

**IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

UNITED STATES OF AMERICA	:	CRIMINAL NO. _____
v.	:	DATE FILED: _____
TYLER MARX	:	VIOLATIONS:
	:	18 U.S.C. § 1349 (conspiracy to commit
	:	wire fraud – 1 count)
	:	18 U.S.C. § 1343 (wire fraud – 4 counts)
	:	Notice of forfeiture

INDICTMENT

COUNT ONE

THE GRAND JURY CHARGES THAT:

At all times material to this indictment:

BACKGROUND

1. Defendant TYLER MARX was a resident of the Commonwealth of Virginia. Defendant MARX was the Chief Executive Officer of Belacam, a company that purported to offer a social media site through which users could post visual content and receive Belacoin cryptocurrency when other users responded favorably to the posts. According to a Belacam-issued “white paper,” “Belacam, originally intended to be the ‘Instagram of Cryptocurrency,’ became an earning platform for impoverished communities, cryptocurrency enthusiasts, and everyday smartphone users.”

2. Tanner Roughton, charged elsewhere, was a resident of the Commonwealth of Virginia and the Chief Operating Officer of Belacam.

3. The term “cryptocurrency” referred to a class of financial instruments that allowed the transfer of value between individuals without any third-party mediation or government regulation. Cryptocurrencies existed entirely in digital format and not in any physical form. Such cryptocurrency was not issued by any government, bank, or company, but rather was generated and controlled automatically through computer software operated on a decentralized, “peer-to-peer” network sometimes using the “Blockchain” concept. The Blockchain for cryptocurrencies was the record of every transaction that had ever occurred in that particular cryptocurrency. It was often referred to as a “ledger” of all transactions. This transfer of cryptocurrency was accomplished with a set of cryptographic protocols. These protocols required that each transaction’s sender and receiver held an appropriate cryptographic key. Examples of cryptocurrencies in widespread use included Bitcoin, Ethereum, and Litecoin.

4. Cryptocurrencies were traded on cryptocurrency exchanges or marketplaces, where users could buy, sell, and trade cryptocurrencies. These exchanges were entirely digital, and transactions were typically performed over the Internet. Some cryptocurrency exchanges allowed direct conversions of cryptocurrencies into government-backed currencies such as U.S. dollars, while other exchanges only allowed buying, selling, and trading of cryptocurrencies.

5. Beyond their function as digital financial instruments, cryptocurrencies were sometimes used in other digital contexts, called “use cases.” For instance, a particular computer game may have been a cryptocurrency’s “use case.” A user of that computer game could earn a particular type of cryptocurrency by playing or winning the game, and the earned cryptocurrency could then be used within that computer game or be traded on a cryptocurrency

exchange.

6. 1CRedit (or “1CR”) was a cryptocurrency. 1CRedit was bought, sold, and traded on a crypto-to-crypto digital asset trading service (together with its predecessors, successors, parents, subsidiaries, and affiliates, hereinafter referred to as “Cryptocurrency Exchange A”). Cryptocurrency Exchange A allowed users to electronically buy, sell, and trade cryptocurrency in exchange for another cryptocurrency.

7. “1CRCade” or the “1CR Arcade” was a digital game platform that was advertised as a use case for 1CRedit in that users of 1CRCade could use and earn 1CRedit cryptocurrency by playing games on 1CRCade.

8. Belacoin (or “Bela”) was a cryptocurrency. Belacoin was bought, sold, and traded on Cryptocurrency Exchange A. After May 2018, Belacoin was delisted from Cryptocurrency Exchange A, and Belacoin purchases, sales, and trades were made on other cryptocurrency exchanges similar to Cryptocurrency Exchange A.

9. “Belacam” was an online social media platform that was advertised as a use case for Belacoin. Belacam users could upload and share photos, and other users could pay Belacoin to “like” posts. The uploading user would, in return, receive Belacoin for these “like”s.

10. In order to convert 1CR or Belacoin to a government-backed currency such as U.S. dollars, defendant TYLER MARX and Tanner Roughton converted 1CR or Belacoin to Bitcoin or another cryptocurrency at Cryptocurrency Exchange A and transferred the Bitcoin to Cryptocurrency Exchange B or Cryptocurrency Exchange C. From Cryptocurrency Exchange B or Cryptocurrency Exchange C, defendant MARX and Roughton

converted the Bitcoin cryptocurrency to cash and wire transferred the cash to their personal bank accounts.

