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UNITED STATES DISTRICT COURT  
FOR THE CENTRAL DISTRICT OF CALIFORNIA

January 2023 Grand Jury

UNITED STATES OF AMERICA,

CR No. 22-276(A)-DSF

Plaintiff,

F I R S T  
S U P E R S E D I N G  
I N D I C T M E N T

v.

DAVID GILBERT SAFFRON,  
aka "David Gilbert,"  
aka "Dave Gabe,"  
aka "Bitcoin Yoda,"  
aka "The Blue Wizard," and  
VINCENT ANTHONY MAZZOTTA, JR.,  
aka "Vincent Midnight,"  
aka "Anthony,"  
aka "Delta Prime,"  
aka "Director Vinchenzo,"

[18 U.S.C. § 1349: Conspiracy to  
Commit Wire Fraud; 18 U.S.C.  
§ 1343: Wire Fraud; 18 U.S.C.  
§ 3147: Offense Committed While on  
Release; 18 U.S.C. § 371:  
Conspiracy to Obstruct Justice;  
18 U.S.C. § 1956(h): Conspiracy to  
Commit Money Laundering; 18 U.S.C.  
§ 1957: Money Laundering;  
18 U.S.C. §§ 981 and 982 and  
28 U.S.C. § 2461(c): Criminal  
Forfeiture]

Defendants.

The Grand Jury charges:

COUNT ONE

[18 U.S.C. § 1349]

[ALL DEFENDANTS]

A. INTRODUCTORY ALLEGATIONS

At times relevant to this First Superseding Indictment:

RELEVANT ENTITIES

1. Circle Society was a purported cryptocurrency investment

1 and online trading platform that was founded in or around 2018 and  
2 incorporated as Circle Society Corp.

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

8 3. The Federal Crypto Reserve was a fictitious entity that  
9 purported to be "a government funded school for crypto" and purported  
10 to assist victims of cryptocurrency fraud.

11 4. The Federal Crypto Reserve conducted its business  
12 principally by means of e-mail and a website accessible at  
13 <https://federalcryptoreserve.com> (the "Federal Crypto Reserve  
14 Website"). The Federal Crypto Reserve Website was accessible to the  
15 public, including to individuals within the Central District of  
16 California.

17 5. Runway Beauty, Inc., and its affiliates and subsidiaries  
18 (collectively, "Runway"), were operated in the Central District of  
19 California and promoted an online fashion magazine.

20 6. The Commodity Futures Trading Commission ("CFTC") was an  
21 independent agency of the executive branch of the United States  
22 government. The CFTC was responsible for regulating commodity  
23 derivatives markets in the United States.

24 RELEVANT INDIVIDUALS

25 7. Defendant DAVID GILBERT SAFFRON, also known as ("aka")  
26 "David Gilbert," aka "Dave Gabe," aka "Bitcoin Yoda," aka "The Blue  
27 Wizard," was a resident of Los Angeles County, California. Defendant  
28 SAFFRON owned and controlled Circle Society.

1           8. Defendant VINCENT ANTHONY MAZZOTTA, JR., also known as  
2 "Vincent Midnight," aka "Anthony," aka "Delta Prime," aka "Director  
3 Vinchenzo," was a resident of Los Angeles County, California.  
4 Defendant MAZZOTTA was the CEO of Runway and purported to be the  
5 Director of the Federal Crypto Reserve.

6           9. Co-conspirator David Lee Kagel ("co-conspirator Kagel") was  
7 a resident of Los Angeles County, California. At relevant times, co-  
8 conspirator Kagel was a licensed attorney.

9           10. Co-conspirator 1 ("CC-1") was a resident of Los Angeles  
10 County, California.

11           RELEVANT TERMS

12           11. A "cryptocurrency" was a form of digital currency in which  
13 transactions were verified and records were maintained by a  
14 decentralized computer network using cryptography, rather than a  
15 centralized authority such as a bank or government. Like traditional  
16 fiat currency (defined below), there were multiple types of  
17 cryptocurrencies, including Bitcoin, Ether, Litecoin, and Tether.

18           12. A "blockchain" was a digital ledger that was distributed  
19 and maintained across a decentralized network of computers. Each  
20 blockchain recorded transactions for a particular type of  
21 cryptocurrency. The blockchain was accessible to the public on the  
22 internet, including to individuals within the Central District of  
23 California.

24           13. A "cryptocurrency wallet" was a type of digital wallet that  
25 was assigned electronic identifiers that formed a unique electronic  
26 address. Cryptocurrency wallets were software applications on  
27 computers or mobile devices such as phones or tablets.  
28 Cryptocurrency owners typically stored their cryptocurrency in such

1 wallets and could use an internet connection to access the blockchain  
2 network to send or receive cryptocurrency to or from other wallets.

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

6 CRYPTOCURRENCY MARKETS

7 15. Certain cryptocurrencies were used as digital currency to  
8 pay for goods and services.

9 16. Any one type of cryptocurrency could also be exchanged or  
10 traded for some other asset, including a different type of  
11 cryptocurrency or some amount of a fiat currency, such as U.S.  
12 Dollars.

13 17. Although cryptocurrency transaction details were publicly  
14 available on the blockchain, the identities of the person or persons  
15 controlling the cryptocurrency wallet addresses were not recorded on  
16 the blockchain or otherwise publicly available. Thus, cryptocurrency  
17 trading could be done anonymously.

18 18. In addition to using cryptocurrency as a digital currency  
19 to pay for goods and services, cryptocurrency was an asset that could  
20 be speculatively held or sold as increasing or decreasing demand for  
21 the cryptocurrency caused the cryptocurrency-to-U.S. Dollar exchange  
22 rate to fluctuate up and down.

