

UNITED STATES DISTRICT COURT
DISTRICT OF MASSACHUSETTS

UNITED STATES OF AMERICA

v.

RUSSELL ARMAND,
a/k/a “Saitamaguru1”

Defendant

) Criminal No. 24cr10014
)

) Violations:
)

) Count One:
)

) Conspiracy To Commit Wire Fraud and To
) Conduct an Unlicensed Money Transmitting
) Business
) (18 U.S.C. § 371)
)

) Counts Two - Three:
)

) Market Manipulation
) (15 U.S.C. §§ 78i(a)(2) and 78ff(a))
)

) Forfeiture Allegation:
)

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

) Unlicensed Money Transmitting
)

) Forfeiture Allegation:
)

) (18 U.S.C. § 982(a)(1))
)

INFORMATION

At all times relevant to this Information:

General Allegations

1. Defendant RUSSELL ARMAND (“ARMAND”), also known as “Saitamaguru1”, lived in Texas.
2. Co-conspirator 1 (“CC 1”) lived in Washington.
3. Co-conspirator 2 (“CC 2”) lived in Texas.
4. Co-conspirator 3 (“CC 3”) lived in the United Kingdom.

5. Maxwell Hernandez (“Hernandez”), also known as “MaxEquation”, was a resident of Massachusetts.

6. Saitama LLC (“Saitama”) was a cryptocurrency company that was incorporated in Massachusetts on or about August 24, 2021.

7. ARMAND, CC 1, CC 2, CC 3, and Hernandez were all leaders of the Saitama business and were featured as such on the company’s website.

8. Saitama promoted a cryptocurrency token that operated on the Ethereum blockchain (the “Saitama Token”). Saitama purported to create multiple products that could be used with the Saitama Token, including the SaitaMask cryptocurrency exchange, the SaitaMaker non-fungible token (“NFT”) platform, the SaitaRealty real estate investment platform, and SaitaMarket, among others. The Saitama Token was a security.

9. Michael Thompson (“Thompson”) lived in Virginia.

10. ARMAND and Thompson created VZZN, a cryptocurrency company. VZZN promoted a cryptocurrency token that operated on the Ethereum blockchain (the “VZZN Token”). VZZN purported to create a video streaming service that could be used with the VZZN Token. The VZZN Token was a security.

Background

11. Virtual currency is a digital asset or digital representation of value that can be electronically traded and exchanged online. Virtual currency is not backed or insured by a central bank and its value may or may not be tied to or secured by a fixed asset. Cryptocurrency is a subset of virtual currency that utilizes blockchain technology.

12. Title 31, United States Code, Section 5330, provides that “[a]ny person who owns or controls a money transmitting business shall register the business” with “the Secretary of the

Treasury.” In certain instances, a cryptocurrency exchange—which is an electronic forum that facilitates the purchase, sale, and exchange of cryptocurrencies—constitutes a “money transmitting business.”

Overview of the Saitama Conspiracy and the Scheme to Defraud

13. Beginning in or around June 2021 and continuing through at least in or around July 2022, ARMAND, CC 1, CC 2, CC 3, and Hernandez, conspired with others known and unknown to the U.S. Attorney to artificially inflate the price of Saitama Tokens through manipulative trading, false and misleading statements, and the operation of an unlicensed cryptocurrency exchange, and to profit by selling Saitama Tokens.

Objects and Purpose of the Saitama Conspiracy and the Scheme to Defraud

14. The objects of the Saitama conspiracy and of the scheme to defraud were (1) to commit market manipulation, (2) to conduct an unlicensed money transmitting business, and (3) to commit wire fraud. The principal purpose of the Saitama conspiracy and of the scheme to defraud was for the conspirators to enrich themselves through the sale of Saitama Tokens.

