

**OFFICE OF THE UNITED STATES ATTORNEY
SOUTHERN DISTRICT OF CALIFORNIA**

San Diego, California

*United States Attorney
Randy S. Grossman*

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For Immediate Release

**U.S. Promoter of Foreign Cryptocurrency
Company Sentenced to Prison for Role in Fraud
Scheme**

NEWS RELEASE SUMMARY—September 16, 2022

SAN DIEGO— A Los Angeles man was sentenced in federal court today to 38 months in prison for his participation in BitConnect, a massive fraudulent cryptocurrency investment scheme, which defrauded thousands of investors from the United States and abroad.

According to court documents, Glenn Arcaro, 44, conspired with others to exploit investor interest in cryptocurrency by fraudulently marketing BitConnect’s proprietary coin offering and digital currency exchange as a lucrative investment. Arcaro and others misled investors about BitConnect’s “Lending Program.” Under this program, Arcaro touted BitConnect’s purported proprietary technology, known as the “BitConnect Trading Bot” and “Volatility Software,” as being able to generate substantial profits and guaranteed returns by using investors’ money to trade on the volatility of cryptocurrency exchange markets.

In truth, however, BitConnect operated a textbook Ponzi scheme by paying earlier BitConnect investors with money from later investors. Furthermore, Arcaro and others ensured up to 15 percent of the money invested into BitConnect went directly into a slush fund to be used for the benefit of the owner and promoters of BitConnect. The BitConnect Ponzi scheme ensnared 4,154 victims from 95 countries making it a true worldwide Ponzi scheme.

U.S. Attorney Randy Grossman said: “The U.S. Attorney’s Office for the Southern District of California is committed to ensuring justice for victims of this Ponzi scheme. Putting a technical sheen on a vintage scheme will not stop this office’s pursuit of a just outcome.” Grossman praised the work of FBI’s Cleveland Field Office, as well as IRS-CI, the Financial Investigations and Border Crimes Task Force - a multiagency task force based in San Diego and Imperial counties that is funded by the Treasury Executive Office of Asset Forfeiture.

“Identifying and investigating criminals who commit complex financial crimes under the guise of a sound investment strategy are a priority of the FBI,” said Cleveland FBI Special Agent in Charge Gregory Nelsen.

“The global reach and thousands of victims Mr. Arcaro impacted underscores the fact that fiscal crimes that combine the allure of cryptocurrency with new technology and a savvy marketing strategy are borderless and often begin through a relationship built on trust, hope, and promise. The FBI, together with our federal, state, and local partners, will continue to work tirelessly to ensure conniving criminals are no longer a threat to any individual or business in our society.”

“Glenn Arcaro and his co-conspirators created a global web of deception and fraud,” said IRS-CI Special Agent in Charge Tyler Hatcher. “IRS-CI and our law enforcement partners diligently unraveled this web of lies, and today’s sentencing is a reminder that fraud does not pay. You will be caught, and you will go to prison.”

Arcaro admitted that he earned no less than \$24 million from the BitConnect scheme, all of which, according to court documents, will now be repaid to investors in restitution or forfeited to the government. Arcaro took steps to transmit the BitConnect proceeds that he earned to offshore accounts, transform some of the proceeds into precious metals storage, and obtain foreign passports. Arcaro’s goal was to avoid paying federal and state income taxes on his income earned from the scheme and to shield his assets from collection by the Internal Revenue Service.

Assistant U.S. Attorneys Carl Brooker, Lisa Sanniti, and Mark W. Pletcher of the Southern District of California and Trial Attorney Kevin Lowell of the Criminal Division’s Fraud Section prosecuted the case. The Department of Justice Office of International Affairs and United States Postal Inspection Service provided indispensable assistance to the investigation.

DEFENDANT

Case Number 21CR2542-TWR

Glenn Arcaro

Los Angeles, CA

Age: 45

SUMMARY OF CHARGES

Conspiracy to Commit Wire Fraud—Title 18, U.S.C., Section 1349

Criminal Forfeiture—Title 18, U.S.C., Section 982

Maximum penalty: Twenty years in prison, \$250,000 fine or twice the gross gain or loss from the offense, whichever is greater; forfeiture and restitution

AGENCIES

FBI

IRS Criminal Investigation—Financial Investigations and Border Crimes Task Force

United States Postal Inspection Service