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UNITED STATES DISTRICT COURT
FOR THE CENTRAL DISTRICT OF CALIFORNIA

March 2022 Grand Jury

UNITED STATES OF AMERICA,

Plaintiff,

v.

DAVID GILBERT SAFFRON,

Defendant.

CR 2:22-cr-00276-DSF

I N D I C T M E N T

[18 U.S.C. § 1349: Conspiracy to Commit Wire Fraud; 18 U.S.C. § 1343: Wire Fraud; 18 U.S.C. § 371: Conspiracy to Commit Commodity Fraud; 18 U.S.C. § 1503(a): Obstruction of Justice; 18 U.S.C. §§ 982 and 1028 and 28 U.S.C. § 2461(c): Criminal Forfeiture]

The Grand Jury charges:

COUNT ONE

[18 U.S.C. § 1349]

A. INTRODUCTORY ALLEGATIONS

At times relevant to this Indictment:

Relevant Entities

1. Circle Society was a purported cryptocurrency investment and online trading platform that was founded in or around September 2018 and incorporated as Circle Society Corp. ("Circle Society") in October 2019 in Nevada.

1 2. Circle Society conducted its business principally by means
2 of a website accessible at <https://circlesociety.com> (the "Circle
3 Society Website"). The Circle Society Website was accessible to the
4 public, including to individuals within the Central District of
5 California.

6 3. The Federal Crypto Reserve was a fictitious government
7 agency that purported to recover and return stolen cryptocurrency
8 from victims and "educate" the public on cryptocurrency for a fee.

9 4. The Commodity Futures Trading Commission ("CFTC") was an
10 independent agency of the executive branch of the United States
11 government. The CFTC was responsible for regulating commodity
12 derivatives markets in the United States.

13 **Relevant Individuals**

14 5. Defendant DAVID GILBERT SAFFRON ("SAFFRON") was a resident
15 of Los Angeles County, California. Defendant SAFFRON was the Founder
16 and Owner of Circle Society and was affiliated with several related
17 entities, including Bitcoin Wealth Management, Omicron Trust, and
18 Cloud9Capital. Defendant SAFFRON held himself out as an expert
19 computer programmer and an expert trader in various cryptocurrencies,
20 including Bitcoin. Through his various entities, defendant SAFFRON
21 solicited prospective investors (hereinafter, "victim-investors") to
22 invest with him through online communication platforms, online
23 videos, and in-person meetings.

24 6. Co-conspirator 1 ("CC-1") was a lawyer who knowingly made
25 false representations to victim-investors to induce victim-investors
26 to invest funds with defendant SAFFRON.

27 7. Co-conspirator 2 ("CC-2"), who was known to certain victim-
28 investors as "the Bitcoin guy," accepted at least hundreds of

1 thousands of dollars in funds from victim-investors on behalf of
2 defendant SAFFRON.

3 8. Co-conspirator 3 ("CC-3") was the Chief Operating Officer
4 of a contract security company hired by defendant SAFFRON. CC-3
5 established and managed bank accounts used by defendant SAFFRON and
6 solicited potential victim-investors on behalf of defendant SAFFRON.

7 9. Co-conspirator 4 ("CC-4") was the Chief Executive Officer
8 of a fashion and media company based in Hollywood, California, who
9 falsely represented to victim-investors that he, purportedly as the
10 Director of the Federal Crypto Reserve, had been hired by defendant
11 SAFFRON to investigate the purported "theft" of defendant SAFFRON's
12 and the victim-investors' investments.

13 **Relevant Terms**

14 10. A "cryptocurrency" was a digital currency in which
15 transactions were verified and records were maintained by a
16 decentralized system using cryptography, rather than a centralized
17 authority such as a bank or government. Like traditional fiat
18 currency (defined below), there were multiple types of
19 cryptocurrencies, such as Bitcoin ("BTC").