23 19. Persons wishing to speculate on the future value of  
24 cryptocurrency could trade the cryptocurrency, such as Bitcoin, for  
25 fiat currencies, such as U.S. dollars, or for other cryptocurrencies,  
26 such as Ether, Litecoin, or Tether. Individuals could enter into  
27 private bilateral transactions directly between the parties.

28 Alternatively, individuals could trade cryptocurrencies by opening

1 accounts at one or more cryptocurrency exchanges in the United States  
2 or around the world.

3 20. At times relevant to this First Superseding Indictment,  
4 the average U.S. Dollar-to-Bitcoin exchange rate fluctuated from a  
5 few thousand dollars per Bitcoin to more than \$60,000 per Bitcoin.  
6 The exchange rates for other cryptocurrencies were similarly  
7 volatile.

8 B. OBJECT OF THE CONSPIRACY

9 21. Beginning no later than in or around December 2017 and  
10 continuing through at least in or around July 2023, in Los Angeles  
11 County, within the Central District of California, and elsewhere,  
12 defendants SAFFRON and MAZZOTTA conspired with one another and others  
13 known and unknown to the Grand Jury, to commit wire fraud, in  
14 violation of Title 18, United States Code, Section 1343.

15 C. MANNER AND MEANS OF THE CONSPIRACY

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

18 a. Defendant SAFFRON held himself out as an expert  
19 computer programmer, an expert trader in various cryptocurrencies,  
20 and the developer of an artificial-intelligence ("AI") cryptocurrency  
21 trading robot or "AI Bot."

22 b. Defendant SAFFRON solicited prospective investors  
23 (hereinafter, "victim-investors") to entrust their fiat currency or  
24 cryptocurrency (collectively, "funds") to defendant SAFFRON for  
25 defendant SAFFRON to trade on the victim-investors' behalf.

26 c. Defendants SAFFRON and MAZZOTTA, together with others  
27 operating at their direction, solicited potential victim-investors to  
28 entrust their funds to defendant SAFFRON personally, to Circle

1 Society, and to various "doing business as" (d/b/a) company names  
2 including Bitcoin Wealth Management, Omicron Trust, Mind Capital, and  
3 Cloud9Capital, among others.

4 d. Defendant SAFFRON and his co-conspirators made false  
5 and misleading representations and promises to the victim-investors  
6 to induce them to provide funds, including that defendant SAFFRON  
7 would trade the victim-investors' funds on cryptocurrency exchanges  
8 and other trading venues using an AI Bot to earn short-term, high-  
9 yield returns for the victim-investors.

10 e. Defendant SAFFRON and his co-conspirators falsely  
11 represented and promised victim-investors that their invested funds  
12 would return short-term, high-yield profits, and guaranteed victim-  
13 investors' principal investment against the risk of loss. Such false  
14 representations and promises were made through the Circle Society  
15 Website, the Telegram messenger instant messages and chatrooms,  
16 online video-conference, and by other means.

17 f. Defendant SAFFRON did not, however, trade  
18 cryptocurrency with victim-investors' funds to generate profits as  
19 defendant SAFFRON and his co-conspirators had represented and  
20 promised. In fact, defendant SAFFRON and his co-conspirators were  
21 operating an illegal investment fraud scheme, and defendant SAFFRON  
22 and his co-conspirators misappropriated victim-investors' funds for  
23 their own personal benefit.

24 **Use of Aliases to Conceal Material Facts**

25 g. Defendant SAFFRON solicited potential investors using  
26 his true name. Defendant SAFFRON also solicited victim-investors  
27 using various aliases at in-person meetings and face-to-face video  
28 conferences, including the aliases "David Gilbert" and "Dave Gabe."

1 Defendant SAFFRON also solicited potential victim-investors using  
2 various online aliases, including "the Blue Wizard" and "Bitcoin  
3 Yoda."

4 h. Defendant SAFFRON and his co-conspirators solicited  
5 potential victim-investors using certain d/b/a company names, such as  
6 Cloud9Capital and Mind Capital, and aliases to conceal from potential  
7 victim-investors his true identity and other material facts about his  
8 background, reputation, and the existence of a CFTC lawsuit charging  
9 defendant SAFFRON with cryptocurrency fraud.

10 i. Defendant SAFFRON and his co-conspirators used end-to-  
11 end encrypted communication services, including Telegram messenger  
12 and Proton Mail-hosted email accounts, to conceal their true  
13 identities.

14 **False Pretenses and Representations to Lull and Induce**  
15 **Victims to Invest**

16 j. To lull victim-investors into a false sense of trust,  
17 including by falsely promoting defendant SAFFRON's appearance of  
18 wealth and success as a cryptocurrency trader, defendant SAFFRON and  
19 his co-conspirators hosted extravagant parties for prospective  
20 victim-investors at luxury homes in the Hollywood Hills, which  
21 defendant SAFFRON did not actually own but only rented for the  
22 parties; hosted potential victim-investors in Las Vegas casino hotel  
23 suites; chartered flights on private jets; and traveled with a team  
24 of professional security guards.

25 k. Defendant SAFFRON made numerous false representations  
26 and promises to victim-investors to induce them to invest funds in  
27 the investment fraud scheme, including that defendant SAFFRON:  
28 (1) was a computer programmer who was the lead developer for the Uber

1 App and Snapchat App; (2) wrote the security software used by most  
2 U.S. banks; (3) had perfected the programing of his AI Bot to execute  
3 profitable trades approximately 76 percent of the time; (4) had a  
4 series-7 securities broker's license; and (5) had put at least 1,000  
5 Bitcoin (approximately \$11 million) in co-conspirator Kagel's  
6 attorney escrow account to guarantee investors' principal investment  
7 against any risk of loss.

