

FILED
MAR -4 2019
 SUSAN Y. SOONG
 CLERK, U.S. DISTRICT COURT
 NORTH DISTRICT OF CALIFORNIA

UNITED STATES DISTRICT COURT

for the

Northern District of California

SEALED
BY COURT ORDER

United States of America)

v.)

Eastern Metal Securities and Rodger Nils-Jonas Karlsson, a/k/a
 "Steve Heyden", "Euclid Diodorus", "Joshua Millard", Lars
 Georgsson", "Krister Joelsson", "Paramon Larasoft", and "Kent
 Westerberg",)

Case No.

3 19 70335*Defendant(s)***JCS**

CRIMINAL COMPLAINT

I, the complainant in this case, state that the following is true to the best of my knowledge and belief.

On or about the date(s) of from at least 2013 up to and including the present, in the county of San Francisco in the
Northern District of California, the defendant(s) violated:

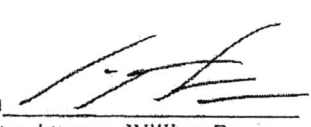
<i>Code Section</i>	<i>Offense Description</i>
15 U.S.C. §§ 78j(b) and 78ff	Securities Fraud;
17 C.F.R. § 240.10b-5	
18 U.S.C. § 1343;	Wire Fraud; and
18 U.S.C. § 1956(a)(1)(B)(i)	Laundering of Monetary Instruments

This criminal complaint is based on these facts:

Please see attached affidavit of IRS Special Agent Jeremiah Haynie.

Sworn to before me telephonically.

☒ Continued on the attached sheet.

Approved as to form 
 Assistant United States Attorney William Frentzen


 Complainant's signature
 Special Agent Jeremiah Haynie
 Printed name and title

Date: 3/4/2019City and state: San Francisco, CA


 Judge's signature
 Hon. Joseph C. Spero, U.S. Chief Magistrate Judge
 Printed name and title

AFFIDAVIT IN SUPPORT OF COMPLAINT

I, Jeremiah Haynie, being duly sworn, state:

INTRODUCTION AND AGENT BACKGROUND

1. I make this affidavit in support of an application for a criminal complaint against EASTERN METAL SECURITIES, and its owner ROGER NILS-JONAS KARLSSON, also known as "Steve Heyden," "Euclid Diodorus," "Joshua Millard," "Lars Georgsson," "Krister Joelsson," "Paramon Larasoft," and "Kenth Westerberg" (hereafter, "KARLSSON").

2. I am a Special Agent with the Criminal Investigation Division of the Internal Revenue Service ("IRS-CI") and have been so employed since February 2002. My professional duties include conducting investigations of violations of internal revenue laws and related statutes. I hold a bachelor's degree in business administration from Alma College. I have been trained at the Federal Law Enforcement Training Center in the laws of search and seizure, and in the use of search warrants. As a federal agent, I am authorized to investigate violations of laws of the United States and to execute warrants issued under the authority of the United States. I have been the affiant for numerous federal search and seizure warrants that involved varied criminal conduct including alleged tax violations, money laundering, unlicensed money transmitting business violations, wire fraud, access device fraud, and mail fraud.

3. As an IRS-CI Special Agent, I have received extensive financial records analysis training and attended mandated continuing professional education courses on investigative techniques and methods utilized in the investigation of violations of tax and money laundering statutes. I have participated in and led many investigations involving alleged violations of tax and money laundering laws. Since 2015, I have been assigned to the IRS-CI Cyber Crimes Unit where I have received training and gained experience investigating criminal schemes perpetrated via the internet. I rely on my experience and the evidence I have obtained in presenting the facts below.

4. I am familiar with the information contained in this affidavit based on my personal knowledge, my review of documents and other evidence, and my conversations with other law enforcement officers and civilian witnesses. Because this affidavit is being submitted for the limited purpose of establishing probable cause, it does not include all the facts that I have learned during the course of my investigation. Where the contents of documents and the actions, statements, and conversations of others are reported herein, they are reported in substance and in part, except where otherwise indicated. I have set forth facts that I believe are necessary to establish probable cause.

GLOSSARY

Bitcoin

5. **Bitcoin** is a form of value that is able to be transacted across thousands of computers connected via the internet, all running the Bitcoin software. This software provides all necessary services including allowing users to create new “**bitcoin addresses**,” roughly equivalent to account numbers; the injection of new bitcoin into circulation; and securely transferring bitcoin from one bitcoin address to another. For security and privacy reasons, it is common for a single bitcoin user to control numerous bitcoin addresses, which may be accessed and controlled through the user’s “**bitcoin wallet**”.

Virtual Currency Exchanger

6. **Virtual currency exchangers** are in the business of buying virtual currencies from their customers, selling virtual currencies to their customers, and trading virtual currencies for other virtual currencies offered by their customers. Virtual currencies are electronic representations of value that can be transacted among accountholders. Coinbase is an example of a virtual currency exchanger that is based in San Francisco, California.

Liberty Reserve, C-Gold, and Perfect Money

7. **Liberty Reserve, C-Gold, and Perfect Money** are electronic payment platforms that allow (or allowed) their users to send funds to other users.

Based on my involvement in the investigation of Liberty Reserve, I know that Liberty Reserve was used by criminals involved in a variety of illicit activities and was particularly popular with fraudulent online investment schemes. The creator of Liberty Reserve, Arthur Budovsky, pled guilty to money laundering in January 2016 and received a sentence of 20 years incarceration. Liberty Reserve was shut down when its assets were seized and principals were arrested in May 2013. C-Gold and Perfect Money are currently in operation.

IP Address

8. A device's **IP address** (Internet Protocol Address) is a unique numeric address used to direct information over the internet. IPv4 addresses are written as a series of four groups of numbers, each in the range 0 – 255, separated by periods (e.g. 183.88.244.103). Conceptually, IP addresses are similar to telephone numbers in that they are used to identify devices that send and receive information over the internet. Used within this context, a **device** is anything that can communicate over the internet including desktop computers, laptop computers, smartphones, routers, website servers, and even so-called “internet of things” devices such as internet-capable lightbulbs.