20 11. The "blockchain" was a distributed public ledger that
21 recorded incoming and outgoing cryptocurrency transactions. The
22 blockchain recorded, among other things, the date and time of each
23 cryptocurrency transaction, the unique cryptocurrency addresses
24 associated with the transaction and the sending and receiving
25 parties, and the amount of cryptocurrency transferred. The
26 blockchain, however, did not identify the parties that controlled the
27 cryptocurrency addresses involved in the transaction.

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1 12. Cryptocurrency owners typically stored their cryptocurrency
2 in digital "wallets," which were identified by unique electronic
3 "addresses."

4 13. A "fiat currency" was a government-issued currency that was
5 not backed by a physical commodity, such as gold or silver. U.S.
6 Dollars, British Pounds, and Euros were examples of fiat currencies.

7 14. Cryptocurrencies, like Bitcoin, could be traded for various
8 fiat currencies on numerous electronic cryptocurrency exchanges.

9 15. Bitcoin was a "commodity" within the meaning of Title 7,
10 United States Code, Section 1a.

11 B. OBJECT OF THE CONSPIRACY

12 16. Beginning by no later than in or around December 2017 and
13 continuing until at least in or around September 2021, in Los Angeles
14 County, within the Central District of California, and elsewhere,
15 defendant SAFFRON conspired with CC-1, CC-2, CC-3, CC-4 and others
16 known and unknown to the Grand Jury, to commit wire fraud, in
17 violation of Title 18, United States Code, Section 1343.

18 C. MANNER AND MEANS OF THE CONSPIRACY

19 17. The object of the conspiracy was to be carried out, and was
20 carried out, in substance, as follows:

21 **Overview**

22 18. From in or around December 2017 through at least in or
23 around September 2021, defendant SAFFRON and his co-conspirators
24 fraudulently promoted and solicited investments and obtained at least
25 approximately \$15,000,000 in victim-investor funds for various
26 cryptocurrency trading programs. Defendant SAFFRON and his co-
27 conspirators falsely represented to victim-investors that defendant
28 SAFFRON traded investors' funds to earn profits, including through

1 investment vehicles such as Circle Society, Bitcoin Wealth
2 Management, and the Omicron Trust, among other entities.

3 19. To lull the victim-investors and create the appearance of
4 wealth and success, defendant SAFFRON would host events for
5 prospective investors at luxury homes in the Hollywood Hills, dinners
6 at high-end restaurants, and travel with a team of armed security
7 guards.

8 20. Defendant SAFFRON would falsely represent to victim-
9 investors that he had personally developed and employed an Artificial
10 Intelligence ("AI") trading robot (an "AI trading bot") that would
11 execute 17,500 transactions per hour on various cryptocurrency
12 exchanges.

13 21. Defendant SAFFRON would falsely represent to victim-
14 investors that the AI trading bot would buy and sell various
15 cryptocurrencies in exchange for one or more fiat currencies as the
16 exchange rates fluctuated up and down.

17 22. Defendant SAFFRON would falsely represent to victim-
18 investors that his AI trading bot used "signaling technology" that
19 analyzed news reports, market reports, and "social media sentiment"
20 related to all of the stock exchanges and crypto exchanges around the
21 world.

22 23. Defendant SAFFRON would falsely represent to victim-
23 investors that the AI trading bot would regularly generate between
24 500% to 600% returns on the amount invested.

25 24. Defendant SAFFRON would falsely represent to victim-
26 investors that he "guaranteed" returns of 150% - 300% that would be
27 paid to investors within 30 days after the initial investment, and he
28

1 would keep any excess profits above that amount for his own
2 compensation.

3 25. But defendant SAFFRON did not trade cryptocurrency with
4 victim-investors' funds to generate profits. In fact, defendant
5 SAFFRON was operating an illegal Ponzi scheme to defraud victim-
6 investors and to take and use the funds for his own personal benefit.