Manner and Means of the Saitama Conspiracy and the Scheme to Defraud

15. Among the manner and means by which ARMAND, CC1, CC 2, CC 3, Hernandez and others known and unknown to the U.S. Attorney carried out the Saitama conspiracy and scheme to defraud were the following:

- a. Engaging in manipulative trading of Saitama Tokens to create actual or apparent trading volume, thereby inducing others to trade Saitama Tokens, and inflate the price of Saitama Tokens;

- b. Soliciting investors to buy Saitama Tokens through the Saitama website as well as through online marketing and messaging applications such as Telegram, Twitter, Instagram, and YouTube;
- c. Making and causing to be made materially false and misleading statements about Saitama, its products, and its financing;
- d. Creating and operating an unlicensed money transmitting business that allowed users to buy and sell Saitama Tokens and other cryptocurrencies;
- e. Selling Saitama Tokens for a profit, often while publicly denying that they were doing so; and
- f. Moving Saitama's operations offshore to avoid disruption of the scheme by regulators and law enforcement authorities in the United States.

16. In this form or fashion, ARMAND, CC1, CC 2, CC 3 and Hernandez generated millions of dollars in proceeds.

Overt Acts in Furtherance of the Saitama Conspiracy and the Scheme to Defraud

17. On or about various dates between in or about June 2021 and in or about July 2022, ARMAND, CC1, CC 2, CC 3, and Hernandez, together with others known and unknown to the U.S. Attorney, committed and caused to be committed the following overt acts, among others, in furtherance of the Saitama conspiracy and the scheme to defraud.

Market Manipulation

18. ARMAND, CC1, CC 2, CC 3, and Hernandez coordinated a series of manipulative trades in Saitama Tokens, including through messages exchanged in a private Telegram chatroom named "Detective Saitama".

19. For example, on or about July 3, 2021, at the following approximate times, ARMAND sent his co-conspirators the following messages, among others:

- a. At 1:47 p.m., ARMAND proposed creating a “TG [Telegram] shill group. Some bots some ppl but a lot of ppl will join”.
- b. At 1:48 p.m., ARMAND messaged, “We will create an illusion of massive buys and new holders as [Telegram] gets flooded” and “It’ll incite ppl to buy more”.
- c. At 1:49 p.m., ARMAND messaged, “Basically creating our own pump through illusion and getting a few wallets out in the process”.
- g. At 3:01 p.m., ARMAND messaged, “Keep small buys coming have done 4-5 I think so far” and “Just small steady buys”.
- h. At 4:19 p.m., ARMAND messaged, “If nothing else we did create hype and added holders”, and later messaged, “Holders are increasing nicely and distribution is looking much better”, “We will just have to coordinate our buys closely”, and “the idea is to keep the chart trending upward to generate traction and stability. Will keep ppl from wanting to sell and will instead buy more”.

20. On or about July 4, 2021, at 2:30 p.m., ARMAND messaged, “Ladies and gentlemen that is how you start a hype. Perfectly executed well done all. Still have to keep small buys incoming [. . .] Lots of ppl watching chart right now”.

False and Misleading Statements

21. ARMAND, CC1, CC 2, CC 3, Hernandez, and others known and unknown to the U.S. Attorney, made false and misleading statements to induce investors to purchase Saitama Tokens and donate money to Saitama.

22. For example, beginning in or about June 2021, ARMAND, CC1, CC 2, CC 3, and Hernandez solicited donations from Saitama Token holders, claiming the funds would be used to pay for expenses related to operating the Saitama business.

23. ARMAND, CC1, CC 2, CC 3, and Hernandez thereafter used a portion of the donated funds for other purposes, including to purchase more Saitama Tokens, thereby bolstering the price of the security.

24. Beginning in or about July 2021, ARMAND, CC1, CC 2, CC 3, and Hernandez manipulated DEXTools, a publicly available cryptocurrency research tool, so that Saitama Tokens would be artificially ranked higher than other cryptocurrencies on the DEXTools website. To facilitate the manipulation, the conspirators used multiple cryptocurrency wallets, web-browsers, and virtual private networks to continuously access the DEXTools webpage and choose Saitama as a “favorite.”