RELEVANT STATUTES

9. **Title 18, U.S.C. § 1343** prohibits wire fraud. The essential elements of this offense are: 1) the defendant knowingly participated in, devised or intended

to devise a scheme or plan to defraud, or a scheme or plan for obtaining money or property by means of false or fraudulent pretenses, representations, or promises; 2) the statements made or facts omitted as part of the scheme were material, that is they had a natural tendency to influence, or were capable of influencing, a person to part with money or property; 3) the defendant acted with the intent to defraud, that is, the intent to deceive or cheat; and 4) the defendant used, or caused to be used, a wire communication to carry out, or attempt to carry out an essential part of the scheme. See Ninth Circuit Instruction 8.124.

10. **Title 15, U.S.C. §§ 78j(b) and 78ff; and Title 17, C.F.R. § 240.10b-5** prohibit securities fraud. The essential elements of this offense are 1) the defendant knowingly and willfully used or employed a manipulative or deceptive device, 2) the manipulation or deception was in connection with the sale of a security, 3) the manipulation or deception constituted a false statement or misleading omission of material fact. *See United States v. Jenkins*, 633 F.3d 788 (9th Cir. 2011).

11. **Title 18, U.S.C. § 1956(a)(1)(B)(i)** prohibits the laundering of proceeds from “specified unlawful activity” (SUA). The essential elements are 1) the defendant conducted or intended to conduct a financial transaction involving property that represented the proceeds of specified unlawful activity; 2) the defendant knew that the property represented the proceeds of specified unlawful

activity; 3) the defendant knew the transaction was designed in whole or in part to conceal or disguise the nature, location, source, ownership, or control of the proceeds of the specified unlawful activity; and 4) the defendant did something that was a substantial step toward committing the crime. See Ninth Circuit Model Jury Instruction 8.147. The money laundering statute specifically identifies § 1343 wire fraud as well as “fraud in the sales of securities” as “specified unlawful activity”.

THE DEFENDANTS

12. EASTERN METAL SECURITIES (EMS) first appeared on the internet on November 27, 2012 at www.easternmetalsecurities.com. Checks with public records detailing companies incorporated in the United States revealed no record of “EASTERN METAL SECURITIES”. The EMS website stated that the entity’s headquarters were located in Singapore with branch offices in Bangkok, Thailand and Vientiane, Laos.

13. ROGER NILS-JONAS KARLSSON was born June 20, 1974 in Limhamn, Malmo, Sweden. KARLSSON currently resides in Thailand and is married to NRnaam Dathong Karlsson, a Thai citizen. This affidavit establishes probable cause to believe that KARLSSON has operated a long-running investment scheme designed to steal funds by promising victims large payouts in exchange for small investments. As described more fully below, KARLSSON has

received more than **\$11 million** from victims located in the Northern District of California and elsewhere and has made none of the promised payouts.

ATTRIBUTION

14. The paragraphs to follow make reference to two email accounts that are used to deceive investors, register financial accounts, and to secure website infrastructure all in furtherance of the scheme. The following is offered as evidence that KARLSSON controlled said email accounts:

15. **euclid.diodorus@gmail.com** – Records received from Google show that the **euclid.diodorus@gmail.com** email account is accessed from IP addresses assigned to internet service providers located in Thailand. Analysis of those IP addresses shows that the **euclid.diodorus@gmail.com** account is accessed from IP addresses that are also used to access two email accounts KARLSSON uses personally. On September 6, 2018 at 10:43 a.m. UTC, Google logged a connection to **roger.karlsson@siamcasa.com** from a device assigned the IP address 101.109.104.108. Approximately one minute later at 10:44 a.m. UTC, Google logged the same IP address as being used to connect to the email account **euclid.diodorus@gmail.com**. Similarly, on October 25, 2018 at 0:21 UTC, Google logged a connection to **roger@pattayapropertyguide.com** by a device assigned the IP address 1.46.229.43. Approximately 4 minutes later at 0:25 UTC, Google logged a connection to **euclid.diodorus@gmail.com** from the same IP

address. Multiple items of evidence show that the roger.karlsson@siamcasa.com email account and the roger@pattayapropertyguide.com account are controlled by Roger Karlsson. One item of evidence came from records received from Coinbase, a virtual currency exchanger. The Coinbase records indicated that KARLSSON registered a Coinbase account using the email address roger.karlsson@siamcasa.com and provided a copy of his passport. In addition, KARLSSON listed himself as the Managing Director at Pagoda Hostel Lengkee. According to the Pagoda Hostel Lengkee's Facebook page, the website is www.siamcasa.com. KARLSSON posted a job opportunity for a chef and a sales person at a resort he owns. The job posting directed applicants to send CV/applications to KARLSSON at email address roger@pattayapropertyguide.com.

16. Authentication cookies are small files left on a user's device that allow users to continuously be logged in to their accounts. Companies that offer internet services such as Google use authentication cookies. Records provided by Google indicated that **euclid.diodorus@gmail.com**, roger.karlsson@siamcasa.com, and roger@pattayapropertyguide.com are all linked by the same authentication cookie. Linking the emails by authentication cookie means that the three accounts were accessed from the same device. Based on the authentication cookie link, the IP address link, and the evidence presented below

regarding KARLSSON's operation of EASTERN METAL SECURITIES, I believe that KARLSSON controls the **euclid.diodorus@gmail.com** account.

17. **euclidems2016@gmail.com** - Similar to the euclid.diodorus@gmail.com account, IP analysis indicates that euclidems2016@gmail.com and other email addresses used by KARLSSON were accessed multiple times from the same IP address within minutes of each other. For example, records received from Google indicated that Google logged a connection to roger.karlsson@siamcasa.com on May 15, 2018 at 6:34 UTC from IP address 183.88.244.103. Approximately 1 minute later, at 6:35 UTC, Google logged a connection to **euclidems2016@gmail.com** from the same IP address. The records also show that Google linked the **euclidems2016@gmail.com**, roger.karlsson@siamcasa.com, and roger@pattayapropertyguide.com accounts by authentication cookie; meaning they were accessed from the same device. From review of public records, I know that IP address 183.88.244.103 is assigned to an internet service provider located in Thailand. Based on this information as well as the evidence linking KARLSSON to EASTERN METAL SECURITIES provided below, I believe that KARLSSON controls the **euclidems2016@gmail.com** account.