7 26. Defendant SAFFRON would make numerous false
8 representations to victim-investors to induce them to invest cash or
9 cryptocurrency in defendant SAFFRON's cryptocurrency Ponzi scheme,
10 including that defendant SAFFRON:

11 a. Was a computer programmer who was the lead developer
12 for the Uber App and Snapchat App;

13 b. Wrote the security software used by most U.S. banks;

14 c. Developed an AI trading bot that was as advanced as
15 IBM's AI "Watson," which was known for defeating reigning champions
16 on the TV gameshow Jeopardy;

17 d. Had perfected the programing of his AI trading bot to
18 execute profitable trades 76 percent of the time; and

19 e. Had a series-7 securities broker's license.

20 **Fraudulent "Tests" of Trading Programs to Deceive Victim-**
21 **Investors**

22 27. Defendant SAFFRON would falsely represent to victim-
23 investors that they could "test out" his trading program to assure
24 themselves that he truly could deliver 150% to 300% returns.

25 28. On multiple occasions, defendant SAFFRON made a sales pitch
26 to a new group of potential victim-investors in which he promised
27 150% - 300% returns, and defendant SAFFRON would offer one or a few
28 potential investors from the larger group the opportunity to invest a

1 small amount of cash or cryptocurrency, usually only a few hundred
2 dollars to a few thousand dollars, to "test" whether defendant
3 SAFFRON's AI trading bot could deliver the promised returns of 150% -
4 300%.

5 29. Defendant SAFFRON offered to run this "test" over the
6 course 20 to 30 minutes, a few hours, or over a few days.

7 30. After the agreed "test" period was complete, defendant
8 SAFFRON deceived the larger group of potential investors by paying
9 "returns" of 150% to 300% to the small group of investors who had
10 participated in the "test." The "returns" were actually Ponzi
11 payments that defendant SAFFRON made using other victim-investors'
12 funds.

13 31. Defendant SAFFRON used the funds from early victim-
14 investors to pay the purported returns to the new prospective
15 investors because defendant SAFFRON did not actually have an AI
16 trading bot and did not trade investors' funds on exchanges.

17 32. Upon the completion of the fraudulent "test," many victim-
18 investors invested the equivalent of between tens and hundreds of
19 thousands of dollars in defendant SAFFRON's fraudulent Ponzi scheme

20 **Repeated False Representations about Defendant SAFFRON's Failure**
21 **to Pay the Promised Returns**

22 33. Once victim-investors had sent funds or cryptocurrency to
23 defendant SAFFRON, defendant SAFFRON would falsely represent to
24 victim-investors that the investments were growing, and defendant
25 SAFFRON would encourage victim-investors to "roll" or reinvest
26 "profits" purportedly earned from defendant SAFFRON's AI trading bot
27 back into defendant SAFFRON's trading programs rather than
28 withdrawing them.

1 34. But, in fact, there were no profits because defendant
2 SAFFRON did not have an AI trading bot and did not trade the victim-
3 investors' funds to generate profits for the victim-investors.
4 Instead, defendant SAFFRON kept the funds for his own personal use
5 and benefit.

6 35. When the victim-investors began to demand the return of
7 their initial investment and the profits that defendant SAFFRON had
8 promised, defendant SAFFRON would make various false representations
9 about the reason he could not repay investors until some later time,
10 including, but not limited to:

11 a. That a "solar flare" required defendant SAFFRON to
12 suspend payments and shutdown his website for a period of days;

13 b. That there were too many unverified transactions on
14 the Bitcoin blockchain, which required defendant SAFFRON to suspend
15 payments to victim-investors;

16 c. That repayments would be suspended for approximately
17 one week because the Bitcoin blockchain limited the number of
18 transactions that defendant SAFFRON's cryptocurrency wallet could
19 have pending at any one time;

20 d. That defendant SAFFRON had not responded to requests
21 from victim-investors because he had suffered a head injury and had
22 to be put into a medically induced coma for five days, when defendant
23 SAFFRON had actually been unable to communicate with victim-investors
24 because he was in police custody;

25 e. That several of defendant SAFFRON's investors clicked
26 the payout button more than 20 times, thus "locking" defendant
27 SAFFRON's cryptocurrency wallet for 24 to 36 hours; and
28

1 f. That payouts to investors would be suspended for
2 approximately one month while defendant SAFFRON's website underwent
3 "site maintenance."