25. ARMAND, CC1, CC 2, CC 3, and Hernandez thereafter promoted Saitama on Twitter by referencing Saitama’s rating on DEXTools.

26. Beginning in or about September 2021, ARMAND, CC1, CC 2, CC 3, and Hernandez promoted Saitama through its website, which contained materially false and misleading statements.

- a. For example, Saitama’s website published the Saitama “whitepaper”, an informational document describing Saitama’s mission and business plan, which falsely advertised that the “whitepaper” had “been reviewed by regulators”. In fact, the whitepaper had not been reviewed by regulators.

- b. As another example, Saitama's website falsely advertised that the Saitama Token was "coded in a way that prevents big wallet holders (whales) from trying to manipulate the price in their favour or from dumping the token by selling out." In fact, there was no coding that prevented manipulation or large-scale sales of the Saitama Token.

27. Beginning in or about September 2021, ARMAND and other conspirators also falsely claimed that they were buying Saitama Tokens and not selling their Saitama Tokens.

Creation and Operation of an Unlicensed Money Transmitting Business

28. ARMAND, CC1, CC 2, CC 3, and Hernandez promoted a cryptocurrency exchange on the Saitama website as well as on various social media platforms, including YouTube and Twitter, and conducted the exchange as a money transmitting business without complying with the registration requirements of Title 31, United States Code, Section 5330, and regulations prescribed thereunder.

29. For example, starting in or about August 2021, the Saitama website advertised that Saitama had created a cryptocurrency exchange that would be "a one stop shop where you can connect your payment system of choice and be able to buy, sell, swap, transfer and do whatever you need with any coin."

30. On or about January 18, 2022, the Saitama website advertised that the cryptocurrency exchange was available to the public, and beginning on or about that same date, the cryptocurrency exchange allowed users to exchange Saitama Tokens with other cryptocurrencies.

Efforts to Avoid U.S. Regulators and Law Enforcement

31. ARMAND, CC1, CC 2, CC 3, and Hernandez took steps to avoid the legal consequences of their actions by hiding the proceeds of their sales of Saitama Tokens and relocating their operations overseas.

32. For example, on or about February 14, 2022, in a private Telegram chatroom named “Saitama Dev Team”, ARMAND, CC1, CC 2, CC 3, and Hernandez discussed moving Saitama’s operations outside the United States. CC 3 stated that “US is easiest to get in trouble lol” and that in the future, Saitama needed to “avoid [the] US”.

33. On or about April 8, 2022, ARMAND sent a WhatsApp message to Hernandez stating that because of “potential lawsuits that will follow if this goes sideways”, ARMAND “[w]ill have to relocate to another country”, to which Hernandez responded, “[t]hat is putting it lightly”.

34. On or about April 20, 2022, Hernandez sent a WhatsApp message to ARMAND stating that he was considering removing himself from the Saitama leadership to avoid being part of Saitama “when the sec [Securities & Exchange Commission] shows up”.

35. On or about July 1, 2022, after Saitama filed a Notice of Cancellation of its incorporation with the Massachusetts Secretary of State, Saitama announced via Twitter that it would “migrate operations to Dubai, UAE”.

The Scheme to Manipulate the Market for VZZN Tokens

36. Between in or about January 2023 and in or about December 2023, ARMAND, Thompson, and others engaged in a scheme to manipulate the market for VZZN Tokens by creating the appearance of legitimate trading volume. The purpose was to induce others to buy VZZN Tokens and to inflate the price of VZZN Tokens so that ARMAND and Thompson could sell the VZZN Tokens they controlled at a profit.

37. Beginning on or about February 8, 2023, ARMAND and Thompson advertised VZZN as a cryptocurrency company on the VZZN website.

38. On or about May 4, 2023, Thompson sent ARMAND a WhatsApp message stating, “In crypto I’m learning that yes it’s always about value, but in the meantime until you have actual value, the optics of value can carry you a long way”.

