

UNITED STATES DISTRICT COURT

FILED

NORTHERN DISTRICT OF CALIFORNIA NOV 15 2018

SAN JOSE DIVISION

CH SUSAN Y. SOONG
CLERK, U.S. DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN JOSE

THE UNITED STATES OF AMERICA

vs.

FILED

JERRY JI GUO

CR 18 00562

NOV 15 2018
SUSAN Y. SOONG
CLERK, U.S. DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN JOSE

INDICTMENT

VKD

COUNTS ONE-EIGHT 18 U.S.C. § 1343 – Wire Fraud; 18 U.S.C. § 982 –
Criminal Forfeiture

A true bill.


Foreperson

Filed in open court this 15th day of Nov.
A.D. 2018


United States Magistrate Judge

Bail. \$ _____

No bail arrest warrant

1 ALEX G. TSE (CABN 152348)
United States Attorney

FILED

NOV 15 2018

SUSAN Y. SUDAN
CLERK, U.S. DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN JOSE

8 UNITED STATES DISTRICT COURT
9 NORTHERN DISTRICT OF CALIFORNIA
10 SAN JOSE DIVISION

11 UNITED STATES OF AMERICA,) No.

CR 18 00562

BLF

12 Plaintiff,

13 v.

) VIOLATIONS: 18 U.S.C. § 1343 – Wire Fraud; 18
) U.S.C. § 982 – Criminal Forfeiture.

14 JERRY JI GUO,

15 Defendant.

) SAN JOSE VENUE

VKD

17 INDICTMENT

18 The Grand Jury charges:

19 Introductory Allegations

20 1. Bitcoin (“BTC”) and Ether (“ETH”) are forms of decentralized, convertible, digital
21 cryptocurrency that use online, decentralized ledger systems called blockchains, to store and transfer the
22 currency. BTC and ETH are not issued by any government, bank, or company, but rather are generated
23 and controlled through computer software operating via the decentralized network. To acquire BTC and
24 ETH, a typical user will purchase them from a BTC or ETH seller, or “exchange.” It is also possible for
25 a user to “mine” (or earn) BTC and ETH by verifying other users’ transactions. The computer time used
26 in this verification process entitles the provider of that computer time to some pre-arranged amount of
27 BTC or ETH. BTC and ETH are just two forms of digital cryptocurrency, and there are a significant
28 number of other varieties.

1 2. Little to no personally identifiable information about the payer or payee is transmitted in
2 a BTC or ETH transaction. BTC and ETH transactions occur using a public key and a private key. A
3 private key is an alphanumeric string kept secret by users and designed to sign a digital communication
4 when used along with a public key. A public key is used to receive BTC and ETH, and a private key is
5 used to allow withdrawals from a BTC or ETH address. Only the BTC and ETH address of the
6 receiving party and the sender's private key are needed to complete the transaction. These two keys by
7 themselves rarely reflect any identifying information.

8 3. Initial Coin Offerings ("ICOs") are a way to fund start-ups and other business projects.
9 Similar to an IPO, an ICO is a way for a start-up or an established company to raise capital, and a
10 vehicle of investment for potential investors. Usually, capital and "shares" in cryptocurrency start-ups
11 and projects are represented in tokens. In an ICO, the companies seeking funding sell their
12 cryptocurrency tokens in exchange for financial investment or other contributions; the funding is
13 executed using BTC, ETH, or other cryptocurrencies.

14 4. PressICO was a business name that defendant JERRY JI GUO operated under to claim
15 to provide client services as an initial coin offering ("ICO") marketing and publicity agency, including
16 advisory and consulting related to the listing of cryptocurrencies on various exchanges in order to induce
17 clients to transfer funds to him. In fact, pressICO performed little or no legitimate services for the
18 victims in this case and merely served as a conduit for the fraudulent proceeds obtained by GUO.

19 5. BitGo was a blockchain security platform for virtual currencies, including BTC and ETH,
20 based in Palo Alto, California. BitGo provides additional security for a BTC or ETH wallet by issuing
21 three keys for each wallet. A private key is given to the customer, and a public key is held by BitGo.
22 The third key is a backup private key, which is typically held offline in "cold storage" by a third party as
23 a backup at the customer's discretion (hereinafter "backup key"). Cold storage refers to the method of
24 storing digital information that is not connected to a web server or any other computer. Two of the three
25 keys are necessary to transfer BTC or ETH to another address.

26 6. Gemini was a cryptocurrency exchange based in New York, New York, that allowed
27 customers to exchange virtual currency for fiat currency, or virtual currency for virtual currency, and its
28 custody services provided segregated and omnibus custody services of virtual currency for its customers.