8 **Deceptive AI Bot Demonstrations were Ponzi Payments**

9 1. Defendant SAFFRON performed fake demonstrations of his  
10 AI Bot to deceive potential victim-investors and falsely assure them  
11 of its successful and profitable trading capacity. Defendant SAFFRON  
12 accepted a small "test" cryptocurrency investment and then, a short  
13 time later, provided a high-yield return on the small investment to  
14 the victim-investor. Defendant SAFFRON falsely represented that the  
15 AI Bot had successfully executed numerous trades that generated the  
16 high-yield returns. The deceptive demonstration induced victim-  
17 investors to invest large amounts of funds. In fact, however,  
18 defendant SAFFRON did not employ an AI Bot to trade the victim-  
19 investors' "test" cryptocurrency investments. Instead, defendant  
20 SAFFRON used other investors' funds to pay the new investors (i.e.,  
21 Ponzi payments) and falsely represented that the profits were  
22 generated by the AI Bot.

23 **False Representations About Delayed Payments to Investors**

24 m. In reliance on defendant SAFFRON's and his co-  
25 conspirators' false representations and promises, victim-investors  
26 entrusted funds to defendant SAFFRON to earn high-yield returns in  
27 cryptocurrency. Defendant SAFFRON and his co-conspirators falsely  
28 represented to victim-investors that their investments were growing



1 in value and encouraged victim-investors not to redeem their  
2 purported "profits" but, instead, to leave their investment funds  
3 with defendant SAFFRON. Defendant SAFFRON falsely represented that  
4 the victim-investors could make even more profits if they did not  
5 withdraw their investments.

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

11 i. A cryptocurrency exchange that purportedly held  
12 all of the victim-investors' funds had "frozen" defendant SAFFRON's  
13 accounts;

14 ii. Defendant SAFFRON's lawyers were continuing to  
15 negotiate with the cryptocurrency exchange or government agencies to  
16 unfreeze defendant SAFFRON's accounts;

17 iii. Defendant SAFFRON's lawyers refused to release  
18 funds from an escrow account purportedly holding approximately 1,000  
19 Bitcoin that was intended to repay investors;

20 iv. A cryptocurrency exchange was taking days or  
21 weeks to complete defendant SAFFRON's large withdrawal of  
22 cryptocurrency;

23 v. A cryptocurrency exchange would not release funds  
24 to defendant SAFFRON until every person that had invested with  
25 defendant SAFFRON completed the exchange's know-your-customer ("KYC")  
26 documentation;

27

28

1 vi. The CFTC's lawsuit against defendant SAFFRON for  
2 cryptocurrency fraud prevented defendant SAFFRON from returning funds  
3 to victim-investors; and

4 vii. Technical problems with the blockchain, the  
5 Circle Society Website, and other technology issues had unexpectedly  
6 delayed defendant SAFFRON's ability to make timely payments to  
7 victim-investors.

8 **The Federal Crypto Reserve**

9 o. To conceal that defendant SAFFRON and his co-  
10 conspirators had misappropriated victim-investors' funds, defendant  
11 SAFFRON and his co-conspirators falsely represented to certain  
12 victim-investors that their investments with defendant SAFFRON could  
13 not be returned because a third party, such as Cloud9Capital, had  
14 stolen both the victim-investors' funds and defendant SAFFRON's  
15 personal funds.

16 p. Defendants SAFFRON and MAZZOTTA created the Federal  
17 Crypto Reserve Website that purported to assist victims of  
18 cryptocurrency fraud to investigate and recover losses.

19 q. Defendants SAFFRON and MAZZOTTA took steps to conceal  
20 their identities and control of the Federal Crypto Reserve, including  
21 paying for proxy-server anonymization services for the Federal Crypto  
22 Reserve Website. To hide their true identities when communicating  
23 with victim-investors, defendants SAFFRON and MAZZOTTA created  
24 Federal Crypto Reserve email addresses and used unlisted telephone  
25 numbers.

26 r. To conceal his true identity and to conceal his  
27 relationship with defendant SAFFRON, defendant MAZZOTTA used aliases,  
28 including "Delta Prime," "Anthony," "Vincent Midnight," and "Director

1 Vincenzo," when communicating, directly and indirectly, with victim-  
2 investors.

3 s. Defendant SAFFRON falsely represented to victim-  
4 investors that defendant SAFFRON had paid the membership fee at the  
5 Federal Crypto Reserve to investigate Cloud9Capital and other  
6 investment schemes to recover defendant SAFFRON's purported losses to  
7 Cloud9Capital. In fact, Cloud9Capital was a d/b/a company name that  
8 defendant SAFFRON used as an alias to conceal his role in the  
9 investment fraud scheme from victim-investors.

10 t. Defendants SAFFRON and MAZZOTTA solicited victim-  
11 investors to pay the Federal Crypto Reserve membership fee and  
12 falsely represented that the Federal Crypto Reserve could investigate  
13 and assist in recovering the victim-investors' losses.

14 u. To deter victim-investors from contacting law  
15 enforcement, defendants SAFFRON and MAZZOTTA falsely represented that  
16 victim-investors would be more likely to recover cryptocurrency  
17 losses through the Federal Crypto Reserve than by hiring a personal  
18 lawyer or contacting government authorities.