4 36. As another method to avoid victim-investors' demands for
5 repayment, defendant SAFFRON would solicit the public to invest in
6 cryptocurrency trading programs purportedly managed by a third party
7 that was independent from defendant SAFFRON.

8 37. Cloud9Capital was one such allegedly independent third-
9 party cryptocurrency investment plan in which defendant SAFFRON
10 solicited investments. To induce their investment, defendant SAFFRON
11 falsely represented to potential investors that defendant SAFFRON had
12 invested more than 200 of his own Bitcoin in Cloud9Capital. But, in
13 fact, defendant SAFFRON controlled the Cloud9Capital cryptocurrency
14 wallet address, and defendant SAFFRON used Cloud9Capital as part of a
15 scheme to defraud investors and misappropriate investors' funds for
16 defendant SAFFRON's personal benefit.

17 38. When the Cloud9Capital site would not honor victim-
18 investors' demands to receive their initial investment and profits
19 back, defendant SAFFRON would conceal his control of the
20 Cloud9Capital cryptocurrency wallet and deflect any responsibility by
21 falsely representing that he too had lost his own investment in
22 Cloud9Capital.

23 39. In furtherance of the conspiracy:

24 a. Defendant SAFFRON, CC-1, CC-2, CC-3, and CC-4,
25 together with other conspirators, would make materially false
26 statements to victim-investors regarding the high-yield returns that
27 would purportedly result from investing in defendant SAFFRON's
28 cryptocurrency trading programs;

1 b. Defendant SAFFRON, CC-1, CC-2, CC-3, and CC-4,
2 together with other conspirators, would make materially false
3 statements to victim-investors regarding the use of invested funds,
4 falsely representing that funds would be used to trade cryptocurrency
5 and fiat currency to generate profits for investors;

6 c. Defendant SAFFRON, CC-1, CC-2, CC-3, and CC-4,
7 together with other conspirators, would make material omissions to
8 victim-investors regarding how investors' funds would be used,
9 omitting that funds would be used to personally enrich defendant
10 SAFFRON, CC-1, CC-2, CC-3, and CC-4, and other conspirators;

11 d. Defendant SAFFRON, CC-1, CC-2, CC-3, and CC-4,
12 together with other conspirators, by and through the co-conspirators'
13 scheme to defraud victim-investors of money and other property,
14 including cryptocurrency, by means of fraudulent pretenses, false
15 representations, and false promises, would induce victim-investors to
16 transmit, and cause to be transmitted, funds and cryptocurrency by
17 means of interstate wires; and

18 e. Defendant SAFFRON, CC-1, CC-2, CC-3, and CC-4,
19 together with other conspirators, would make materially false
20 statements to victim-investors who had already invested and had not
21 been repaid as promised, and to potential victim-investors, to
22 conceal the scheme from the victim-investors and the potential
23 victim-investors, and to induce victims to invest in the scheme
24 again.

25 D. OVERT ACTS

26 40. On or about the following dates, in furtherance of the
27 conspiracy and to accomplish its object, defendant SAFFRON, together
28 with CC-1, CC-2, CC-3, and CC-4, and other conspirators, committed

1 and knowingly caused others to commit the following overt acts, among
2 others, within the Central District of California, and elsewhere:

3 Overt Act No. 1: In December 2017, defendant SAFFRON
4 conducted an in-person meeting with prospective investors in Los
5 Angeles County, during which defendant SAFFRON falsely represented to
6 investor H.C. that defendant SAFFRON guaranteed a 150% to 200%
7 return, depending on the amount invested, and returns would be paid
8 at the end of 30 days with no risk of loss.

9 Overt Act No. 2: On January 21, 2018, CC-1 provided a letter
10 to investor H.C. on letterhead from CC-1's Los Angeles-based law firm
11 stating that CC-1 had unrestricted access to one of defendant
12 SAFFRON's cryptocurrency wallets. CC-1 falsely represented that the
13 wallet held 1,000 Bitcoin. On or about January 21, 2018, the market
14 price for 1,000 Bitcoin was more than \$11.6 million. To induce H.C.
15 to invest, CC-1 falsely represented that the 1,000 Bitcoin in the
16 cryptocurrency wallet would be used to ensure that H.C.'s initial
17 investment would be returned in the event defendant SAFFRON was
18 unable or unwilling to return the initial investment.

19 Overt Act No. 3: On June 19, 2018, CC-2 solicited and induced
20 investor victim E.U., a Los Angeles County resident, to wire \$432,000
21 U.S. dollars to a bank account under CC-2's control in exchange for
22 65 Bitcoin. CC-2 knew that E.U. intended to invest the 65 Bitcoin in
23 one of defendant SAFFRON's fraudulent trading programs known as the
24 Circle Society, Corp.

25 Overt Act No. 4: On June 20, 2018, instead of sending the 65
26 Bitcoin to a cryptocurrency wallet controlled by investor E.U., CC-2
27 transferred the \$432,000 to defendant SAFFRON via wire transfer.
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1 Overt Act No. 5: On June 20, 2018, defendant SAFFRON falsely
2 represented on Circle Society's account website that 65 Bitcoin had
3 been "credited" to E.U.'s account.

4 Overt Act No. 6: On August 2, 2018, defendant SAFFRON
5 negotiated, by and through other conspirators, an agreement with a
6 registered investment advisor located in Los Angeles, California,
7 pursuant to which defendant SAFFRON would receive \$5 million U.S.
8 dollars in exchange for an amount of Bitcoin of equal value. The
9 agreement documentation provided instructions for the investment
10 advisor to wire the \$5 million to CC-2's lawyer trust bank account.

11 Overt Act No. 7: On August 8, 2018, upon learning that the \$5
12 million sale might not go through because the investment advisor's
13 due diligence identified websites accusing defendant SAFFRON of
14 operating a Ponzi scheme, CC-3 knowingly made false representations
15 to the investment advisor to induce the investment advisor to go
16 through with the transaction. Specifically, CC-3 falsely represented
17 that CC-3's contract security firm had vetted defendant SAFFRON,
18 verified the source of defendant SAFFRON's Bitcoin, and understood
19 how defendant SAFFRON worked with Bitcoin and cryptocurrencies to
20 produce considerable returns. CC-3 also falsely represented that
21 defendant SAFFRON was not involved in any type of criminal activity
22 because the security firm's investigators would have found any such
23 criminal activity.

24 Overt Act No. 8: On September 16, 2020, defendant SAFFRON
25 solicited victim investor S.B. to invest in Cloud9Capital, a Bitcoin
26 wealth-management fund that defendant SAFFRON falsely represented was
27 operated by a third party. Defendant SAFFRON induced S.B. to invest,
28 in part, by falsely representing that defendant SAFFRON had

1 personally invested more than 200 of his own Bitcoin in
2 Cloud9Capital. Defendant SAFFRON concealed from S.B. that defendant
3 SAFFRON controlled the Cloud9Capital cryptocurrency wallet address
4 and was using Cloud9Capital to defraud S.B. Thereafter, defendant
5 SAFFRON maintained to S.B. that defendant SAFFRON was not responsible
6 for Cloud9Capital's failure to repay the initial investment or
7 profits.

8 Overt Act No. 9: On November 19, 2020, defendant SAFFRON
9 encouraged victim-investor S.B. to obtain a membership with the
10 "Federal Crypto Reserve," which defendant SAFFRON falsely represented
11 he had hired to "investigate" Cloud9Capital.

12 Overt Act No. 10: On November 27, 2020, CC-4 sent an email to
13 victim-investor S.B. that solicited S.B. to pay Bitcoin to join the
14 Federal Crypto Reserve. CC-4 falsely represented that defendant
15 SAFFRON had already initiated a Federal Crypto Reserve investigation
16 into Cloud9Capital along with two other Cloud9Capital investors. CC-
17 4 also falsely represented that the Federal Crypto Reserve had
18 already found "lots of information" on Cloud9Capital, but CC-4 could
19 not share the information with S.B. until S.B. joined the Federal
20 Crypto Reserve as a paid platinum member.