1 Gemini allowed customers to place various order types including “limit” orders to buy or sell virtual
2 currency at specified prices on a spot exchange basis.

3 The Scheme and Artifice to Defraud

4 7. Defendant JERRY JI GUO orchestrated a scheme to obtain cash and cryptocurrency,
5 specifically BTC and ETH, in the form of up-front fees and retainers for his services as an ICO
6 consultant. GUO enticed prospective clients to enter into consulting contracts with him by intentionally
7 making materially false and fraudulent statements about his experience and credentials as an ICO
8 consultant, and about the quality and quantity of work he would do on behalf of the clients. Further,
9 GUO misrepresented the nature and security measures of the multi-signature cryptocurrency wallets he
10 represented he would use.

11 8. Security personnel at BitGo received complaints from clients of GUO that
12 cryptocurrency, namely BTC and ETH, had been transferred out of their accounts without their
13 knowledge and consent. GUO, operating as pressICO, convinced clients to add wallets into his
14 enterprise setup at BitGo. The victim clients entered into consulting contracts with GUO and transferred
15 BTC and ETH to BitGo wallets based in part upon GUO’s representations that he would not be able to
16 transfer the cryptocurrency without their knowledge and consent because of BitGo’s multi-signature
17 solution to ensure security of funds.

18 9. Once GUO received up-front payments from his clients, he did little to no work as
19 promised under the contracts. Instead, GUO transferred cryptocurrency, held in what he led his clients
20 to believe were cryptocurrency “escrow” wallets at BitGo, to an account in his name at the Gemini
21 cryptocurrency exchange, without the knowledge or permission of his clients. GUO also directed cash
22 to be transferred to a personal checking account at Bank of America (“BofA”), which was in the name
23 of GUO and his mother.

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COUNTS ONE THROUGH EIGHT: (18 U.S.C. § 1343 — Wire Fraud)

10. Paragraphs 1 through 9 are realleged and incorporated as if fully set forth here.

11. On or about the approximate dates set forth below, in the Northern District of California and elsewhere, the defendant,

JERRY JI GUO,

did knowingly devise and intend to devise a scheme and artifice to defraud as to a material matter, and to obtain money and property by means of materially false and fraudulent pretenses, representations, and promises, and omission and concealment of material facts, with a duty to disclose, and, for the purpose of executing his schemes and artifices to defraud, did transmit and cause to be transmitted by means of wire communication in interstate commerce, certain writings, signs, signals, pictures, and sounds, namely, wire transfers as described in the separate counts below:

COUNT	DATE	FROM	TO	DESCRIPTION
ONE	03-14-2018	California	Texas/ New Jersey	Fedwire transfer of \$35,025 from account of ML to GUO's Bank of America account
TWO	03-15-2018	California	Texas/ New Jersey	Fedwire transfer of \$85,000 from account of CT to GUO's Bank of America account
THREE	08-19-2018	California	New York	Electronic transfer of 144.1927083 BTC from "penta btc" BitGo wallet to GUO's account at Gemini
FOUR	08-19-2018	California	New York	Electronic transfer of 85.48468581 BTC from "upbit btc" BitGo wallet to GUO's account at Gemini
FIVE	08-19-2018	California	New York	Electronic transfer of 98.63604159 BTC from "bitfinex btc" BitGo wallet to GUO's account at Gemini
SIX	08-19-2018	California	New York	Electronic transfer of 1,275.84 ETH from "TTC eth funds" BitGo wallet to GUO's account at Gemini
SEVEN	08-19-2018	California	New York	Electronic transfer of 1,961.75 ETH from "ttc binance eth" BitGo wallet to GUO's account at Gemini
EIGHT	08-19-2018	California	New York	Electronic transfer of 1,036.99 ETH from "ICST" BitGo wallet to GUO's account at Gemini

1 Each in violation of Title 18, United States Code, Section 1343.

2 **FORFEITURE ALLEGATION: (18 U.S.C. § 982 and 28 U.S.C. § 2461(c))**

3 1. The allegations contained in Counts 1 through 8 of this Indictment are hereby realleged
4 and incorporated by reference for the purpose of alleging forfeiture pursuant to 18 U.S.C. § 982(a)(2)(A)
5 and 28 U.S.C. § 2461(c).

6 2. Upon conviction of one or more of the felony offenses set forth in Counts 1 through 8 of
7 this Indictment, defendant,

8
9 JERRY JI GUO,

10 shall forfeit to the United States any property, real or personal, constituting or derived from proceeds
11 the defendant obtained, directly or indirectly, as a result of said violations, including but not limited to:

12 (a) A money judgment equal to the gross proceeds obtained as a result of the offenses.