19 v. Defendant MAZZOTTA made false representations and  
20 promises to victim-investors that the Federal Crypto Reserve was  
21 actively investigating fraud claims and had filed complaints with the  
22 FBI and Interpol on behalf of the victim-investors.

23 **Concealment and Use of Victim-Investors' Funds**

24 w. To conceal and continue the scheme to defraud after  
25 certain victim-investors discovered the fraud, defendants SAFFRON and  
26 MAZZOTTA, together and with others operating at their direction,  
27 concealed and disguised the nature, location, source, ownership, and  
28

1 control of victim-investors' funds from victim-investors, law  
2 enforcement, the CFTC, and others as follows:

3 i. Defendants SAFFRON and MAZZOTTA and co-  
4 conspirator Kagel conspired with one another and with other co-  
5 conspirators to transfer victim-investors' funds between  
6 cryptocurrency intermediaries and multiple bank accounts controlled  
7 by defendants SAFFRON and MAZZOTTA, and co-conspirator Kagel;

8 ii. Defendants SAFFRON and MAZZOTTA and co-  
9 conspirator Kagel conspired with one another and with other co-  
10 conspirators to transfer victim-investors' funds between accounts  
11 through various peer-to-peer payment applications (such as CashApp,  
12 Zelle, Venmo, and PayPal), in their own names, under the names of  
13 aliases, and through nominees;

14 iii. Defendants SAFFRON and MAZZOTTA conspired  
15 together and with others to transfer victim-investors' funds between  
16 accounts at various cryptocurrency exchanges in their own names and  
17 through nominees; and

18 iv. To disguise the nature of the transactions,  
19 defendant SAFFRON together with others operating at his direction  
20 instructed victim-investors to wire funds for investing in  
21 cryptocurrency with a memo line that falsely indicated that the wire  
22 was for advertising, marketing, rent payments, and other unrelated  
23 activities.

24 x. Defendants SAFFRON and MAZZOTTA, and their co-  
25 conspirators, fraudulently solicited and induced victim-investors to  
26 invest more than approximately \$25,000,000, which defendants SAFFRON  
27 and MAZZOTTA and other co-conspirators misappropriated for their own  
28 personal use.

1           y. Defendants SAFFRON and MAZZOTTA, together with other  
2 co-conspirators, misappropriated victim-investors' funds to pay for  
3 personal expenses including repayment of debt, private chartered jet  
4 flights, luxury hotel accommodations, luxury mansion rentals, a  
5 personal chef, gourmet catering services, and a detail of  
6 professional security guards.

7 D. OVERT ACTS

8           23. On or about the following dates, in furtherance of the  
9 conspiracy and to accomplish its object, defendants SAFFRON and  
10 MAZZOTTA, together with other co-conspirators, committed and  
11 knowingly caused others to commit the following overt acts, among  
12 others, within the Central District of California, and elsewhere:

13           Overt Act No. 1: On January 21, 2018, defendant SAFFRON  
14 conducted an in-person meeting with prospective investors in Los  
15 Angeles County, during which defendant SAFFRON falsely represented to  
16 victim-investors H.C., W.K., and C.K. that defendant SAFFRON  
17 guaranteed short-term, high-yield returns with no risk of loss.

18           Overt Act No. 2: On January 21, 2018, co-conspirator Kagel  
19 provided letters to victim-investors H.C., W.K., and C.K. on  
20 letterhead from co-conspirator Kagel's Los Angeles-based law firm  
21 stating that co-conspirator Kagel had unrestricted access to one of  
22 defendant SAFFRON's cryptocurrency wallets. Co-conspirator Kagel  
23 falsely represented that the wallet held 1,000 Bitcoin, which would  
24 purportedly be used to ensure that any initial investment would be  
25 returned in the event defendant SAFFRON was unable or unwilling to  
26 return the initial investment.

27           Overt Act No. 3: On March 23, 2018, defendant SAFFRON falsely  
28 represented in a video meeting with victim-investors that he had not

1 responded to victim-investors about failing to timely repay the  
2 initial investment and promised high-yield returns because defendant  
3 SAFFRON had suffered a head injury and had to be put into a medically  
4 induced coma. Defendant SAFFRON concealed that, in fact, he had been  
5 unable to communicate with victim-investors because he was in police  
6 custody.

7 Overt Act No. 4: On August 23, 2019, CC-1 sent an email to  
8 O.M., an attorney for a group of investors seeking the return of  
9 their investments with defendant SAFFRON. CC-1 sent the email for  
10 the purpose of delaying private litigation against defendant SAFFRON  
11 and to prevent social media criticism about defendant SAFFRON. CC-  
12 1's email to attorney O.M. falsely represented that Exchange A had  
13 confirmed that it was currently "processing" defendant SAFFRON's  
14 request to withdraw 2,200 Bitcoin from Exchange A. In fact, however,  
15 defendant SAFFRON did not have an account at Exchange A, Exchange A  
16 only held or paid clients with U.S. Dollars, and Exchange A did not  
17 hold or pay its clients in Bitcoin.

18 Overt Act No. 5: On September 19, 2019, defendant MAZZOTTA  
19 registered the internet domain name "federalcryptoreserve.com".

20 Overt Act No. 6: On July 28, 2020, co-conspirator Kagel  
21 solicited victim-investor S.B. to invest with defendant SAFFRON,  
22 falsely representing to victim-investor S.B. that defendant SAFFRON  
23 was a genius cryptocurrency trader, who earned substantial returns  
24 for investors.

25 Overt Act No. 7: On September 16, 2020, defendant SAFFRON  
26 solicited victim investor S.B. to invest in Cloud9Capital, a Bitcoin  
27 wealth-management fund that defendant SAFFRON falsely represented was  
28 operated by a third party.

1           Overt Act No. 8:       On October 28, 2020, defendant MAZZOTTA  
2 caused the Federal Crypto Reserve Website's account information to be  
3 anonymized through an internet domain proxy service provider.

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

8           Overt Act No. 10:    On November 27, 2020, defendant MAZZOTTA  
9 sent an email from [federalcryptoreserve@gmail.com](mailto:federalcryptoreserve@gmail.com) soliciting victim-  
10 investor S.B. to pay Bitcoin to join the Federal Crypto Reserve, and  
11 falsely representing that defendant SAFFRON had already initiated a  
12 Federal Crypto Reserve investigation into Cloud9Capital.

13           Overt Act No. 11:    On January 11, 2021, to deceive victim-  
14 investor S.D. and prevent S.D. from investigating further and  
15 contacting law enforcement, defendant MAZZOTTA falsely represented to  
16 victim-investor S.D. that after investigating Cloud9Capital for  
17 victim-investor S.D., the Federal Crypto Reserve's investigators  
18 concluded that Cloud9Capital was a fraud and therefore a formal  
19 complaint had been filed with the FBI. In fact, however, no  
20 complaint was filed with the FBI.

21           Overt Act No. 12:    On June 29, 2022, after defendant MAZZOTTA  
22 informed defendant SAFFRON that federal law enforcement agents had a  
23 warrant for defendant SAFFRON's arrest, defendant SAFFRON made false  
24 representations and false promises to induce victim-investor J.H. to  
25 wire approximately \$32,000 to Runway's Bank of America account x8766.

26           Overt Act No. 13:    On June 30, 2022, defendant MAZZOTTA sent an  
27 email from [federalcryptoreserve@gmail.com](mailto:federalcryptoreserve@gmail.com) to victim-investor S.B.  
28 falsely stating that the Federal Crypto Reserve Website had been shut

1 down that day because victim-investor S.B. was the only person who  
2 had ever signed up for help from the Federal Crypto Reserve.

3 Overt Act No. 14: On November 16, 2022, defendant SAFFRON made  
4 false representations and promises to victim-investor J.H. regarding  
5 cryptocurrency trading and induced victim-investor J.H. to wire  
6 \$2,000 via Zelle to defendant SAFFRON's Citibank account x2902.

7 Overt Act No. 15: On March 18, 2023, to avoid scrutiny by the  
8 financial institution and detection by law enforcement, defendant  
9 MAZZOTTA sent a \$500 wire to defendant SAFFRON via Venmo with a memo  
10 line falsely indicating that the wire was for "opera tickets."

11 Overt Act No. 16: On April 6, 2023, to avoid scrutiny by the  
12 financial institution and detection by law enforcement, defendant  
13 SAFFRON sent a \$400 wire to defendant MAZZOTTA via Venmo with a memo  
14 line falsely indicating that the wire was for "camping supplies."

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COUNTS TWO THROUGH EIGHT

[18 U.S.C. §§ 1343, 2(a), 3147]

[ALL DEFENDANTS]

24. The Grand Jury re-alleges paragraphs 1 through 20 and 22 through 23 here.

A. THE SCHEME TO DEFRAUD

25. Beginning no later than in or around December 2017 and continuing until at least in or around July 2023, in Los Angeles County, within the Central District of California, and elsewhere, defendants SAFFRON and MAZZOTTA, together with others, knowingly and with the intent to defraud, devised, intended to devise, and participated in a scheme to defraud victim-investors, and to obtain money and property by means of materially false and fraudulent pretenses, representations, and promises, and the concealment of material facts.

26. The fraudulent scheme operated and was carried out, in substance, as described in paragraph 22.

B. USE OF THE WIRES

27. 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, defendants SAFFRON and MAZZOTTA, together with others known and unknown to the Grand Jury, aiding and abetting each other, knowingly transmitted and caused the transmission of, the following items by means of wire and radio communication, writings, signals, pictures, and sounds in interstate and foreign commerce:

COUNT	DATE	INTERSTATE WIRE TRANSMISSION	DEFENDANTS CHARGED
TWO	June 19, 2018	Interstate bank wire of approximately \$462,000 initiated from Los Angeles County by victim-investor E.U. from Wells Fargo account x0961 to Comerica Bank account x6966 in Texas.	SAFFRON
THREE	September 16, 2020	Interstate wire of approximately 4.00001979 Bitcoin (approximately \$44,024.49 USD) initiated from Los Angeles County by victim-investor S.B. to a cryptocurrency wallet controlled by defendant SAFFRON.	ALL DEFENDANTS
FOUR	October 19, 2020	Interstate electronic mail wire from <u>federalcryptoreserve@gmail.com</u> to victim-investor S.D.'s yahoo.com e-mail account within the Central District of California.	ALL DEFENDANTS
FIVE	January 25, 2021	Interstate bank wire of approximately \$440,000 from victim-investor C.J.'s Bank of Hawaii account x4048 in Hawaii to Runway's Bank of America account x8766 in Los Angeles County.	ALL DEFENDANTS
SIX	July 3, 2022	Interstate electronic mail wire from <u>federalcryptoreserve@gmail.com</u> to victim-investor S.D.'s e-mail yahoo.com account within the Central District of California.	ALL DEFENDANTS
SEVEN	October 12, 2022	Interstate wire of approximately \$2,000 from victim-investor J.H.'s J.P. Morgan Chase account x5501 in Texas to Citibank account x2902 in Los Angeles County.	ALL DEFENDANTS
EIGHT	November 1, 2022	Interstate wire via Zelle of approximately \$2,000 from victim-investor J.H. in Texas to Citibank account x2902 in Los Angeles County.	ALL DEFENDANTS

C. OFFENSE COMMITTED WHILE ON RELEASE

28. During the commission of the felony offenses described in COUNTS SEVEN and EIGHT above, defendant SAFFRON was released pursuant to Title 18, United States Code, Chapter 207, in the criminal case of

1 United States v. David Gilbert Saffron, CR 22-276-DSF, in the United  
2 States District Court for the Central District of California.

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COUNT NINE

[18 U.S.C. § 371]

[ALL DEFENDANTS]

29. The Grand Jury re-alleges paragraphs 1 through 20 and 22 through 23 here.

A. THE OBJECT OF THE CONSPIRACY

30. Beginning no later than in or around May 2020 and continuing until at least in or around July 2023, in Los Angeles County, within the Central District of California, and elsewhere, defendants SAFFRON and MAZZOTTA conspired with each other and with others known and unknown to the Grand Jury, to corruptly attempt to obstruct, influence, and impede official proceedings, all in violation of Title 18, United States Code, Section 1512(c), namely, the following official proceedings:

a. The federal civil case Commodity Futures Trading Commission v. David Gilbert Saffron et al., 2:19-cv-01697-JAD, in the United States District Court for the District of Nevada;

b. The federal criminal case United States v. David Gilbert Saffron, 2:22-cr-276-DSF, in the United States District Court for the Central District of California; and

c. A federal grand jury investigation in the Central District of California.

B. MANNER AND MEANS OF THE CONSPIRACY

31. The object of the conspiracy was to be carried out, and was carried out, as follows:

a. Defendants SAFFRON and MAZZOTTA, together with others operating at their direction, established and used bank accounts, cryptocurrency exchange accounts, and other financial accounts, in

1 their own names and the names of certain entities and nominees, to  
2 conceal financial transactions in knowing violation of the U.S.  
3 district courts' orders;

4 b. Defendant SAFFRON continued to solicit cryptocurrency  
5 investments from new investors after the U.S. District Court of  
6 Nevada enjoined defendant SAFFRON from soliciting investments in  
7 cryptocurrency.

8 c. Defendants SAFFRON and MAZZOTTA, together with others  
9 operating at their direction, transferred defendant SAFFRON's assets  
10 to evade the U.S. District Court of Nevada's order freezing, and  
11 ordering an accounting of, defendant SAFFRON's assets in CFTC v.  
12 Saffron, 2:19-cv-01697 (the "Asset Freeze Order");

13 d. Defendants SAFFRON and MAZZOTTA, together with other  
14 co-conspirators, falsified documents to obstruct, influence, and  
15 impede the federal grand jury investigation and the federal criminal  
16 case in United States v. Saffron, 2:22-cr-276-DSF; and

17 e. Defendants SAFFRON and MAZZOTTA, together with others  
18 operating at their direction, made false statements to the U.S.  
19 District of Nevada, the U.S. District Court of the Central District  
20 of California, the federal grand jury, and law enforcement officers  
21 to obstruct the official proceedings described in paragraph 30.

22 C. OVERT ACTS

23 32. On or about the following dates, in furtherance of the  
24 conspiracy and to accomplish its object, defendants SAFFRON and  
25 MAZZOTTA, together and with other co-conspirators, committed and  
26 knowingly caused others to commit the following overt acts, among  
27 others, within the Central District of California, and elsewhere:  
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1           Overt Act No. 1:       On May 27, 2020, to evade the Asset Freeze  
2 Order, co-conspirator Kagel sent a \$30,000 bank wire from his J.P.  
3 Morgan Chase Bank account x6073 to Runway's Wells Fargo account x2409  
4 for the personal use of defendants SAFFRON and MAZZOTTA.

5           Overt Act No. 2:       On March 2, 2021, defendant MAZZOTTA caused  
6 to be filed his own declaration in CFTC v. Saffron, 2:19-cv-01697 in  
7 support of defendant SAFFRON's opposition to the CFTC's motion for  
8 contempt for violating the Asset Freeze Order, in which defendant  
9 MAZZOTTA falsely represented to the U.S. District Court of Nevada  
10 that no part of defendant SAFFRON's cryptocurrency business was ever  
11 involved with defendant MAZZOTTA or his company, Runway.

12           Overt Act No. 3:       On September 16, 2020, in knowing violation  
13 of the U.S. District Court of Nevada's December 6, 2019 preliminary  
14 injunction order, defendant SAFFRON made false representations and  
15 promises to victim-investor S.B., thereby inducing S.B. to invest  
16 cryptocurrency with defendant SAFFRON.

17           Overt Act No. 4:       On June 28, 2022, defendant MAZZOTTA falsely  
18 stated to a law enforcement agent, who defendant MAZZOTTA knew was  
19 actively seeking to execute an arrest warrant for defendant SAFFRON,  
20 that defendant MAZZOTTA did not rent an apartment for defendant  
21 SAFFRON. In fact, defendant MAZZOTTA at that time rented an  
22 apartment in his own name for defendant SAFFRON's use on West Sunset  
23 Boulevard in the city of Los Angeles (the "Sunset Apartment") for the  
24 purpose of aiding defendant SAFFRON to conceal his whereabouts and to  
25 evade legal service of process and law enforcement.