THE SCHEME TO DEFRAUD

18. Beginning in approximately September 2006 and continuing to the date of this writing, KARLSSON used three websites to communicate false representations for the purpose of defrauding investors. According to records received pursuant to a subpoena, the current website, www.easternmetalsecurities.com was created on or about November 27, 2012, and was registered under the name "Steve Heyden," the email address "euclid.diodorus@gmail.com," and a physical address located in London, England. A review of domain registration company's records reflects that IP address (119.42.118.195) was assigned to an internet service provider located in Thailand. Based on my experience and training in these matters, it is likely the individual registering the website was also located in Thailand. Based on the evidence presented above regarding KARLSSON's use of euclid.diodorus@gmail.com, as well as evidence presented below, I believe that "Steve Heyden" is a fictitious name that KARLSSON used to register www.easternmetalsecurities.com. Because KARLSSON used a fictitious name rather than his own, it appears that KARLSSON intended from the beginning to use EASTERN METAL SECURITIES to defraud investors.

19. KARLSSON used the EASTERN METAL SECURITIES website to communicate a number of false representations to investors to defraud them of their money. The main investment product listed on the website was called a "Pre

Funded Reversed Pension Plan” (PFRPP). The website does not directly explain what a PFRPP is but it does state that investors who purchase shares of this plan are entitled to a payout of 1.15 kilograms of gold per share. The shares cost \$98 for the first share and \$38 for each subsequent share. As of January 2, 2019, 1.15 kilograms of gold was worth more than \$45,000.

20. The website does not explain how this extraordinary rate of return is possible but it does say that the risk of loss is eliminated. According to the website [emphasis not added]:

*“The Big, and I mean BIG difference with this is that the payout has already taken place within the banking system and the accounts the investors will hold is already funded (through a BG Bank Guaranteed Note) with the payout amount you can read about further down. This totally **eliminates the risk** and any hustle a financial institute could face with banks when the scheduled payments to members are due.”*

21. The website further states:

“With the PFRPP you not only have a number of shares that when sold out you will be paid, you will also have a set date that can’t be changed due to the fact that the accounts are funded already and only awaits for individuals to put their names on these accounts to be able to benefit from the payout amount. The “names” of all the accounts today is a registered Trust in Belize, Panama or South Africa. They are just waiting to be added with a beneficiary (You) for the already existing funds.”

22. In other communications to investors, KARLSSON informed the investors that a payout was going to happen. But, KARLSSON advised, in the very unlikely event that a payout did not happen, the investors were guaranteed

97% of the amount they invested. KARLSSON, writing under the fictitious name

“Joshua Millard”, communicated this in a post dated April 20, 2013:

This means that you will actually be a part of 2 Payouts as a HCI25 investor. The first RPP with HCI25 and the PFRPP with EMS as well. Bear in mind the guarantee we have as well. There is still the 97% payback guarantee (this goes for both payouts now) if we for some reason should falter the payout (that isn't an option of course, , only Force Majeure like WW3 could stop it) To sum that that up. If you had the bank account with HCI25 when it closed you need the Trust Package with EMS for the payout, that's priced at \$98. Use LR accounts U9197959 or U9949738.

A post dated December 23, 2017 actually increased the amount investors would receive if the payout did not occur:

People have asked again about the Investment security and that has actually been increased to 98,75% of your invested amount, so thats a security for you thats real and gives any Investor the peace of mind that the Investment itself can never be lost. Please keep that in mind.

A similar post dated December 15, 2016 indicates that nothing can stop the payout:

It has been a Veeery long journey and Im sure none of the people involved would want to go through this again. But believe me when I say. There is absolutely NOTHING that can stop these TWO (2)!! Payouts no matter what you hear or whatever conclusion You or any other make about this. This is a sure thing and it really needs to be done so that they can learn from this for future Investment programs that could be similar to the ones we have here now, but never as attractive as this PFRPP/RPP has been. The returns are simply to great to have this as a common financial investment instrument for any financial institute/bank

23. The statements that, barring any major circumstances, the investors would receive their promised payouts and that, at worst, the investors would still receive at least 98.75% of their investment back are false representations made by KARLSSON. As indicated previously, KARLSSON's use of fictitious names as well as evidence presented below that investor funds are sent to bank accounts KARLSSON holds personally, demonstrate that these statements are false. The government also has found no evidence of any pre-funded accounts held by KARLSSON that would allow him to pay off the investors.

24. One of the statements above mentioned HCI25. Review of archived versions of www.hci25.com using a service¹ that has taken periodic snapshots of

¹ Internet Archive is a non-profit found at www.archive.org. Internet Archive has been taking snapshots of websites for more than 20 years and allows anyone to view the archived versions of websites free of charge.

websites as they appeared in the past, shows that HCI25 is an investment scheme similar to EMS. Review of www.hci25.com shows that it began 6 years prior to EMS, in September 2006, and that HCI25 had many similarities to EMS including the use of the email address euclid.diodorus@gmail.com and the same fictitious names, Joshua Millard and Euclid Diodorus.

25. In addition, HCI25 offered a similar investment opportunity as EMS. Review of www.hci25.com/current_project as it appeared on October 27, 2008, revealed an investment opportunity “through a combined pension / life insurance fund” where the investor pays a \$45 administrative fee and in turn will receive a payout of \$78,000.

26. On March 28, 2013, a post to the EMS website stated that they have “joined hands” with one of their “competitors”, HCI25, Human Capital Insurance. Based on the evidence showing that KARLSSON controlled the euclid.diodorus@gmail.com account, the use of the same fictitious names, and tracing monies received by HCI25 to KARLSSON (detailed below), I believe there is probable cause to believe that KARLSSON controlled HCI25 and this was not a joining of hands by competitors. Instead this appears to be KARLSSON bringing the two sets of investors together so he can manage both via one communication.