13 3. If any of said property, as a result of any act or omission of the defendant:

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

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

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

17 (d) has been substantially diminished in value; or

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

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1 any and all interest defendant has in any other property, up to the value of the property described above,
2 shall be forfeited to the United States, pursuant to Title 21, United States Code, Section 853(p), as
3 incorporated by Title 18, United States Code, Section 982(b) and Rule 32.2 of the Federal Rules of
4 Criminal Procedure.

5 DATED: 11-15-18

A TRUE BILL.



FOREPERSON

9 ALEX G. TSE
10 United States Attorney

John H. Hemann

11 _____
12 JOHN H. HEMANN
13 Deputy Chief, Criminal Division

14 Approved as to form:



MATTHEW A. PARRELLA
Assistant United States Attorney

AO 257 (Rev. 6/78)

DEFENDANT INFORMATION RELATIVE TO A CRIMINAL ACTION - IN U.S. DISTRICT COURT

BY: COMPLAINT INFORMATION INDICTMENT
 SUPERSEDING

OFFENSE CHARGED

COUNTS ONE-EIGHT 18 U.S.C. § 1343 - Wire Fraud; 18 U.S.C. § 982 - Criminal Forfeiture. Petty Minor Misdemeanor Felony
PENALTY: Counts One - Eight 20 years imprisonment, \$250,000 fine, \$100 special assessment, and 3 years supervised release

CR 18

Name of District Court, and/or Judge/Magistrate Location

NORTHERN DISTRICT OF CALIFORNIA

SAN JOSE DIVISION

DEFENDANT - U.S.

JERRY JI GUO

DISTRICT COURT NUMBER

00562

BLF

VKD

DEFENDANT

IS NOT IN CUSTODY

Has not been arrested, pending outcome this proceeding.

- 1) If not detained give date any prior summons was served on above charges
- 2) Is a Fugitive
- 3) Is on Bail or Release from (show District)

IS IN CUSTODY

- 4) On this charge
 - 5) On another conviction } Federal State
 - 6) Awaiting trial on other charges
- If answer to (6) is "Yes", show name of institution

Has detainer been filed? Yes No } If "Yes" give date filed

DATE OF ARREST: November 9, 2018

Or... if Arresting Agency & Warrant were not

DATE TRANSFERRED TO U.S. CUSTODY: _____

This report amends AO 257 previously submitted

PROCEEDING

Name of Complainant Agency, or Person (& Title, if any)

Mark R. Matulich Special Agent FBI

person is awaiting trial in another Federal or State Court, give name of court

this person/proceeding is transferred from another district per (circle one) FRCrp 20, 21, or 40. Show District

this is a reprosecution of charges previously dismissed which were dismissed on motion of: U.S. ATTORNEY DEFENSE } SHOW DOCKET NO.

this prosecution relates to a pending case involving this same defendant } MAGISTRATE CASE NO.

prior proceedings or appearance(s) before U.S. Magistrate regarding this defendant were recorded under } **E-18-71538-MAG**

Name and Office of Person Furnishing Information on this form

U.S. Attorney Other U.S. Agency

Name of Assistant U.S. Attorney (if assigned): Matthew A. Parrella

ADDITIONAL INFORMATION OR COMMENTS

PROCESS:

SUMMONS NO PROCESS* WARRANT Bail Amount: _____

If Summons, complete following: Arraignment Initial Appearance

Defendant Address: _____

* Where defendant previously apprehended on complaint, no new summons or warrant needed, since Magistrate has scheduled arraignment

Date/Time: _____ Before Judge: _____

Comments: _____

CR 18 00562 BLF

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

VKD

CRIMINAL COVER SHEET

Instructions: Effective November 1, 2016, this Criminal Cover Sheet must be completed and submitted, along with the Defendant Information Form, for each new criminal case.

FILED
NOV 15 2018
SAN Y. SOONG
U.S. DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN JOSE

CASE NAME:

USA v. JERRY JI GUO

CASE NUMBER:

CR

Is This Case Under Seal?

Yes No

Total Number of Defendants:

1 2-7 8 or more

Does this case involve ONLY charges under 8 U.S.C. § 1325 and/or 1326?

Yes No

Venue (Per Crim. L.R. 18-1):

SF OAK SJ

Is this a potential high-cost case?

Yes No

Is any defendant charged with a death-penalty-eligible crime?

Yes No

Is this a RICO Act gang case?

Yes No

Assigned AUSA
(Lead Attorney): Matthew A. Parrella

Date Submitted: 11/15/2018

Comments: