

JAM:ADR
F. #2022R00177

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK
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UNITED STATES OF AMERICA

I N D I C T M E N T

- against -

CHARLES O. PARKS III,
also known as "CP3O,"

Defendant.

Cr. No. 24-CR-105
(T. 18, U.S.C., §§ 981(a)(1)(C),
982(a)(1), 982(b)(1), 1343,
1956(a)(1)(B)(i), 1956(a)(1)(B)(ii),
1957(a), 2 and 3551 et seq.; T. 21,
U.S.C., § 853(p); T. 28, U.S.C.,
§ 2461(c))

**Judge Eric R. Komitee
Magistrate Judge Cheryl L. Pollak**

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THE GRAND JURY CHARGES:

I N T R O D U C T I O N

At all times relevant to this Indictment, unless otherwise indicated:

I. The Defendant and Relevant Terms

1. The defendant CHARLES O. PARKS III, also known as "CP3O," was a resident of Omaha, Nebraska. On his publicly available LinkedIn profile, PARKS III described himself as a "Professional. Media. Technology. Strategy. Consultant. . . . I help people generate more revenue for their business. Furthermore, I have created some technology that expedites that goal. I am interested in partnerships/joint venture opportunities that fairly and lucratively benefit all parties involved." PARKS III operated various corporate entities with addresses of record in Omaha, Nebraska, including "MultiMillionaire LLC" and "CP3O LLC." PARKS III previously hosted a cryptocurrency mining pool on his website, quorletha.cp3o.com, and claimed to have previously created and distributed his own cryptocurrency token known as "the cp3o Token."

2. “Cloud computing” is the practice of using a network of remote servers hosted on the Internet, commonly referred to as “the cloud,” to store, manage and process data, rather than a local server or personal computer. An “instance” is a computer science term that refers to the occurrence of any variable, data structure, function or method during the runtime of a computer program.

3. “Cryptocurrency” is a digital currency or asset that employs encryption or cryptography techniques to secure and verify the transfer of funds and to regulate the generation of additional units of currency. Cryptocurrencies operate independently of a central bank system and typically work through distributed ledger technology, a public and decentralized ledger commonly referred to as a “blockchain,” that serves as a public financial transaction database. Examples of decentralized cryptocurrencies include Bitcoin (“BTC”), Ether (“ETH”), Litecoin (“LTC”) and Monero (“XMR”), among many others.

4. “Cryptocurrency mining” is the process by which cryptocurrency transactions are verified and added to the public ledger (i.e., the blockchain), and also the means through which new cryptocurrency units are generated and released. Transactions are verified and assembled into “blocks” through the creation of codes, or “hashes,” that fulfill certain requirements, which are then appended to the blockchain. Those that carry out the task of verifying “blocks” of legitimate transactions, often referred to as “miners,” are rewarded with an amount of that cryptocurrency. With the growth and increased prevalence and valuation of cryptocurrencies, successful mining operations have required and consumed large amounts of computing power and hardware. A “mining pool” is a group of cryptocurrency miners who combine their computational resources over a network to strengthen the probability of successfully mining cryptocurrency.

5. A “cryptocurrency wallet” is an application that allows users to store and retrieve cryptocurrency and other digital assets. Each wallet contains a unique cryptographic address. When a user acquires cryptocurrency, whether by purchasing it in a currency exchange, receiving it as a gift, or as revenue from mining, it is deposited into the wallet. While transactions involving particular wallets can generally be traced on the blockchain ledger of the respective cryptocurrency, there is no user identification available for wallets beyond its unique cryptographic address. Indeed, with some cryptocurrencies, such as XMR, observers cannot even decipher the wallet addresses trading XMR, the amounts being traded, wallet balances or transaction histories, further adding to XMR’s anonymity. This ability to namelessly conduct transactions using wallets on decentralized ledgers allows cryptocurrencies to be used to obscure the source of criminal proceeds and mask the audit trail from criminal activity.

6. A “cryptocurrency exchange” is a business that allows customers to trade cryptocurrencies or digital currencies for other assets, such as conventional (or “fiat”) money or other digital currencies. A cryptocurrency exchange can typically send cryptocurrency to a user’s personal cryptocurrency wallet. Exchanges may accept credit card payments, wire transfers or other forms of payment in exchange for digital currencies or cryptocurrencies.

7. “Cryptojacking,” also referred to as “malicious cryptomining,” is the unauthorized use or “hijacking” of another party’s resources—such as electricity, hardware or computing power—to mine cryptocurrency.

8. A “virtual private network” (“VPN”) or proxy service allows an internet user to mask their true Internet Protocol (“IP”) address, adding a layer of anonymity to their internet use.

9. “Company 1,” an entity the identity of which is known to the Grand Jury, is an electronic commerce, cloud computing and consumer electronic device company headquartered in Seattle, Washington that operates in the Eastern District of New York.

10. “Subsidiary 1,” an entity the identity of which is known to the Grand Jury, is a subsidiary of Company 1 that provides on-demand cloud computing platforms to individuals, companies and governments on a paid subscription basis. Subsidiary 1 provides subscribers with access to a variety of computing services and differing levels of storage and computing power through the Internet. Subsidiary 1 operates out of Seattle, Washington and conducts business in the Eastern District of New York.

11. “Company 2,” an entity the identity of which is known to the Grand Jury, is a technology corporation producing computer software, consumer electronics, personal computers and related services headquartered in Redmond, Washington that operates in the Eastern District of New York. One of the services Company 2 provides is a cloud computing platform to individuals, companies and governments, on a paid subscription basis. Both Subsidiary 1 and Company 2 provide multiple types of instances as part of their cloud computing services.

12. “Cryptocurrency Exchange 1,” an entity the identity of which is known to the Grand Jury, is a publicly-traded company that operates a cryptocurrency exchange platform. Cryptocurrency Exchange 1 operates in the Eastern District of New York and bills itself as a “decentralized company, with no headquarters.”

13. “Bank 1,” an entity the identity of which is known to the Grand Jury, is a multinational financial services company headquartered in San Francisco, California that is insured by the Federal Deposit Insurance Corporation (“FDIC”).

14. The “Online Payment Provider,” an entity the identity of which is known to the Grand Jury, is a Palo Alto, California-based financial technology company that operates online payment systems that serve as an electronic alternative to traditional paper methods such as checks and money orders.

II. The Fraudulent Scheme

15. From in or about January 2021 through August 2021, the defendant CHARLES O. PARKS III operated a cryptojacking scheme in which he defrauded Company 1, Company 2 and Subsidiary 1 (collectively, “the Companies”) in order to operate a large-scale cryptomining operation. PARKS III created and used fictitious personal identifying information, email addresses and corporate entities to register numerous accounts with the Companies and gain access to immense amounts of computing processing and storage, which PARKS III used to mine various cryptocurrencies.

16. Through such mining activity, the defendant CHARLES O. PARKS III acquired over \$970,000 in cryptocurrency, such as ETH, LTC and XMR, which he laundered through a variety of cryptocurrency wallets, cryptocurrency exchanges and bank accounts to disguise the audit trail and disassociate the proceeds from the scheme.

17. After converting the ill-gotten cryptocurrency into dollars, the defendant CHARLES O. PARKS III used the proceeds of the scheme to make extravagant purchases, including a luxury car, jewelry and first-class hotel and travel expenses. PARKS III also transferred the illicit funds from Cryptocurrency Exchange 1 and an account in the

name of CP3O LLC held at the Online Payment Provider into at least four different accounts in the name of CP3O LLC held at Bank 1, inflating the value of those accounts. PARKS III used the balances in Bank 1's CP3O LLC accounts to help secure a \$75,000 small business loan.

18. As a result of the scheme, the defendant CHARLES O. PARKS III defrauded the Companies of approximately \$3.5 million in cloud computing and related services.

III. Manner and Means of the Scheme

19. From in or about January 2021 through August 2021, the defendant CHARLES O. PARKS III registered five different accounts with Subsidiary 1. In registering each account PARKS III used a variety of different names, email addresses, corporate affiliations, and other identifying information, including emails from MultiMillionaire LLC and CP3O LLC domains that PARKS III registered and controlled. PARKS III also utilized a VPN or proxy service when registering and using the Subsidiary 1 accounts.

20. Once the accounts were registered, the defendant CHARLES O. PARKS III tricked and defrauded Subsidiary 1 into approving heightened privileges and benefits, including elevated levels of cloud computing services and deferred billing accommodations, and deflected inquiries from Subsidiary 1 regarding questionable data usage and mounting unpaid subscriptions balances. During the course of the scheme, including from within the Eastern District of New York and elsewhere, PARKS III repeatedly requested that Subsidiary 1 provide him access to powerful and expensive instances that included graphics processing units used for cryptocurrency mining and

launched tens of thousands of these instances to mine cryptocurrency, employing mining software applications to facilitate the mining of tokens including ETH, LTC and XMR in various mining pools, and employing tools that allowed him to maximize cloud computing power and monitor which instances were actively mining on each mining pool.

21. On two occasions, the defendant CHARLES O. PARKS III began using a new Subsidiary 1 account within one day of a prior account being suspended for nonpayment and fraudulent activity. In total, Parks stole approximately \$2,581,236.83 in Subsidiary 1's services.

22. Similarly, from in or about January 2021 through August 2021, the defendant CHARLES O. PARKS III stole approximately \$969,731.92 in Company 2's cloud computing and related services.

