PRESS RELEASE

Justice Department Announces Enforcement Action Charging Six Individuals with Cryptocurrency Fraud Offenses in Cases Involving Over $100 Million in Intended Losses

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For Immediate Release

Office of Public Affairs

The Department of Justice, together with federal law enforcement partners, today announced criminal charges against six defendants in four separate cases for their alleged involvement in cryptocurrency-related fraud, including the largest known Non-Fungible Token (NFT) scheme charged to date, a fraudulent investment fund that purportedly traded on cryptocurrency exchanges, a global Ponzi scheme involving the sale of unregistered crypto securities, and a fraudulent initial coin offering.

“The Department of Justice and our partners are dedicated to using every available tool to protect consumers and investors from fraud and manipulation,” said Assistant Attorney General Kenneth A. Polite, Jr. of the Justice Department’s Criminal Division. “These indictments reflect our deep commitment to prosecuting individuals involved in cryptocurrency fraud and market manipulation.”

“Our office is committed to protecting investors from sophisticated scammers seeking to capitalize on the relative novelty of digital currency,” said U.S. Attorney Juan Antonio Gonzalez

for the Southern District of Florida. “As with any emerging technology, those who invest in cryptocurrency must beware of profit-making opportunities that appear too good to be true.”

“These cases serve as a crucial reminder that some con artists hide behind trendy buzzwords, but at the end of the day they are simply seeking to separate people from their money,” said U.S. Attorney Tracy L. Wilkison for the Central District of California. “We will continue to work with our law enforcement partners to educate and protect potential investors about both traditional and trendy investments.”

“As cryptocurrency marketplaces advance and offer new opportunities for consumers, criminals also seek ways to exploit them,” said Assistant Director Luis Quesada of the FBI’s Criminal Investigative Division. “The FBI, alongside our law enforcement partners, will continue to investigate and bring those criminals to justice, and to protect the American people.”

“This investigation and prosecution exemplifies the importance of public-private partnerships,” said Executive Associate Director Steve K. Francis of Homeland Security Investigations (HSI). “As a result of our strong relationships with industry partners, HSI received information leading to this investigation and ultimate indictment. HSI will continue to investigate criminal organizations operating in emerging technologies and are proud to have worked with the Department of Justice Fraud Section to put an end to this criminal activity.”

The following charges are announced today as a part of this national enforcement action.

Crypto NFT Scheme:

United States v. Le Ahn Tuan:

Le Anh Tuan, 26, a Vietnamese national, was charged with one count of conspiracy to commit wire fraud and one count of conspiracy to commit international money laundering in the Central District of California in connection with a scheme involving the “Baller Ape” NFT. As alleged in the indictment, Tuan was involved in the Baller Ape Club, an NFT investment project that purportedly sold NFTs in the form of various cartoon figures, often including the figure of an ape. According to the indictment, shortly after the first day Baller Ape Club NFTs were publicly sold, Tuan and his co-conspirators engaged in what is known as a “rug pull,” ending the purported investment project, deleting its website, and stealing the investors’ money. Based on blockchain analytics, shortly after the rug pull, Tuan and his co-conspirators laundered investors’ funds through “chain-hopping,” a form of money laundering in which one type of coin is converted to another type and funds are moved across multiple cryptocurrency blockchains, and used decentralized cryptocurrency swap services to obscure the trail of Baller Ape investors’ stolen funds. In total, Tuan and his co-conspirators obtained approximately $2.6 million from investors. If convicted of all counts, Tuan faces up to 40 years in prison. HSI is investigating the case. Fraud Section Trial Attorneys Kevin Lowell and Tian Huang are prosecuting the case.

Crypto Ponzi and Unregistered Securities Scheme:

United States v. Emerson Pires, Flavio Goncalves, and Joshua David Nicholas:

Emerson Pires, 33, and Flavio Goncalves, 33, both of Brazil, and Joshua David Nicholas, 28, of Stuart, Florida, were each charged in the Southern District of Florida with one count of conspiracy to commit wire fraud and one count of conspiracy to commit securities fraud in connection with a global cryptocurrency-based Ponzi scheme that generated approximately $100 million from investors. Pires and Goncalves also were charged with conspiracy to commit international money laundering. The indictment alleges that Pires and Goncalves, both founders of EmpiresX, along with Nicholas, the so-called "Head Trader" for EmpiresX, fraudulently promoted EmpiresX, a cryptocurrency investment platform and unregistered securities offering, by making numerous misrepresentations regarding, among other things, a purported proprietary trading bot and fraudulently guaranteeing returns to investors and prospective investors in EmpiresX. As alleged in the indictment, blockchain analytics shows that Pires and Goncalves then laundered investors' funds through a foreign-based cryptocurrency exchange and operated a Ponzi scheme by paying earlier investors with money obtained from later EmpiresX investors. If convicted of all counts, Pires and Goncalves face up to 45 years in prison and Nicholas faces up to 25 years in prison. FBI and HSI are investigating the case. Fraud Section Trial Attorneys Kevin Lowell and Sara Hallmark and Assistant U.S. Attorney Yisel Valdes of the U.S. Attorney's Office for the Southern District of Florida are prosecuting the case.

Crypto Initial Coin Offering Scheme:

United States v. Michael Alan Stollery:

Michael Alan Stollery, 54, of Reseda, California, was the CEO and founder of Titanium Blockchain Infrastructure Services (TBIS), a purported cryptocurrency investment platform. Stollery was charged in an information filed in the Central District of California with one count of securities fraud for his role in a cryptocurrency fraud scheme involving TBIS's initial coin offering, which raised approximately $21 million from investors in the United States and overseas. As alleged, in order to lure investors, Stollery falsified TBIS white papers (a document for prospective investors that typically explains how the technology underlying the cryptocurrency works and the purpose of the cryptocurrency project), planted fake testimonials on TBIS's website, and fabricated purported business relationships with the U.S. Federal Reserve Board and dozens of prominent companies, including Apple Inc., Pfizer Inc., and The Walt Disney Company, to create the appearance of legitimacy. If convicted of all counts, Stollery faces up to 20 years in prison. The FBI and the Federal Reserve Board's Western Region San Francisco Office are investigating the case. Fraud Section Trial Attorneys Kevin Lowell, Tian Huang, and Andrew Tyler are prosecuting the case.

“Those who fraudulently misrepresent their relationship with the Federal Reserve to deceive the public in cryptocurrency or other fraud schemes will be held accountable and brought to justice,” said Acting Special Agent in Charge Cory Nootnagel of the Office of Inspector General for the Board of Governors of the Federal Reserve System and the Bureau of Consumer Financial Protection, Western Region. “I commend our agents, their federal law enforcement partners, and the Justice Department’s Criminal Division’s Fraud Section for their hard work and persistence.”

Crypto Commodities Scheme:

United States v. David Saffron:

David Saffron, 49, of Las Vegas, Nevada, was the owner of Circle Society, a cryptocurrency investment platform. Saffron used Circle Society to solicit investors to participate in an unregistered commodity pool, which is a fund that combines investors’ contributions to trade on the futures and commodity markets. Saffron was charged in the Central District of California with one count of conspiracy to commit wire fraud, four counts of wire fraud, one count of conspiracy to commit commodities fraud, and one count of obstruction of justice. As alleged in the indictment, Saffron falsely represented to investors that he traded investors’ funds to earn profits using a trading bot that could execute over 17,000 transactions per hour on various cryptocurrency exchanges. Saffron falsely represented that his trading bot would generate between 500% to 600% returns on the amount invested. To entice investors to invest, Saffron allegedly led investor meetings at luxury homes in the Hollywood Hills and elsewhere, and traveled with a team of armed security guards in order to create the false appearance of wealth and success. In total, Saffron fraudulently raised approximately $12 million from investors. If convicted of all counts, Saffron faces up to 115 years in prison. IRS Criminal Investigation (IRS-CI) is investigating the case. Fraud Section Trial Attorneys Kevin Lowell and Theodore Kneller, and Assistant U.S. Attorney James Hughes of the U.S. Attorney’s Office for the Central District of California are prosecuting the case.

“Mr. Saffron preyed on investor interest in cryptocurrency by enticing victims with fake technology and false promises of guaranteed returns,” said Special Agent in Charge Ryan L. Korner of the IRS-CI’s Los Angeles Field Office. “In reality, Mr. Saffron was operating an illegal Ponzi scheme to defraud victim investors and used the funds for his own personal benefit. IRS-CI will pursue and root out these schemes to protect investors, preserve our commodity markets, and bring financial fraudsters to justice.”

Crypto Fraud Victims:

All investor victims of the Baller Ape Club, EmpiresX, TBIS, and Circle Society schemes are encouraged to visit the webpage https://www.justice.gov/criminal-vns/crypto-enforcement to

identify themselves as potential victims and obtain more information on their rights as victims, including the ability to submit a victim impact statement.

An indictment is merely an allegation, and all defendants are presumed innocent until proven guilty beyond a reasonable doubt in a court of law.

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