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COUNTS TWO THROUGH FIVE

[18 U.S.C. §§ 1343, 2(a)]

41. The Grand Jury re-alleges paragraphs 1 through 15 and 17 through 40 here.

A. THE SCHEME TO DEFRAUD

42. Beginning by no later than in or around December 2017 and continuing until at least in or around September 2021, in Los Angeles County, within the Central District of California, and elsewhere, defendant SAFFRON, CC-1, CC-2, CC-3, CC-4, together with others known and unknown to the Grand Jury, knowingly and with intent to defraud, devised, participated in, and executed a scheme to defraud victim-investors as to material matters, and to obtain moneys, funds, assets, and other property from such victim-investors by means of material false and fraudulent pretenses, representations, and promises, and the concealment of material facts.

43. The fraudulent scheme operated and was carried out, in substance, as described in paragraphs 17 through 40 of this Indictment.

B. USE OF THE WIRES

44. On or about the dates set forth below, in Los Angeles County, within the Central District of California, and elsewhere, for the purpose of executing the above-described scheme to defraud, defendant SAFFRON, together with others known and unknown to the Grand Jury, aiding and abetting each other, transmitted and caused the transmission of the following items by means of wire and radio communication in interstate and foreign commerce:

COUNT	DATE	INTERSTATE WIRE TRANSMISSION
TWO	June 19, 2018	Interstate bank wire of \$462,000 initiated from Los Angeles County by victim investor E.U. from account x0961 at Bank A to account x6966 controlled by CC-2 at Bank B.
THREE	August 17, 2018	Interstate wire of 3.00009348 BTC (approximately \$19,736.11 USD) initiated from Orange County by victim investor S.F. to a cryptocurrency wallet controlled by defendant SAFFRON.
FOUR	November 1, 2018	Interstate wire of 1.0000 BTC (approximately \$6,308.02 USD) initiated from Los Angeles County by victim investor S.H. to a cryptocurrency wallet controlled by defendant SAFFRON.
FIVE	September 16, 2020	Interstate wire of 4.00001979 BTC (approximately \$44,024.49 USD) initiated from Los Angeles County by victim investor S.B. to a cryptocurrency wallet controlled by defendant SAFFRON.

COUNT SIX

[18 U.S.C. § 371]

45. The Grand Jury re-alleges paragraphs 1 through 15 and 17 through 40 here.

A. THE OBJECT OF THE CONSPIRACY

46. Beginning by no later than in or around December 2017 and continuing until at least in or around September 2021, in Los Angeles County, within the Central District of California, and elsewhere, defendant SAFFRON conspired with CC-1, CC-2, CC-3, CC-4, and with others known and unknown to the Grand Jury, to employ a manipulative scheme to defraud in connection with the purchase or sale of Bitcoin, each purchase or sale being a contract of sale of a commodity in interstate commerce, in violation of Title 7, United States Code, Section 9(1), and in violation of Title 17, Code of Federal Regulations, Section 180.1(a).

B. MANNER AND MEANS OF THE CONSPIRACY

47. The object of the conspiracy was to be carried out, and was carried out, in substance, as described in paragraphs 17 through 39 of this Indictment.

C. OVERT ACTS

48. In furtherance of the conspiracy and to accomplish its object, defendant SAFFRON, together with CC-1, CC-2, CC-3, and CC-4, and other conspirators, committed and knowingly caused others to commit the overt acts described in paragraph 40 of this Indictment, among others, within the Central District of California, and elsewhere.

COUNT SEVEN

[18 U.S.C. § 1503(a)]

A. INTRODUCTORY ALLEGATIONS

49. The Grand Jury re-alleges paragraphs 1 through 15 and 17 through 39 of this Indictment here.

50. At times relevant to this Indictment, a "commodity pool" was any investment trust, syndicate, or similar form of enterprise operated for the purpose of trading commodity interests, including option contracts on commodities, such as cryptocurrencies and fiat currencies, as defined in Title 7, United States Code, Section 1a.

51. On or about September 30, 2019, the CFTC, a United States federal agency, filed a complaint against defendant SAFFRON and Circle Society, Corp., styled CFTC v. David Gilbert Saffron and Circle Society, Corp., No. 2:19-cv-01697, (D. Nev. Sept. 30, 2019) in the U.S. District Court for the District of Nevada.

52. The CFTC's complaint alleged that defendant SAFFRON had accepted at least \$11 million worth of Bitcoin and U.S. dollars from members of the public to trade options contracts on various cryptocurrencies and fiat currencies through defendant SAFFRON's unregistered commodity pool.

53. The CFTC's complaint alleged that, rather than trade investors' funds in options contracts as promised, defendant SAFFRON defrauded the investors and misappropriated the funds for defendant SAFFRON's personal use and benefit.

54. On or about December 6, 2019, the Nevada U.S. District Court entered a Preliminary Injunction Order enjoining defendant SAFFRON from:

1 a. "soliciting or accepting funds from members of the
2 public for the purpose of participating in a commodity pool operated
3 by, for, or on behalf of Saffron or Circle Society," and

4 b. "trading, directly or indirectly, in any commodity
5 that is regulated under the [Commodity Exchange] Act."

6 55. On or about January 24, 2020, defendant SAFFRON received
7 actual notice of the December 6, 2019, Preliminary Injunction Order
8 at a hearing on the record in Nevada U.S. District Court, in which
9 the court provided defendant SAFFRON with a copy of the Preliminary
10 Injunction Order and directed defendant SAFFRON to familiarize
11 himself with its terms.

12 B. OBSTRUCTION OF JUSTICE

13 56. Beginning by at least in or around July 2020, and
14 continuing through at least September 2020, in Los Angeles County,
15 within the Central District of California, and elsewhere, defendant
16 SAFFRON corruptly obstructed, impeded, and endeavored to obstruct and
17 impede the due administration of justice, by repeatedly violating the
18 Nevada U.S. District Court's Preliminary Injunction Order by
19 knowingly defrauding investors through soliciting and accepting funds
20 for trading in Bitcoin, as described below.

21 57. In or around July 2020, defendant SAFFRON was introduced to
22 victim-investor S.B., a resident of Los Angeles County, California.

23 58. At all times relevant to this Indictment, defendant
24 SAFFRON's communications, meetings, and interactions with S.B.
25 occurred while investor S.B. was in Los Angeles County, California.

26 59. On or about July 28, 2020, defendant SAFFRON represented to
27 S.B. that defendant SAFFRON ran a Bitcoin fund.

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1 60. On or about August 9, 2020, S.B. agreed to accept fourteen
2 (14) Bitcoin from defendant SAFFRON in exchange for \$140,000 in
3 services rendered by S.B.'s business to defendant SAFFRON. Defendant
4 SAFFRON promised to pay the 14 Bitcoin after services were rendered,
5 but defendant SAFFRON never paid S.B.

6 61. On or about September 16, 2020, defendant SAFFRON solicited
7 S.B. to invest in Cloud9Capital, a Bitcoin wealth-management fund.

8 62. Defendant SAFFRON falsely represented to S.B. that
9 defendant SAFFRON had over 200 Bitcoin invested in Cloud9Capital,
10 when in fact defendant SAFFRON controlled the Cloud9Capital
11 cryptocurrency wallet address, and defendant SAFFRON used
12 Cloud9Capital as part of a scheme to defraud investors and
13 misappropriate investors' funds for defendant SAFFRON's personal
14 benefit.

15 63. Based on defendant SAFFRON's solicitations for funds, and
16 in reliance on defendant SAFFRON's false representations, on or about
17 September 16, 2020, S.B. transferred 4.00001979 Bitcoin
18 (approximately \$44,024.19) to the Cloud9Capital cryptocurrency wallet
19 controlled by defendant SAFFRON.

