheme who was complaining about her inability to withdraw AirBit Club returns that she should "bring new blood" into the AirBit Club Scheme in order to receive her returns.

In April 2020, another victim received a notice on the AirBit Club Online Portal that his account was closed – and principal investment lost – due to "execution of financial sustainability Reserve, policy #34 of the Airbit Club Terms and Conditions, due to the economic and financial crisis caused by (Covid-19)."

RODRIGUEZ, DOS SANTOS, HUGHES, and MILLAN sought to conceal the AirBit Club Scheme, as well as their respective control of the proceeds of that Scheme, by requesting that Victims purchase memberships in cash, using third-party cryptocurrency brokers, and by laundering the Scheme's proceeds through several domestic and foreign bank accounts, including an attorney trust account managed by HUGHES (the "Hughes Trust Account"). The Hughes Trust Account was ostensibly intended to maintain custody of HUGHES's law practice's client funds. Instead, the Hughes Trust Account was used by RODRIGUEZ, DOS SANTOS, HUGHES, and MILLAN to conceal the nature and origin of the AirBit Club Scheme's illicit proceeds. Through that account, HUGHES directed Victim funds to the personal expenses of RODRIGUEZ, DOS SANTOS, MILLAN, and himself, and funded promotional events and sponsorships designed to further promote the AirBit Club Scheme. In total, the defendants laundered at least $20 million in proceeds of the Scheme through these various methods.

* * *

RODRIGUEZ, 37, of Irvine, California, DOS SANTOS, 45, of Panama City, Panama, and MILLAN, 37, of Greensboro, North Carolina, are each charged with one count of conspiracy to commit wire fraud, one count of conspiracy to commit bank fraud, and one count of conspiracy to commit money laundering. HUGHES, 44, of Newport Beach, California, is charged with one count of conspiracy to commit bank fraud and one count of conspiracy to commit money laundering. AGUILAR, 55, of Plano, Texas, is charged with one count of conspiracy to commit wire fraud.

The wire fraud conspiracy and money laundering conspiracy charges each carry a maximum term of 20 years in prison, and the bank fraud conspiracy charge carries a maximum term of 30 years in prison. The maximum potential sentences are prescribed by Congress and are provided here for informational purposes only, as any sentencings of the defendants would be determined by the judge.

Ms. Strauss praised the outstanding investigative work of Special Agents from Homeland Security Investigations' El Dorado Task Force, HSI Panama, the HSI Panama City Transnational Criminal Investigative Unit, and HSI New Orleans. Ms. Strauss further thanked the attorneys and investigators at the Securities and Exchange Commission whose expertise and diligence were integral to the development of this investigation.

The case is being handled by the Office's Money Laundering and Transnational Criminal Enterprises Unit. Assistant United States Attorneys Kiersten A. Fletcher, Cecilia E. Vogel, and Elizabeth A. Espinosa are in charge of the prosecution.

The charges contained in the Indictment are merely accusations, and the defendants are presumed innocent unless and until proven guilty.

[1] As the introductory phrase signifies, the entirety of the text of the Superseding Indictment and the description of the Superseding Indictment set forth herein constitute only allegations and every fact described should be treated as an allegation.

Attachment(s):
Download U.S. v. Pablo Renato Rodriguez et al. indictment_redacted.pdf

Topic(s):
Financial Fraud
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