26           Overt Act No. 5:       On July 3, 2022, defendant MAZZOTTA and CC-1  
27 removed defendant SAFFRON's iPad and personal safe, containing  
28 digital storage devices and documents, from the Sunset Apartment to

1 conceal such records, documents, and objects with the intent to  
2 ensure such records, documents, and objects would not be available  
3 for use in United States v. Saffron, 2:22-cr-276-DSF.

4 Overt Act No. 6: On August 23, 2022, defendant SAFFRON used  
5 an alias to open Venmo account x1990 to conceal financial  
6 transactions from the U.S. Probation and Pretrial Services office,  
7 the U.S. District Court, and law enforcement because such  
8 transactions would violate his conditions of release in United States  
9 v. Saffron, 2:22-cr-276-DSF.

10 Overt Act No. 7: On October 26, 2022, defendant MAZZOTTA  
11 caused to be returned to law enforcement, in response to a federal  
12 grand jury subpoena seeking information related to a \$440,000 wire  
13 deposit to Runway's bank account, a falsified document purporting to  
14 be corporate minutes of Runway, which falsely and fraudulently stated  
15 that defendant SAFFRON sold securities shares of Runway to victim-  
16 investor C.J. for \$440,000. In fact, defendant SAFFRON had defrauded  
17 victim-investor C.J. and misappropriated C.J.'s funds for the benefit  
18 of defendants SAFFRON and MAZZOTTA, and the falsified Runway minutes  
19 were designed to conceal defendant MAZZOTTA's involvement in the  
20 cryptocurrency investment fraud scheme.

21 Overt Act No. 8: On July 5, 2023, defendant SAFFRON corruptly  
22 destroyed and concealed records, namely, a Telegram conversation with  
23 victim-investor J.H., that were responsive to a federal grand jury  
24 subpoena, to prevent the records from being available to the federal  
25 grand jury investigation and for use in United States v. Saffron,  
26 2:22-cr-276-DSF.

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COUNT TEN

[18 U.S.C. § 1956(h)]

[ALL DEFENDANTS]

33. The Grand Jury re-alleges paragraphs 1 through 20, and 22 through 27, and 31 here.

A. THE OBJECT OF THE CONSPIRACY

34. Beginning no later than in or around August 2018 and continuing until at least in or around July 2023, in Los Angeles County, within the Central District of California, and elsewhere, defendants SAFFRON and MAZZOTTA conspired with one another and others known and unknown to the Grand Jury, to knowingly conduct a financial transaction involving the proceeds of specified unlawful activity, that is, wire fraud, knowing that the transaction was designed in whole and in part to conceal and disguise the nature, location, source, ownership, and control of the proceeds of specified unlawful activity, in violation of Title 18, United States Code, Section 1956(a)(1)(B)(i).

B. MANNER AND MEANS OF THE CONSPIRACY

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

a. Defendants SAFFRON and MAZZOTTA engaged in the conduct set forth in paragraph 22.w of this First Superseding Indictment;

b. Defendants SAFFRON and MAZZOTTA, together with other co-conspirators, engaged in "blockchain hopping" in which victim-investors' cryptocurrency that was recorded on one blockchain was converted to cryptocurrency that was recorded on a different blockchain to conceal and disguise the nature, location, source,



1 ownership, and control of the wire fraud proceeds of the  
2 cryptocurrency investment fraud scheme;

3 c. Defendants SAFFRON and MAZZOTTA, together with others  
4 operating at their direction, deposited wire fraud proceeds with  
5 cryptocurrency service providers and applications that offered  
6 "tumbler" and "mixer" services, which blended the wire fraud  
7 cryptocurrency proceeds with the cryptocurrency of other customers  
8 because the blended cryptocurrency became harder to trace when it was  
9 subsequently withdrawn;

10 d. Defendants SAFFRON and MAZZOTTA, together with others  
11 operating at their direction, used cryptocurrency wallet applications  
12 with anonymization services, such as Incognito, for the purpose of  
13 further anonymizing cryptocurrency transactions and making it more  
14 difficult to trace transactions in the cryptocurrency wire fraud  
15 proceeds; and

16 e. Defendant SAFFRON, together with others operating at  
17 his direction, opened peer-to-peer payment app accounts under alias  
18 names to conceal financial transactions from the victim-investors and  
19 law enforcement.

20 C. OVERT ACTS

21 36. On or about the following dates, in furtherance of the  
22 conspiracy and to accomplish its objects, defendants SAFFRON and  
23 MAZZOTTA, together and with other conspirators, committed and  
24 knowingly caused others to commit the following overt acts, among  
25 others, within the Central District of California, and elsewhere:

26 Overt Acts Nos. 1-24: On the dates set forth in paragraphs 23  
27 and 32, defendants SAFFRON and MAZZOTTA committed each of the acts  
28 described in those paragraphs.

1           Overt Act No. 25:    On August 3, 2018, from a casino within the  
2 Central District of California, defendant SAFFRON contacted a  
3 cryptocurrency intermediary, Individual 1, to obtain approximately  
4 \$100,000 cash and to have Individual 1 attempt to purchase more chips  
5 from the casino as a nominee purchaser for defendant SAFFRON.

6           Overt Act No. 26:    On July 24, 2019, defendant MAZZOTTA added  
7 defendant SAFFRON as a signatory to Runway's company bank account  
8 x2409 at Wells Fargo for the purpose of concealing defendant  
9 SAFFRON's banking activities.

10          Overt Act No. 27:    On May 27, 2020, defendant MAZZOTTA opened  
11 Bittrex account ending D07D for the purpose of concealing and  
12 disguising the nature, location, source, ownership, and control of  
13 the wire fraud proceeds of the investment fraud scheme.

14          Overt Act No. 28:    On December 18, 2020, after defendant  
15 SAFFRON made false representations and promises to victim-investor  
16 J.L. about trading cryptocurrency for J.L.'s benefit, to disguise the  
17 nature of the transaction, defendant SAFFRON induced and caused J.L.  
18 to add the word "advertising" in the wire payment instructions of an  
19 approximately \$30,000 wire to Runway's bank account ending in x8766.

20          Overt Act No. 29:    On December 21, 2020, to conceal and  
21 disguise the nature, location, source, ownership, and control of the  
22 wire fraud proceeds, defendant SAFFRON "blockchain hopped" more than  
23 5 Bitcoin (worth more than approximately \$130,000), in a period of  
24 about one hour, by converting the Bitcoin to the cryptocurrency  
25 Tether on the Ethereum blockchain and then converting it back to  
26 Bitcoin on the Bitcoin blockchain, resulting in a loss to defendant  
27 SAFFRON of approximately \$5,000 in transaction costs.

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COUNTS ELEVEN AND TWELVE

[18 U.S.C. §§ 1957, 2(a)]

[ALL DEFENDANTS]

37. The Grand Jury re-alleges paragraphs 1 through 20 and 22 through 27 here.

38. On or about the dates set forth below, in Los Angeles County, within the Central District of California and elsewhere, defendants SAFFRON and MAZZOTTA, each aiding and abetting the other, knowing that the funds involved represented the proceeds of some form of unlawful activity, knowingly engaged in a monetary transaction affecting interstate and foreign commerce, in criminally derived property of a value greater than \$10,000, such property having been derived from a specified unlawful activity, that is, wire fraud, in violation of Title 18, United States Code, Section 1343, as described below:

COUNT	DATE	MONETARY TRANSACTION
ELEVEN	January 26, 2021	Bank wire of approximately \$400,000 sent from Runway's Bank of America account x8766 to defendant MAZZOTTA's cryptocurrency Bittrex, Inc. account ending D07D.
TWELVE	May 10, 2021	Bank wire of approximately \$317,500 sent from Runway's Bank of America account x8766 to Mortgage Escrow Company A's City National Bank account.

FORFEITURE ALLEGATION ONE

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

39. Pursuant to Rule 32.2 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 the conviction of defendants DAVID GILBERT SAFFRON or VINCENT ANTHONY MAZZOTTA, JR. of the offenses set forth in any of Counts One through Nine of this First Superseding Indictment.

40. Any defendant 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, including, but not limited to, certain real property referred to herein as Residential Property 1 located in the County of Los Angeles, State of California, APN 5583-003-013; 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).

41. Pursuant to Title 21, United States Code, Section 853(p), as incorporated by Title 28, United States Code, Section 2461(c), any defendant 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 said defendant, the property described in the preceding paragraph or any portion thereof (a) cannot be located upon the exercise of due diligence; (b) has

1 been transferred, sold to, or deposited with a third party; (c) has  
2 been placed beyond the jurisdiction of the court; (d) has been  
3 substantially diminished in value; or (e) has been commingled with  
4 other property that cannot be divided without difficulty.

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FORFEITURE ALLEGATION TWO

[18 U.S.C. § 982 and 28 U.S.C. § 2461(c)]

42. Pursuant to Rule 32.2 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 982(a)(1), in the event of the conviction of defendants DAVID GILBERT SAFFRON or VINCENT ANTHONY MAZZOTTA, JR. of the offenses set forth in any of Counts Ten through Twelve of this First Superseding Indictment.

43. Any defendant 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, involved in such offense, and any property traceable to such property including, but not limited to, certain real property referred to herein as Residential Property 1 located in the County of Los Angeles, State of California, APN 5583-003-013; 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).

44. Pursuant to Title 21, United States Code, Section 853(p), as incorporated by Title 18, United States Code, Section 982(b)(1), and Title 18, United States Code, Section 982(b)(2), any defendant 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 said defendant, 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

1 to, or deposited with a third party; (c) has been placed beyond the  
2 jurisdiction of the court; (d) has been substantially diminished in  
3 value; or (e) has been commingled with other property that cannot be  
4 divided without difficulty. Substitution of assets shall not be  
5 ordered, however, where the convicted defendant acted merely as an  
6 intermediary who handled but did not retain the property in the  
7 course of the money laundering offense unless the defendant, in  
8 committing the offense or offenses giving rise to the forfeiture,

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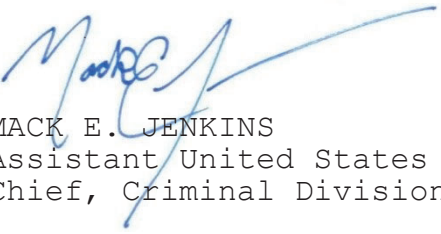
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1 conducted three or more separate transactions involving a total of  
2 \$100,000.00 or more in any twelve-month period.

3 A TRUE BILL

4  
5 /s/  
6 \_\_\_\_\_  
Foreperson

7 E. MARTIN ESTRADA  
8 United States Attorney

9   
10 MACK E. JENKINS  
11 Assistant United States Attorney  
12 Chief, Criminal Division

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

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

19 GLENN S. LEON  
20 Chief, Fraud Section  
21 Criminal Division  
22 U.S. Department of Justice

23 THEODORE M. KNELLER  
24 Trial Attorney, Fraud Section  
25 Criminal Division  
26 U.S. Department of Justice

27 SIJI A. MOORE  
28 Trial Attorney, Fraud Section  
Criminal Division  
U.S. Department of Justice