20 64. Defendant SAFFRON represented to S.B. on or about
21 September 19, 2020, that defendant SAFFRON personally managed funds
22 for eleven (11) clients, each client having a minimum investment of
23 5,500 Bitcoin.

24 65. On or about September 19, 2020, defendant SAFFRON solicited
25 S.B. to invest in the 11-client fund managed by defendant SAFFRON.
26 Defendant SAFFRON falsely represented to S.B. that for a minimum 100
27 Bitcoin investment, defendant SAFFRON could pay returns of 50% in 140
28 days.

1 66. On or about September 19, 2020, S.B. reminded defendant
2 SAFFRON that defendant SAFFRON had agreed to pay S.B. fourteen (14)
3 Bitcoin on or about August 9, 2020 for the \$140,000 in services
4 rendered by S.B.'s business to defendant SAFFRON.

5 67. In response to defendant SAFFRON's solicitations for S.B.
6 to invest in defendant SAFFRON's 11-client fund, S.B. asked whether
7 defendant SAFFRON would invest the 14 Bitcoin defendant SAFFRON owed
8 to S.B. into defendant SAFFRON's fund.

9 68. On or about September 19, 2020, defendant SAFFRON confirmed
10 that defendant SAFFRON would put the 14 Bitcoin that defendant
11 SAFFRON owed to S.B. into defendant SAFFRON's 11-client fund, and
12 defendant SAFFRON would pay S.B. a 150% return by no later than
13 October 20, 2020.

14 69. Defendant SAFFRON did not pay victim-investor S.B. on
15 October 20, 2020, as promised or at any time thereafter. Instead,
16 after fraudulently causing S.B. to invest in defendant SAFFRON's fund
17 and Cloud9Capital, defendant SAFFRON misappropriated victim investor
18 S.B.'s funds for defendant SAFFRON's own personal use and benefit.

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FORFEITURE ALLEGATION

[18 U.S.C. § 981(a)(1)(C) and 28 U.S.C. § 2461(c)]

70. Pursuant to Rule 32.2(a) of the Federal Rules of Criminal Procedure, notice is hereby given that the United States of America will seek forfeiture as part of any sentence, pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c), in the event of defendant DAVID GILBERT SAFFRON's conviction of any of the offenses set forth in any of Counts One through Five of this Indictment.

71. Defendant SAFFRON, if so convicted, shall forfeit to the United States of America the following:

a. all right, title, and interest in any and all property, real or personal, constituting, or derived from, any proceeds traceable to the offenses set forth in Counts One through Five of this Indictment; and

b. to the extent such property is not available for forfeiture, a sum of money equal to the total value of the property described in subparagraph (a).

72. Pursuant to Title 21, United States Code, Section 853(p), as incorporated by Title 28, United States Code, Section 2461(c), defendant SAFFRON, if so convicted, shall forfeit substitute property, up to the value of the property described in the preceding paragraph if, as the result of any act or omission of defendant SAFFRON, the property described in the preceding paragraph or any portion thereof (a) cannot be located upon the exercise of due diligence; (b) has been transferred, sold to, or deposited with a third party; (c) has been placed beyond the jurisdiction of the court; (d) has been substantially diminished in value; or (e) has

1 been commingled with other property that cannot be divided without
2 difficulty.

3
4 A TRUE BILL

5
6 /S/

7
8 _____
9 Foreperson

8 TRACY L. WILKISON
9 United States Attorney

10 

11 SCOTT M. GARRINGER
12 Assistant United States Attorney
13 Chief, Criminal Division

14 RANEE A. KATZENSTEIN
15 Assistant United States Attorney
16 Chief, Major Frauds Section

17 JAMES C. HUGHES
18 Assistant United States Attorney
19 Major Frauds Section

20 LORINDA I. LARYEA
21 Acting Chief, Fraud Section
22 Criminal Division
23 United States Department of
24 Justice

25 KEVIN LOWELL
26 Trial Attorney, Fraud Section
27 Criminal Division
28 United States Department of
Justice

THEODORE KNELLER
Trial Attorney, Fraud Section
Criminal Division
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Justice