27. After combining HCI25 and EMS, KARLSSON used both websites to communicate false representations about why the payout had not occurred.

KARLSSON posted multiple communications that stated that releasing so much money all at once could cause a negative effect on financial systems throughout the world. For example, a post dated March 27, 2015 read:

One big concern the authorities have is that they dont know how the "normal" bank community will react when they are faced with what we are doing here and offering, and in comparence to what the "normal" banking community can do in regards to ROI (Return On Investment)

We are all aware that it will create some upsets and the banking industry will most likely never be the same again. It could even go as far as this.... That this is the last Offline RPP that will pay out as well due to the fact that many clients/customers in "normal" banks wishes to withdraw funds to Invest in these kind of Financial Products when they FINALLY SEE IT WORKS, and if millions and millions of people do this, it could have a very negative effect on the bank system worldwide as we know it today....

So the subject is extremely delicate and must be handled very carefully in all aspects.

With that being said I can personally assure you that we WILL see a payout, , we have come to far not to see this and the Banking Community will have to adapt to a temporary drop in their business activities as it will create some turbulence to say the least and it Will be a big news topic worldwide.

And this post dated December 28, 2015:

So please understand, all delays is due to things that needs to be controlled 100% before they "hit the button". If something goes wrong in the banking community in regards to other transfers that is being done on a daily basis, we could see a stop of the payout and that could mean we could face a very long time before we get another chance. This is not about IF we are going to have a payout. Its Only a matter of When and with that When, it needs to be when they have everything clear in regards to how the markets will react.

28. These statements were false on their face and were used by KARLSSON to further delay the inevitable moment investors realized there would be no payout. In the meantime, KARLSSON continued to accept new investors and the purchase of more shares from current investors. KARLSSON frequently posted updates on the website that detailed how great this investment is and that it will not be available again. The posts frequently mentioned how terrible it is that not everyone will get to hear about the investment before it is gone and the posts frequently encouraged investors to recruit others. One of the more interesting examples of this occurred in a post dated July 27, 2017, in an announcement that Euclid Diodorus had passed away. In the same post, KARLSSON stated that Diodorus wanted the investors to do their best to make sure this investment opportunity is spread all over the world:

He wanted to make sure that we All did our very best to make sure this opportunity that we offer here was spread all over the world, he Knew, as well as we do now, that this opportunity wont come back.. period.. He was a bit anxious about that not being able to keep an opportunity like this out there forever for everyone to enjoy.

29. According to other posts, Diodorus was a resident of New York City and died in New York City on July 23, 2017. I was unable to find any evidence that anyone with the name Euclid Diodorus had lived in New York City or anywhere in the United States. Because the evidence shows that KARLSSON used Diodorus as a fictitious name, it also appears that KARLSSON fabricated his death and used it to encourage more investment. Prior to Diodorus' "death", a post from Diodorus dated February 17, 2017 read:

What if they don't get the chance that THEY deserve just as much as us? Is there time enough to "find us" for all the people that really deserves this after a life of perhaps pain and suffering? I have asked Mr. Millard and also the Board of Directors and the banks involved in this what more we can do to reach out to AS MANY AS POSSIBLE before we "close the doors" forever for Investments like this. That also makes me slightly anxious, that this opportunity wont ever come back. Ive had a hard time grasping that as I really want ALL to experience what we are about to experience, but at the same time I Know that not all will find us before its to late.

I have reached out to Mr. Millard and the management team about this for a suggestions that involves a bit of charity from their side. Will let you all know what they decide as soon as they have responded to my request/wish.

A post dated March 6, 2017 read:

Every Investor in EMS/HCI25 will be granted to give what we would like to call an "Angel Gift" , this is limited to 2 individuals per Investor and means that whatever you Invest for yourself between March 7th to April 17th, EMS together with the Banks will match 100% and incl The Trust.

Example..You invest 20 Shares for 760 Dollar (You will receive 100 Shares valued at 3800 Dollar) You then have the option to pick 1 or 2 people to give this gift. It can be one person that receives 100 Shares or 2 people receiving 50 shares each, incl The Trust.

This was intended to encourage current investors to invest more since whatever they invested would be matched and gifted to someone they designate. The same

post that announced Diodorus' death provided another investment opportunity to honor him:

In the Investments made from today up until Sept 18th , 10% will be allocated to the ceremony that will be held here in NY on Aug 13th and the ashes of Euclid will then be flown to Santorini in Greece, which is what he wanted for family reasons. After Aug 13th that 10% will be allocated to raise a monument outside of our offices which we have people working on right now and that will also be for past staff that has passed but also of course incl Mr Stallings that was our founder.

Obviously we cant disclose where the NY ceremony will take place due to the fact he only wanted the closest family there but it will be revealed once it has taken place.

30. In addition to being unable to locate any record of Diodorus residing in New York, it appears the other names KARLSSON used were fabricated. KARLSSON used the names "Lars Georgsson", and "Joshua Millard" in addition to Diodorus, as employees of EMS. KARLSSON used these names to make false representations to investors. Multiple posts indicated that these three individuals

lived in New York City and worked for EMS. Georgsson supposedly was born and raised in New York according to one post. Attempts to identify anyone residing in or near New York City with any of these three individuals' names have failed. In addition, comparing the writings of these three individuals shows the same grammatical errors by all three of the writers which indicates it is actually one individual writing as three people. Specifically, it is common for all three writers to capitalize words that normally would not be capitalized in a sentence. In addition, all three frequently failed to use apostrophes when writing contractions. For example, a post dated January 14, 2018, supposedly from Millard stated [highlights added]:

As we predicted earlier in 2017 we knew that the Washington simulations would be the hardest one as there is a lot of politics involved here, **thats** the main reason we postponed this **State** earlier last year and wanted to finish it all there. And we also need to make sure we have checked, double checked and even triple checked the simulations here before we hit the **Big** "pay out button". we are also doing this now with all other **States** as we saw what happened with the sudden stress tests we had in Washington.

31. A post dated June 23, 2018, supposedly from Georgsson [highlights added]:

June 23rd 2018

NOTE !!! Less then ONE WEEK away now **to Invest** using PM (Perfect Money) as payment option !! Hurry up if you only have that option guys ! After June 30th **it wont** be possible anymore and **it wont** come back....Acc.nr U4121947 Lars

32. A post dated November 14, 2015, supposedly from Diodorus

[highlights added]:

November 14th 2015

Hello My Dear Friends After have just finished registrations of last weeks **Investment** we hereby have last weeks lucky draw winners.. 1000 Dollar to username : Christian 500 Dollar to username : ramack 250 Dollar to username : Silverfox 2244 Congrats all and **Good Luck for next Week**..Also **dont** forget the trips we have up for grabs for the people investing more than 15 shares..deadline Dec 30th, IF we dont have a payout before that is..God Bless My Friends. Ps. Of course, today our thoughts, prayers are sent to the people of Paris, France. **Its** a sad world we are living in sometimes and we must all start to take care of each other and spread love...not hate.. Euclid

33. Review of Karlsson's Facebook page revealed Facebook posts with the same grammatical errors as detailed in the above EMS posts. For example

[highlights added]:



Roger Karlsson shared a video to the group: Thailand World
Property Yachts Sell Buy Invest.

September 9, 2017 · 🌐

Yes its true...

For those that didn't have time to make the decision to Invest in the first deal we at ETA had with the Hotel Offering we can now inform you that all of the 1000 units at 350,000 Baht each have been invested in and that Investment opportunity is now closed....We scheduled for it to take about 12 weeks but took 7 weeks. I believe that one of the reasons is that many more understand the concept now which is easily explained in this Video so please have a look. The offer that was just closed ranged between 5-8% P.A. and we now have an even better deal on the table that was launched today guaranteeing you a fixed 7% P.A. for 15 Years.

It starts at 200,000 Baht...Dont wait this time ok ?

And if you're a Real Estate Agent ? Insurance Broker ? Financial Advisor ?
Or just a human being ? 😊

It doesnt get any easier then this so contact us so that you can get this out to your clientele ok ?

Schedule your meeting today

info@emergingtrendsadvisors.com

34. KARLSSON falsely represented to investors that the three individuals above were responsible for EMS in order to hide his own identity from investors.

35. KARLSSON has made false representations that EMS is working with the U.S. Securities and Exchange Commission, (SEC) to prepare the way for the payout:

January 7th 2014

Sorry for the delays my friends...Things are progressing slowly but surely and News Release will come on Monday January 13th after the weekend meetings with the SEC that have been very productive in regards to the payout. Stay tuned !

and from a post dated April 20, 2013:

We believe that in our talks with the SEC that going on the Metal road together with EMS is the only way. That is the SEC's advice as well.

36. I have communicated with a representative from the SEC who stated that all of the EMS claims regarding the SEC are false. The SEC has not met with anyone from EMS.

37. KARLSSON has falsely informed investors that payouts had to be delayed because the SEC would not allow the payouts. Those representations were false.

38. KARLSSON warned investors not to write anything negative about EMS or they will not get their payout. A post dated March 16, 2017:

If there is ANYTHING negative to say about this please address this in an email to Me. I will be more than happy to put a freeze to your account and You will be the first to get a refund on the Invested capital and nothing more while the others are getting their initial payout and plan for their NY trip at the same time. Its time to stop this negativity and I will be watching All that is written publically in any shape or form on any forum/social media.

39. In addition, a post dated October 2, 2018 stated that the consequences for writing negative things about EMS was jail time:

I can also inform about the progress we have made about the people that has been trying to put a stop to us and reported us over the years. The first 3 cases have been settled and they were sentenced to 3 months in jail for defamation, however, after having these individuals signing some Docs and NDA's we have now reached another settlement. We are not in this business to put people in Jail, but we felt it was necessary to stand up to these accusations and let it go through the court system. They obviously regret what they did after viewing the documentation we have in place for all of this. It's a shame that people don't trust what we do though, but all this is behind us now and we have proven these accusers wrong. All other pending cases with its accusers will be informed accordingly and they will then withdraw any accusations they have had. Its nice to see that the good guys win and that we are here to protect All of our Investors we have gathered over the years.

40. Based on this information, I believe that many investors originally bought in to the program believing it was real and have not openly complained for fear that if the payout actually occurs they will lose out.

41. Review of the email messages contained in the email address westerbergkenth@gmail.com revealed that KARLSSON has created another fraudulent investment program. The westerbergkenth@gmail.com account is controlled by KARLSSON based on records received from Google that indicate the account is linked by common cookies to the roger.karlsson@siamcasa.com account and the roger@pattayapropertyguide.com account. Further, review of the contents of the emails in the account show that the person controlling the account is the same person that operates EMS. In an email dated June 19, 2018, KARLSSON used the westerbergkenth@gmail.com account to email a website developer: "Any luck finding me a guy that could assist me in the new website similar to EMS , but look totally different obviously." The web developer agreed to oversee the project and in an email dated August 8, 2018, the web developer asked KARLSSON about whether hosting the website in the UK or offshore was preferred. KARLSSON replied "register them where u [sic] think is most appropriate and safe for all parties involved..." and "Not necessary unless you think it is vital ?? As long as we cant [sic] be tracked with anything". Later in

the email in response to a question from the developer about timing, KARLSSON writes:

"Sounds ok, would be nice to perhaps try to get it out 3rd week in Oct if possible, im doing a sort of lap over from EMS at that time as I have "milked" that as far as I can do now im thinking, , might continue with it a while longer but this new site should pop up and there will be a small connection with them that will get the EMS Investor to understand that this site is "real" also and trustworthy...."

42. From these writings, it is apparent that KARLSSON believes he has stolen as much as he can from the EMS investors and would like to continue receiving funds in a fraudulent manner with this new website.

FINANCIAL ANALYSIS

43. KARLSSON directed investors to unconventional methods of payment for the purchase of shares. KARLSSON does not accept traditional methods of payment such as bank transfers or credit cards. The current accepted methods of payment are Bitcoin, Perfect Money, and C-Gold. Perfect Money is based in Panama and C-Gold is based in Seychelles according to their respective websites. Bitcoin is a decentralized virtual currency and has no centralized authority or home country. From my training and experience, I know that fraudulent online investment schemes typically use one or more of these payment methods because transactions are irrevocable, meaning that once a transaction is executed, it cannot be reversed even in instances of fraud. This is unlike a bank or

credit card transaction which can be reversed when fraudulent transactions are processed. In addition, by design, Bitcoin, Perfect Money, and C-Gold all have no, or very minimal, anti-money laundering checks in place and are frequently used for fraud.

44. From analysis I have conducted on the bitcoin addresses listed on the EMS website as well as bitcoin addresses provided to investors in emails from euclid.diodorus@gmail.com and euclidems2016@gmail.com, I have identified 199 bitcoin addresses used by EMS to receive bitcoin from investors. Review of the transactions of these 199 bitcoin addresses on February 19, 2019 shows that these 199 addresses received **868.4217** bitcoin valued at the time of transaction at **\$5,448,805.52**.

45. Review of the bitcoin that was transferred out of the bitcoin addresses controlled by EMS led to accounts in the name of KARLSSON. Specifically, I have traced 8.606126 bitcoins valued at the time of transfer at \$38,989.76 that were sent from EMS controlled bitcoin addresses to bitcoin address 1HeSHpi1xzi4yT6b1Weu8RogLc5WNvv24C. Records received from a virtual currency exchanger called "Binance" revealed that bitcoin address 1HeSHpi1xzi4yT6b1Weu8RogLc5WNvv24C is assigned to an account registered using roger@pattayapropertyguide.com. As mentioned previously, the email address roger@pattayapropertyguide.com was used by KARLSSON on his

Facebook page on November 2, 2018 in a post that detailed a job opportunity for a chef and sales person at a resort he operates in Thailand.

46. Furthermore, analysis of transfers out of bitcoin addresses controlled by EMS revealed 762.8317 bitcoins valued at \$4,686,206.12 that were transferred to a Thailand based virtual currency exchanger named Bitcoin Co. Ltd. using the website www.bx.in.th. From review of records received from Google pursuant to a search warrant on the email account roger.karlsson@siamcasa.com, it appears the Bitcoin Co. Ltd. account is controlled by KARLSSON. On November 16, 2018, KARLSSON received an email from Bitcoin Co. Ltd. stating:

"Roger Karlsson

Your deposit of 11.00000000 BTC has been received and credited to your account balance."

This email occurred within an hour of a transfer of 11 bitcoins (\$61,268.46) from a bitcoin address controlled by EMS to bitcoin address

3BttQPsatMqtyTDcQaghBv7TJ1dYJp2eBW. Based on my training and experience with virtual currency exchangers, I know that virtual currency exchangers typically assign unique bitcoin addresses to each customer referred to as "deposit addresses". Anytime that a deposit address receives virtual currency, the customer's account is credited. Because the 11 bitcoin deposit from EMS occurred in close proximity to the email advising KARLSSON of receiving 11

bitcoins into his Bitcoin Co. Ltd. account, I believe that Bitcoin Co. Ltd. assigned the deposit address 3BttQPsatMqTyTDcQaghBv7TJ1dYJp2eBW to KARLSSON. In addition, other transfers from EMS to 3BttQPsatMqTyTDcQaghBv7TJ1dYJp2eBW were followed by emails from Bitcoin Co Ltd. notifying KARLSSON of the transfer. Through the process above, namely, identifying deposit addresses by review of emails in the roger.karlsson@siamcasa.com account, I identified four total deposit addresses used by KARLSSON to receive EMS funds. The four deposit addresses received 460.9257 bitcoins valued at \$2,553,431.35 at the time of transfer.

47. After KARLSSON received the 11 bitcoins detailed above, a subsequent email from Bitcoin Co. Ltd. to roger.karlsson@siamcasa.com indicated that KARLSSON had exchanged 11 bitcoins for 1,987,331.78 Thai Baht (THB). A subsequent email from Bitcoin Co. Ltd. requested that KARLSSON verify that he had requested that 1,982,364.00 THB be transferred to bank account number 0388036648 at KBANK (Kasikornbank) held in the name of ROGER KARLSSON.

48. There were multiple emails that showed transfers of THB to bank accounts in the name of KARLSSON. For example, an email dated October 23, 2018, detailed a transfer of 2,000,000 THB to SCB (Siam Commercial Bank) account number 8562354260 in the name of ROGER NILS JONAS KARLSSON.

An email dated October 29, 2018, detailed a transfer of 2,000,000 THB to KTB (Krung Thai Bank) bank account number 2270316290 in the name of ROGER NILS-JONAS KARLSSON.

49. In summary, the evidence shows that KARLSSON used the EMS website to direct investors to send funds to bitcoin addresses controlled by him. KARLSSON then transferred bitcoin from those addresses to accounts he held at virtual currency exchangers Binance and Bitcoin Co. Ltd. KARLSSON used Bitcoin Co Ltd. to convert bitcoins to Thai Baht and then transferred the Thai Baht to bank accounts held personally by KARLSSON.

Liberty Reserve Accounts

50. Review of the websites used by HCI25 to communicate with investors, www.hci25.com and www.hci25.net, revealed HCI25 accepted payment via non-traditional methods of payment including E-Gold and Liberty Reserve. The E-Gold owner, Dr. Douglas Jackson, and the Liberty Reserve owner, Arthur Budovsky, each pled guilty, in separate investigations, to money laundering violations related to their operation of the two virtual currencies. In a post to www.hci25.com/home_news dated October 13, 2008, HCI25 announced that they had added Liberty Reserve account number U9605260 for investors to send funds to. From records obtained during my involvement in an unrelated investigation of Liberty Reserve, I know that account U9605260 received \$150,029.08. Liberty

Reserve users had the option to include a message to the receiver of the funds in a memo. Most of the transactions contained a memo that indicated the payment was for investment purposes.

51. The registration records for account U9605260 indicated that the account was opened in the name of Krister Joelsson with an address of Teraplaza 37, New York, New York. A search of public records aggregated by a paid service, revealed no records of anyone in the United States named "Krister Joelsson". From my investigation of Liberty Reserve, I know that many criminals used Liberty Reserve because Liberty Reserve allowed false identification information to be entered when registering accounts.

52. In addition, review of www.hci25.com as it appeared on February 28, 2009, revealed instructions for investors to send funds to Liberty Reserve account U2972180. Account U2972180 was registered using the email account euclid.diodorus@gmail.com and received deposits totaling \$625,179.78. Again, most of the transactions contained memos that included indications that the purpose of the transfer was to invest in a product offered by HCI25.

53. Review of a June 7, 2012 version of www.hci25.com/home_news revealed that KARLSSON directed investors to send funds to Liberty Reserve accounts U1677252 or U1134586. Review of the transaction information for these accounts revealed that they received deposits totaling \$2,419,317.88 and

\$61,776.25 respectively. Many of the memos attached to transfers to these accounts contain indicators that the transfers were for investment purposes. The U1677252 account was registered in the name of "Leif Karlsson" of Athens, Greece. The U1134586 account was registered in the name of Paramon Larasoft of New Castle, Delaware. A search of public records aggregated by a paid service, revealed no records of anyone in the United States named "Paramon Larasoft".

54. A post to the HCI25 website dated April 20, 2013 instructed investors to send funds to Liberty Reserve account U9197959 or U9949738. Review of the transaction history for these accounts revealed that they received \$3,478,451.18 and \$120,697.31 respectively. The U9197959 account received \$1,242,474 from Liberty Reserve accounts controlled by KARLSSON; therefore, of the \$3,478,451.18 total deposits, \$2,235,977.18 are deposits from investors. A majority of the deposits to both accounts contain memos that indicate that the transfer was for investment purposes. The Liberty Reserve records indicate that the U9197959 account was registered in the name of "Steve Heyden" of Athens, Greece, the same name used to register the www.easternmetalsecurities.com website. The U9949738 account was registered in the name of Kenth Westerberg of Stockholm, Sweden using the email address westerbergkenth@gmail.com. Records received from Google indicate that this email account is linked by common cookies to the roger.karlsson@siamcasa.com account and the

roger@pattayapropertyguide.com account meaning that KARLSSON likely controls the westerbergkenth@gmail.com account.

55. Review of the transaction records for all of the Liberty Reserve accounts used by KARLSSON revealed that most of the investment fraud proceeds were sold to virtual currency exchangers. From my experience with the Liberty Reserve investigation, I know that these virtual currency exchangers buy and sell Liberty Reserve currency in exchange for fiat currency. The transaction records indicate that the exchangers sent Western Union payments or bank transfers to KARLSSON or individuals he directed to receive funds.

56. The total amount of bitcoin and Liberty Reserve funds KARLSSON has received as a result of the HCI25 and EMS schemes totals **\$11,061,783.00**, detailed as follows:

Account	Total Investor Deposits (USD)
U2972180	\$625,179.78
U1677252	\$2,419,317.88
U9949738	\$120,697.31
U9605260	\$150,029.08
U9197959	\$2,235,977.18
Bitcoin (2/19/2019)	\$5,448,805.52
U1134586	\$61,776.25
Total	\$11,061,783.00

57. As detailed previously, the evidence shows that KARLSSON received these funds in the form of virtual currency, exchanged the virtual currency for fiat

currency, and transferred the fiat currency to personal accounts. Review of KARLSSON's Facebook page revealed that he is the Managing Director of three companies that involve real estate including Elysian Pearl Villa & Condominium Resort. Based on this information and the fact that KARLSSON transferred the virtual currency to personal bank accounts rather than business accounts, I believe that KARLSSON used much of the investor funds to invest in real estate in Thailand. Because the funds were sent to KARLSSON's personal bank accounts and now appear to be tied up in real estate, there is probable cause to believe that KARLSSON does not have prepaid reserves sufficient to pay the investors the payout he represented would be paid, and that KARLSSON never intended to pay investors the proposed payout or refund investors 98.75% of their funds as he repeatedly promised.

VICTIMS OF KARLSSON AND EASTERN METAL SECURITIES'

FRAUD

58. Through review of records received from Coinbase as well as records received during the investigation of Liberty Reserve, thus far I have identified 3,575 individuals located throughout the world that invested in EMS and HCI25. Of those 3,575 individuals, I have identified 31 individuals that appear to reside in the Northern District of California. Once EMS and HCI25 are shutdown, I expect these numbers to rise. I know of individuals located in the United States that act as

collection points for other investors. These collection points take fiat currency from investors either in person, via bank wire, or via bank deposit, convert that fiat currency to virtual currency, and send the virtual currency to EMS on behalf of the original investor.

59. In addition, from records received from Coinbase, I have identified 195 individuals (included in the 3,575 figure above) that used Coinbase, a virtual currency exchanger headquartered within the Northern District of California, to send bitcoin valued at \$887,422.35 to EMS.

**KARLSSON AND EASTERN METAL SECURITIES' VIOLATIONS OF
THE WIRE FRAUD AND SECURITIES FRAUD STATUTES**

60. As shown above, there is probable cause to believe that KARLSSON intentionally devised a scheme that was designed to obtain money by false representations. KARLSSON has executed this scheme by using EMS to communicate fraud and false statements to investors purchasing securities. KARLSSON used EMS and the internet, a form of wired communication, to carry out the essential part of communicating the false representations to victims located in the Northern District of California and elsewhere. Those false representations include:

- From at least April 1, 2013, and continuing to at least February 25, 2019, the EMS website, easternmetalsecurities.com/content.php?id=130,

detailed an investment where investors could pay a small fee and receive a payout that far exceeded their investment.

- On multiple occasions, including updates dated October 18, 2014, March 15, 2015, June 12, 2015, October 6, 2015, and November 25, 2018; KARLSSON used the EMS website to make representations that certain “authorities” were responsible for delaying the payout.
- On multiple occasions, including updates dated April 20, 2013, October 19, 2013, January 7, 2014, and November 13, 2017; KARLSSON used the EMS website to claim that EMS is working with the SEC to ensure a payout occurs.
- On multiple occasions, including updates dated April 20, 2013, May 16, 2013, September 29, 2013, March 10, 2015, and December 23, 2017; KARLSSON used the EMS website to guarantee to investors that they would be refunded a large percentage (97%, 97.5%, and 98.75% at various times) of their investment if the payout did not occur.
- On multiple occasions, including updates dated March 1, 2016, December 15, 2016, February 17, 2017, March 6, 2017, July 27, 2017, and December 23, 2017; KARLSSON used the EMS website to inform investors that Joshua Millard, Euclid Diodorus, and Lars Georgsson were employees of EMS.

KARLSSON AND EASTERN METAL SECURITIES' VIOLATIONS OF
THE MONEY LAUNDERING STATUTE

61. As the evidence shows above, there is probable cause to believe that KARLSSON and EASTERN METAL SECURITIES did conduct financial transactions with the proceeds of wire fraud, a specified unlawful activity, with the intent to conceal or disguise the nature, location, source, ownership or control of the proceeds. Specifically, KARLSSON and EASTERN METAL SECURITIES received **\$11,061,783.00** as a result of the wire fraud above and converted it to personal use through various financial transactions including the following:

Date	Bitcoin From EMS to bx.in.th	USD Value	Date	THB From bx.in.th to KARLSSON Bank Accounts	Bank Account	Account Holder Name
10/07/2018 1:29	10	\$65,577.70	10/07/2018	2,000,000.00	KTB 2270316290	Roger Nils-Jonas Karlsson
10/11/2018 5:44	15	\$93,989.10				
10/12/2018 0:52	10	\$62,609.10				
10/15/2018 0:35	12	\$78,032.88				
10/17/2018 6:46	11	\$71,495.71	10/17/2018	1,499,242.00	KBANK 0388036648	Roger Karlsson
10/18/2018 2:59	5	\$32,602.65				
10/23/2018 0:58	15	\$96,658.95	10/23/2018	2,000,000.00	SCB 8562354260	Roger Nils Jonas Karlsson
10/29/2018 1:47	19	\$121,511.84	10/29/2018	2,000,000.00	KTB 2270316290	Roger Nils-Jonas Karlsson
10/30/2018 1:45	14.3	\$90,349.55	10/31/2018	2,000,000.00	KTB 2270316290	Roger Nils-Jonas Karlsson
11/03/2018 7:10	14	\$89,112.38	11/03/2018	2,000,000.00	KTB 2270316290	Roger Nils-Jonas Karlsson
11/07/2018 0:16	13.7	\$89,541.56				
11/16/2018 23:56	11	\$61,268.46	11/16/2018	1,982,364.00	KBANK 0388036648	Roger Karlsson
11/20/2018 4:32	34	\$157,229.60				
11/25/2018 5:22	24	\$92,295.36				
11/27/2018 9:05	35	\$132,074.95	11/28/2018	1,000,000.00	KBANK 0388036648	Roger Karlsson
12/03/2018 2:44	8.2	\$32,714.39	12/04/2018	2,000,000.00	KBANK 0388036648	Roger Karlsson
12/06/2018 8:40	17.1	\$64,101.92	12/06/2018	1,237,584.00	KTB 2270316290	Roger Nils-Jonas Karlsson
12/07/2018 10:39	3.92	\$13,374.77	12/07/2018	1,008,472.00	KBANK 0388036648	Roger Karlsson
12/08/2018 10:45	9.7	\$33,289.33	12/08/2018	1,127,236.00	KTB 2270316290	Roger Nils-Jonas Karlsson
12/10/2018 2:50	2.77	\$9,804.55				
12/16/2018 11:24	15.8	\$51,557.30	12/16/2018	861,113.00	KTB 2270316290	Roger Nils-Jonas Karlsson
Total		\$1,539,192.05	Total	THB 20,716,011.00		

KARLSSON and EASTERN METAL SECURITIES executed these transactions with the knowledge that the funds were derived from proceeds of wire fraud and securities fraud.

62. On or about November 18, 2018, KARLSSON and EASTERN METAL SECURITIES received approximately \$60,040 in virtual currency that was sent to KARLSSON and EASTERN METAL SECURITIES from investors. Investors in EMS sent bitcoin to a recruiter named Jerry Lillibridge. Lillibridge then forwarded the bitcoin, through the virtual currency exchanger Coinbase, to KARLSSON and EASTERN METAL SECURITIES. Coinbase is located in San Francisco, in the Northern District of California. That constituted a financial transaction with the proceeds of wire fraud and securities fraud with the intent to conceal KARLSSON and EASTERN METAL SECURITIES' ongoing criminal activities – in violation of the money laundering statute.

CONCLUSION

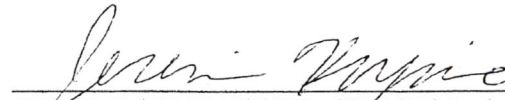
63. Based on my training and experience and the facts set forth in this affidavit, there is probable cause to believe that the defendants have committed violations of law to include Title 18, United States Code, Section 1343 (Wire Fraud); Title 15 United States Code Sections 78j(b) and 78ff, and Title 17 of the Code of Federal Regulations Section 240.10b-5 (Securities Fraud); and Title 18 United States Code, Section 1956 (Money Laundering). I therefore request that you issue the attached arrest warrant and criminal complaint.

64. Your affiant works and resides in Michigan and, therefore, seeks permission of this Court to swear to the complaint telephonically pursuant to Fed.

R. Crim. P. 4.1. Your affiant proposes to swear to the contents of the complaint and this affidavit. Your affiant has an exact copy of the paperwork provided to this Court via reliable electronic means and will complete and maintain a duplicate original of the paperwork.

Sworn to telephonically.

Dated:


JEREMIAH HAYNIE, SPECIAL AGENT
Internal Revenue Service - Criminal Investigation

Dated:

3/4/2019


HON. JOSEPH C. SPERO
United States Chief Magistrate Judge