39. On or about July 2, 2023, ARMAND published a promotion for “VZZNTOKEN” claiming “Announcements INCOMING”.

40. On or about October 13, 2023, ARMAND and Thompson solicited investments for VZZN during a video conference call.

41. On or about November 2, 2023, ARMAND and Thompson traveled to Massachusetts to solicit investments for VZZN.

42. On or about November 15, 2023, ARMAND and Thompson exchanged WhatsApp messages in which they discussed their manipulative trades of VZZN Tokens. For example:

- a. ARMAND stated, “Will do few buys now get some hype”.
- b. Thompson responded, “Yeeesssiiiirr goooooooooo”.

- c. ARMAND then stated, “Now organic buys coming in” and “Not my first rodeo lol. I may know a thing or two about what I’m doing on occasion. Now you’ll see narrative switch on social media”.
- d. Thompson responded, “Maaaaaan you are the CRYPTO MESSIAH for REEEAALLL”.

43. On or about November 28, 2023, ARMAND called an individual in Massachusetts to request help correcting a technical issue with the VZZN Token.

44. On or about December 5, 2023, ARMAND and Thompson participated in a Telegram conference call in which they discussed their plan to make manipulative trades of VZZN Tokens. For example:

- a. ARMAND stated, “I’m going to create a self-inflicted pump and create FOMO [Fear of Missing Out] on my own[...] What that does is create the appearance of a massive buy wall. And that’s how you generate FOMO.”
- b. In response to a question about whether ARMAND had sufficient manpower to create a self-inflicted pump and “FOMO”, ARMAND stated, “It is a one-person thing. It takes me and my laptop. That’s it[...] I got a hundred different wallets I can create and do all that shit with.”

45. On or about December 9, 2023, ARMAND traveled to Massachusetts with the intent to obtain a cash investment for VZZN from a potential investor.

COUNT ONE

Conspiracy To Commit Wire Fraud and To Conduct an Unlicensed Money Transmission Business
(18 U.S.C. § 371)

The United States Attorney alleges:

46. The United States re-alleges and incorporates by reference paragraphs 1 through 8 and 11 through 35 of this Information.

47. Beginning in or around June 2021 and continuing through at least in or around July 2022, in the District of Massachusetts and elsewhere, the defendant,

RUSSELL ARMAND,
a/k/a “Saitamagurul”,

conspired with others known and unknown to the United States to:

- a. commit wire fraud, that is, having devised and intending to devise a scheme and artifice to defraud and for obtaining money and property by means of materially false and fraudulent pretenses, representations and promises, to transmit and cause to be transmitted, by means of wire communications in interstate and foreign commerce, writings, signs, signals, pictures and sounds, for the purpose of executing the scheme to defraud, in violation of Title 18, United States Code, Section 1343.
- b. conduct an unlicensed money transmitting business, that is, knowingly to conduct, control, manage, supervise, direct, and own all or part of an unlicensed money transmitting business affecting interstate and foreign commerce that failed to comply with the money transmitting business registration requirements under Title 31, United States Code, Section 5330 and regulations prescribed thereunder, in violation of Title 18, United States Code, Sections 1960(a) and (b)(1)(B).

All in violation of Title 18, United States Code, Section 371.

COUNT TWO
Market Manipulation
(15 U.S.C. § 78i(a)(2) and 78ff(a))

The United States Attorney alleges:

48. The United States re-alleges and incorporates by reference paragraphs 1 through 8 and 11 through 35 of this Information.

49. Beginning in or around June 2021 and continuing through at least in or around July 2022, in the District of Massachusetts and elsewhere, the defendant,

RUSSELL ARMAND,
a/k/a “Saitamagurul”,

did knowingly and willfully, by the use of the mails and any means and instrumentality of interstate commerce, directly and indirectly effect a series of transactions in a security not registered on a national exchange, to wit, the Saitama Token, creating actual and apparent active trading in such security, and raising and depressing the price of such security, for the purpose of inducing the purchase and sale of such security by others.

All in violation of Title 15, United States Code, Sections 78i(a)(2) and 78ff(a).

COUNT THREE
Market Manipulation
(15 U.S.C. § 78i(a)(2) and 78ff(a))

The United States Attorney alleges:

50. The United States re-alleges and incorporates by reference paragraphs 9 through 10 and 36 through 45 of this Information.

51. Beginning in or around January 2023 and continuing through at least in or around December 2023, in the District of Massachusetts and elsewhere, the defendant,

RUSSELL ARMAND,
a/k/a “Saitamagurul”,

did knowingly and willfully, by the use of the mails and any means and instrumentality of interstate commerce, directly and indirectly effect a series of transactions in a security not registered on a national exchange, to wit, the VZZN Token, creating actual and apparent active trading in such security, and raising and depressing the price of such security, for the purpose of inducing the purchase and sale of such security by others.

All in violation of Title 15, United States Code, Sections 78i(a)(2) and 78ff(a).

FORFEITURE ALLEGATION
(18 U.S.C. § 981(a)(1)(C) and 28 U.S.C. § 2461(c))

41. Upon conviction of one or more of the offenses in violation of Title 18, United States Code, Section 371, relating to conspiracy to commit wire fraud, and Title 15, United States Code, Sections 78i(a)(2) and 78ff(a), set forth in Counts One, Two, and Three, the defendant,

RUSSELL ARMAND,
a/k/a “Saitamaguru1”,

shall forfeit to the United States, pursuant to Title 18, United States Code, Section 981(a)(1)(C), and Title 28, United States Code, Section 2461(c), any property, real or personal, which constitutes or is derived from proceeds traceable to the offenses.

42. If any of the property described in Paragraph 41, above, as being forfeitable pursuant to Title 18, United States Code, Section 981(a)(1)(C), and Title 28, United States Code, Section 2461(c), as a result of any act or omission of the defendant –

- a. cannot be located upon the exercise of due diligence;
- b. has been transferred or 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 been commingled with other property which cannot be divided without difficulty;

it is the intention of the United States, pursuant to Title 28, United States Code, Section 2461(c), incorporating Title 21, United States Code, Section 853(p), to seek forfeiture of any other property of the defendant up to the value of the property described in Paragraph 41 above.

All pursuant to Title 18, United States Code, Section 981(a)(1)(C), and Title 28, United States Code, Section 2461(c).

UNLICENSED MONEY TRANSMITTING BUSINESS FORFEITURE ALLEGATION
(18 U.S.C. § 982(a)(1))

43. Upon conviction of the offense in violation of Title 18, United States Code, Section 371, relating to conspiracy to conduct an unlicensed money transmitting business, set forth in Count One, the defendant,

RUSSELL ARMAND,
a/k/a “Saitamagurul”

shall forfeit to the United States, pursuant to Title 18, United States Code, Section 982(a)(1), any property, real or personal, involved in such offenses, and any property traceable to such property.

44. If any of the property described in Paragraph 43, above, as being forfeitable pursuant to Title 18, United States Code, Section 982(a)(1), as a result of any act or omission of the defendant

- a. cannot be located upon the exercise of due diligence;
- b. has been transferred or 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 been commingled with other property which cannot be divided without difficulty;

it is the intention of the United States, pursuant to Title 18, United States Code, Section 982(b), incorporating Title 21, United States Code, Section 853(p), to seek forfeiture of any other property of the defendant up to the value of the property described in Paragraph 43 above.

All pursuant to Title 18, United States Code, Section 982(a)(1).

JOSHUA S. LEVY
ACTING UNITED STATES ATTORNEY

By: /s/ Christopher J. Markham
CHRISTOPHER J. MARKHAM
ASSISTANT UNITED STATES ATTORNEY
DISTRICT OF MASSACHUSETTS