11. A “pump and dump” was a form of fraud in which the perpetrators purchase a security, commodity, or cryptocurrency at a low price, artificially inflate the price by engaging in market manipulation, including false and misleading statements, and then sell their interests at the artificially inflated price, after which the investors who purchased at the artificially inflated prices suffer losses when the price plummets.

THE CONSPIRACY

12. From at least in or about March 2016 through at least in or about June 2020, in the Eastern District of Pennsylvania and elsewhere, defendant

TYLER MARX

and Tanner Roughton, charged elsewhere, conspired and agreed to commit an offense against the United States, namely, wire fraud, that is, knowingly and with the intent to defraud, to devise, and to intend to devise, a scheme and artifice to defraud, and to obtain money and property by means of materially false and fraudulent pretenses, representations, and promises, and to transmit and cause to be transmitted certain wire communications in interstate and foreign commerce, for the purpose of executing the scheme and artifice, in violation of Title 18, United States Code, Section 1343.

MANNER AND MEANS

It was part of the conspiracy that:

13. The conspirators manipulated the price of and trading in 1CRedit and Belacoin cryptocurrencies using materially false statements, deceitful statements of half-truths, and

they made these statements, 1CRedit's price had already quickly risen and fallen. In attempting to market Belacoin, the conspirators assured the public and potential purchasers that Belacoin was being operated to avoid a pump and dump, when, in fact, the conspirators were fraudulently manipulating Belacoin, similar to their manipulation of 1CRedit.

All in violation of Title 18, United States Code, Section 1349.

COUNTS TWO THROUGH FIVE

THE GRAND JURY FURTHER CHARGES THAT:

At all times material to this indictment:

1. Paragraphs 1 through 11 of Count One of this indictment are re-alleged and incorporated here.

THE SCHEME

2. From at least in or about March 2016 through at least in or about June 2020, defendant

TYLER MARX,

together with Tanner Roughton, charged elsewhere, devised and intended to devise a scheme to defraud buyers, sellers, and traders of 1CRedit and Belacoin and to obtain money and property by means of false and fraudulent pretenses, representations, and promises.

MANNER AND MEANS

3. Paragraphs 13 through 18 of Count One of this indictment are re-alleged and incorporated here.

The Wires

4. On or about each of the dates set forth below, in the Eastern District of Pennsylvania and elsewhere, defendant

TYLER MARX

and Tanner Roughton, for the purpose of executing the scheme described above caused to be transmitted by means of wire communication in interstate and foreign commerce certain writings, signs, signals, pictures, and sounds, described below for each count, each transmission

constituting a separate count:

COUNT	DATE	DESCRIPTION
Two	May 14, 2017	Sale of 875 Belacoins to Victim JR on Cryptocurrency Exchange A
Three	January 30, 2017	Sale of 341,509.7285 Belacoins to Victim TC on Cryptocurrency Exchange A
Four	October 2, 2016	Sale of 53.59 1CR to Victim SS on Cryptocurrency Exchange A
Five	September 30, 2016	Sale of 28.01 1CR to Victim SS on Cryptocurrency Exchange A

All in violation of Title 18, United States Code, Section 1343.

NOTICE OF FORFEITURE

THE GRAND JURY FURTHER CHARGES THAT:

1. As a result of the violations of Title 18, United States Code, Sections 1343 and 1349, defendant

TYLER MARX

shall forfeit to the United States of America any property that constitutes, or is derived from, proceeds traceable to the commission of such offenses, including, but not limited to, the sum of at least \$3.6 million.

2. If any of the property subject to forfeiture, 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 28, United States Code, Section 2461(c), incorporating Title 21, United States Code, Section 853(p), to seek forfeiture of any other property of the defendant up to the value of the property subject to forfeiture.

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

A TRUE BILL:

A large black rectangular redaction box covering the signature of the Grand Jury Foreperson.

GRAND JURY FOREPERSON

A handwritten signature in black ink, appearing to read "Jacqueline C. Romero".

JACQUELINE C. ROMERO
UNITED STATES ATTORNEY

No. _____

UNITED STATES DISTRICT COURT

Eastern District of Pennsylvania

Criminal Division

THE UNITED STATES OF AMERICA

vs.

TYLER MARX

INDICTMENT

Counts

18 U.S.C. § 1349 (conspiracy to commit wire fraud – 1 count)
18 U.S.C. § 1343 (wire fraud – 4 counts)

Notice of Forfeiture

Filed in open court this 27 day,
Of July A.D. 20 23

Foreperson

Bail, \$ _____