IV. The Money Laundering Scheme

23. The defendant CHARLES O. PARKS III laundered the cryptocurrency he mined, disguising the audit trail and disassociating the illicit proceeds from the underlying fraudulent scheme. Specifically, PARKS III used a variety of wallets, cryptocurrency exchanges, and a non-fungible token ("NFT") marketplace headquartered in New York City to move the mined cryptocurrency and convert it to U.S. dollars. PARKS III then transferred the funds into various accounts in the name of CP30 LLC held at banks and financial institutions, including Bank 1 and the Online Payment Provider.

24. The defendant CHARLES O. PARKS III structured various money movements to avoid transaction reporting requirements under federal law, in particular the requirement that financial institutions file a Form 8300 with the Internal Revenue Service and report any transaction exceeding \$10,000.

25. For example, on or about February 5, 2021, the defendant CHARLES O. PARKS III exchanged amounts of LTC and ETH into \$10,887 using Cryptocurrency Exchange 1. Immediately thereafter, PARKS III transferred \$9,999 from a wallet at Cryptocurrency Exchange 1 to a CP3O LLC account held by the Online Payment Provider. Approximately one minute later, PARKS III transferred the remaining \$888 from the same wallet at Cryptocurrency Exchange 1 to the same account at the Online Payment Provider.

26. Similarly, on or about February 8, 2021, the defendant CHARLES O. PARKS III exchanged an amount of ETH into \$10,440.04 using Cryptocurrency Exchange 1. Immediately thereafter, PARKS III transferred \$9,999 from a wallet at Cryptocurrency Exchange 1 to a CP3O LLC account held by the Online Payment Provider. Approximately one minute later, PARKS III transferred the remaining \$441.04 from the same wallet at Cryptocurrency Exchange 1 to the same account at the Online Payment Provider.

27. The following day, on or about February 9, 2021, the defendant CHARLES O. PARKS III exchanged an amount of ETH into \$10,284.83 using Cryptocurrency Exchange 1. Immediately thereafter, PARKS III transferred \$9,999 from a wallet at Cryptocurrency Exchange 1 to a CP3O LLC account held by the Online Payment Provider. PARKS III then transferred the remaining \$285.83 from the same wallet at Cryptocurrency Exchange 1 to the same account at the Online Payment Provider. PARKS III executed this series of transactions in approximately two minutes.

COUNT ONE
(Wire Fraud)

28. The allegations contained in paragraphs one through 27 are realleged and incorporated as if fully set forth in this paragraph.

29. In or about and between January 2021 and August 2021, both dates being approximate and inclusive, within the Eastern District of New York and elsewhere, the defendant CHARLES O. PARKS III, also known as “CP3O,” together with others, did knowingly and intentionally devise a scheme and artifice to defraud the Companies, and to obtain money and property from the Companies by means of materially false and fraudulent pretenses, representations and promises, and, for the purpose of executing such scheme and artifice, did transmit and cause to be transmitted writings, signs, signals, pictures and sounds by means of wire communication in interstate and foreign commerce, to wit: monetary transfers, online communications with the Companies and other electronic communications.

(Title 18, United States Code, Sections 1343, 2 and 3551 et seq.)

COUNT TWO

(Money Laundering to Conceal Proceeds of Unlawful Activity)

30. The allegations contained in paragraphs one through 27 are realleged and incorporated as if fully set forth in this paragraph.

31. In or about and between January 2021 and August 2021, both dates being approximate and inclusive, within the District of Nebraska and elsewhere, the defendant CHARLES O. PARKS III, also known as “CP3O,” together with others, did knowingly and intentionally conduct and attempt to conduct one or more financial transactions in and affecting interstate commerce, which transactions in fact involved the proceeds of one or more specified unlawful activities, to wit: wire fraud, in violation of Title 18, United States Code, Section 1343, knowing that the property involved in such financial transactions represented the proceeds of some form of unlawful activity, and knowing that

such transactions were designed in whole and in part to conceal and disguise the nature, location, source, ownership and control of the proceeds of specified unlawful activity.

(Title 18, United States Code, Sections 1956(a)(1)(B)(i), 2 and 3551 et seq.)

COUNT THREE

(Money Laundering to Avoid Transaction Reporting Requirements)

32. The allegations contained in paragraphs one through 27 are realleged and incorporated as if fully set forth in this paragraph.

33. In or about and between January 2021 and August 2021, both dates being approximate and inclusive, within the District of Nebraska and elsewhere, the defendant CHARLES O. PARKS III, also known as “CP3O,” together with others, did knowingly and intentionally conduct and attempt to conduct one or more financial transactions in and affecting interstate commerce, which transactions in fact involved the proceeds of one or more specified unlawful activities, to wit: wire fraud, in violation of Title 18, United States Code, Section 1343, knowing that the property involved in such financial transactions represented the proceeds of some form of unlawful activity, and knowing that such transactions were designed in whole and in part to avoid a transaction reporting requirement under State and Federal law.

(Title 18, United States Code, Sections 1956(a)(1)(B)(ii), 2 and 3551 et seq.)

COUNTS FOUR THROUGH SIX

(Monetary Transactions in Property Derived from Specified Unlawful Activity)

34. The allegations contained in paragraphs one through 27 are realleged and incorporated as if fully set forth in this paragraph.

35. On or about the dates set forth below, within the District of Nebraska and elsewhere, the defendant CHARLES O. PARKS III, also known as “CP3O,” together

with others, did knowingly and intentionally engage in one or more monetary transactions, in and affecting interstate and foreign commerce, by, through and to one or more financial institutions, in criminally derived property of a value greater than \$10,000 and derived from one or more specified unlawful activities, to wit: wire fraud, in violation of Title 18, United States Code, Section 1343, as described below:

Count	Approximate Date of Transaction	Description of Transaction
FOUR	February 5, 2021	Transfers totaling approximately \$10,887 from a wallet at Cryptocurrency Exchange 1 to a CP3O LLC account held by the Online Payment Provider.
FIVE	February 8, 2021	Transfers totaling approximately \$10,440.04 from a wallet at Cryptocurrency Exchange 1 to a CP3O LLC account held by the Online Payment Provider.
SIX	February 9, 2021	Transfers totaling approximately \$10,284.83 from a wallet at Cryptocurrency Exchange 1 to a CP3O LLC account held by the Online Payment Provider.

(Title 18, United States Code, Sections 1957(a), 2 and 3551 et seq.)

**CRIMINAL FORFEITURE ALLEGATION
AS TO COUNT ONE**

36. The United States hereby gives notice to the defendant that, upon his conviction of the offense charged in Count One, the government will seek forfeiture in accordance with Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c), which require any person convicted of such offense to forfeit any property, real or personal, constituting, or derived from, proceeds obtained directly or indirectly as a result of such offense.

37. If any of the above-described forfeitable property, as a result of any act or omission of the defendant:

- (a) cannot be located upon the exercise of due diligence;
- (b) has been transferred or sold to, or deposited with, a third party;
- (c) has been placed beyond the jurisdiction of the court;
- (d) has been substantially diminished in value; or
- (e) has been commingled with other property which cannot be divided without difficulty;

it is the intent of the United States, pursuant to Title 21, United States Code, Section 853(p), to seek forfeiture of any other property of the defendant up to the value of the forfeitable property described in this forfeiture allegation.

(Title 18, United States Code, Section 981(a)(1)(C); Title 21, United States Code, Section 853(p); Title 28, United States Code, Section 2461(c))

**CRIMINAL FORFEITURE ALLEGATION
AS TO COUNTS TWO THROUGH SIX**

38. The United States hereby gives notice to the defendant that, upon his conviction of any of the offenses charged in Counts Two through Six, the government will seek forfeiture in accordance with Title 18, United States Code, Section 982(a)(1), which requires any person convicted of such offenses to forfeit any property, real or personal, involved in such offenses, or any property traceable to such property.

39. If any of the above-described forfeitable property, as a result of any act or omission of the defendant:

- (a) cannot be located upon the exercise of due diligence;
- (b) has been transferred or sold to, or deposited with, a third party;
- (c) has been placed beyond the jurisdiction of the court;

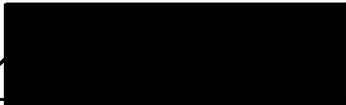
(d) has been substantially diminished in value; or

(e) has been commingled with other property which cannot be divided without difficulty;

it is the intent of the United States, pursuant to Title 21, United States Code, Section 853(p), as incorporated by Title 18, United States Code, Section 982(b)(1), to seek forfeiture of any other property of the defendant up to the value of the forfeitable property described in this forfeiture allegation.

(Title 18, United States Code, Sections 982(a)(1) and 982(b)(1); Title 21, United States Code, Section 853(p))

A TRUE BILL



FOREPERSON


BREON PEACE
UNITED STATES ATTORNEY
EASTERN DISTRICT OF NEW YORK

No.

UNITED STATES DISTRICT COURT

EASTERN *District of* NEW YORK

CRIMINAL DIVISION

THE UNITED STATES OF AMERICA

vs.

CHARLES O. PARKS III,
also known as "CP3O,"

Defendant.

INDICTMENT

(T. 18, U.S.C., §§ 981(a)(1)(C), 982(a)(1), 982(b)(1), 1343, 1956(a)(1)(B)(i),
1956(a)(1)(B)(ii), 1957(a), 2 and 3551 et seq.; T. 21, U.S.C., § 853(p); T. 28, U.S.C.,
§ 2461(c))

A true bill.



Foreperson

Filed in open court this _____ day,

of _____ A.D. 20 _____

Clerk

Bail, \$ _____