

UNITED STATES DISTRICT COURT 2019 SEP 20 PM 3: 57
MIDDLE DISTRICT OF FLORIDA
ORLANDO DIVISION

UNITED STATES OF AMERICA

v.

CASE NO. 6:19-cr-208-DRL-YI-DCI

SALVATORE ESPOSITO

PLEA AGREEMENT

Pursuant to Fed. R. Crim. P. 11(c), the United States of America, by Maria Chapa Lopez, United States Attorney for the Middle District of Florida, and the defendant, SALVATORE ESPOSITO, and the attorney for the defendant, Daniel W. Eckhart, Esquire, mutually agree as follows:

A. Particularized Terms

1. Count Pleading To

The defendant shall enter a plea of guilty to Count One of the Information. Count One charges the defendant with conspiracy to commit mail fraud and wire fraud, in violation of 18 U.S.C. § 1349.

2. Maximum Penalties

Count One carries a maximum sentence of 20 years' imprisonment, a fine of not more than \$250,000, or twice the gross gain caused by the offense, or twice the gross loss caused by the offense, whichever is greater, a term of supervised release of not more than 3 years, and a special

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assessment of \$100. With respect to certain offenses, the Court shall order the defendant to make restitution to any victim of the offense, and with respect to other offenses, the Court may order the defendant to make restitution to any victim of the offense, or to the community, as set forth below.

3. Elements of the Offense

The defendant acknowledges understanding the nature and elements of the offense with which defendant has been charged and to which defendant is pleading guilty. The elements of Count One are:

First: That two or more persons, in some way or manner, agreed to try to accomplish a common and unlawful plan to commit mail fraud and wire fraud, as charged in the Information; and

Second: That the defendant knew the unlawful purpose of the plan and willfully joined in it.

4. Indictment Waiver

Defendant will waive the right to be charged by way of Indictment before a federal grand jury.

5. No Further Charges

If the Court accepts this plea agreement, the United States Attorney's Office for the Middle District of Florida agrees not to charge defendant with committing any other federal criminal offenses known to the

United States Attorney's Office at the time of the execution of this agreement, related to the conduct giving rise to this plea agreement.

6. Mandatory Restitution to Victim of Offense of Conviction

Pursuant to 18 U.S.C. §§ 3663(a) and (b) and 3663A(a) and (b), the defendant agrees to make full restitution to each and every victim (as that term is defined in 18 U.S.C. § 3663A(a)(2)) who (1) invested in precious metals with U.S. Coin Bullion that did not involve physical delivery to the customer, (2) purchased precious metals from U.S. Coin Bullion for physical delivery that were actually not delivered, or (3) who are listed on the addendum to this Plea Agreement related to investments with American Gold Silver, Cryptohedge, or My Company Trader. The amount of restitution shall be in the amount determined by the Probation Office. The defendant agrees and acknowledges that, as of the date of this Plea Agreement, the parties estimate that there are over 100 victims who are owed a total amount of restitution of over \$7 million, which represents an estimate of the total amount that the defendant and his co-conspirator obtained, through the conspiracy, from victims. The defendant agrees and acknowledges that the amount of restitution to be paid is an approximate amount and that the amount of total restitution and the number of victims may be higher at the time of sentencing.

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7. Guidelines Sentence

Pursuant to Fed. R. Crim. P. 11(c)(1)(B), the United States will recommend to the Court that the defendant be sentenced within the defendant's applicable guidelines range as determined by the Court pursuant to the United States Sentencing Guidelines, as adjusted by any departure the United States has agreed to recommend in this plea agreement. The parties understand that such a recommendation is not binding on the Court and that, if it is not accepted by this Court, neither the United States nor the defendant will be allowed to withdraw from the plea agreement, and the defendant will not be allowed to withdraw from the plea of guilty.

8. Acceptance of Responsibility - Three Levels

At the time of sentencing, and in the event that no adverse information is received suggesting such a recommendation to be unwarranted, the United States will recommend to the Court that the defendant receive a two-level downward adjustment for acceptance of responsibility, pursuant to USSG §3E1.1(a). The defendant understands that this recommendation or request is not binding on the Court, and if not accepted by the Court, the defendant will not be allowed to withdraw from the plea.

Further, at the time of sentencing, if the defendant's offense level prior to operation of subsection (a) is level 16 or greater, and if the defendant

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complies with the provisions of USSG §3E1.1(b) and all terms of this plea agreement, including, but not limited to, the timely submission of the financial affidavit referenced in Paragraph B.5., the United States agrees to file a motion pursuant to USSG §3E1.1(b) for a downward adjustment of one additional level. The defendant understands that the determination as to whether the defendant has qualified for a downward adjustment of a third level for acceptance of responsibility rests solely with the United States Attorney for the Middle District of Florida, and the defendant agrees that the defendant cannot and will not challenge that determination, whether by appeal, collateral attack, or otherwise.

9. Low End

At the time of sentencing, and in the event that no adverse information is received suggesting such a recommendation to be unwarranted, the United States will recommend to the Court that the defendant receive a sentence at the low end of the applicable guideline range, as calculated by the Court. The defendant understands that this recommendation or request is not binding on the Court, and if not accepted by the Court, the defendant will not be allowed to withdraw from the plea.

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10. Cooperation - Substantial Assistance to be Considered

Defendant agrees to cooperate fully with the United States in the investigation and prosecution of other persons, and to testify, subject to a prosecution for perjury or making a false statement, fully and truthfully before any federal court proceeding or federal grand jury in connection with the charges in this case and other matters, such cooperation to further include a full and complete disclosure of all relevant information, including production of any and all books, papers, documents, and other objects in defendant's possession or control, and to be reasonably available for interviews which the United States may require. If the cooperation is completed prior to sentencing, the government agrees to consider whether such cooperation qualifies as "substantial assistance" in accordance with the policy of the United States Attorney for the Middle District of Florida, warranting the filing of a motion at the time of sentencing recommending (1) a downward departure from the applicable guideline range pursuant to USSG §5K1.1, or (2) the imposition of a sentence below a statutory minimum, if any, pursuant to 18 U.S.C. § 3553(e), or (3) both. If the cooperation is completed subsequent to sentencing, the government agrees to consider whether such cooperation qualifies as "substantial assistance" in accordance with the policy of the United States Attorney for the Middle District of Florida, warranting the filing of a

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motion for a reduction of sentence within one year of the imposition of sentence pursuant to Fed. R. Crim. P. 35(b). In any case, the defendant understands that the determination as to whether "substantial assistance" has been provided or what type of motion related thereto will be filed, if any, rests solely with the United States Attorney for the Middle District of Florida, and the defendant agrees that defendant cannot and will not challenge that determination, whether by appeal, collateral attack, or otherwise.

11. Use of Information - Section 1B1.8

Pursuant to USSG §1B1.8(a), the United States agrees that no self-incriminating information which the defendant may provide during the course of defendant's cooperation and pursuant to this agreement shall be used in determining the applicable sentencing guideline range, subject to the restrictions and limitations set forth in USSG §1B1.8(b).

12. Cooperation - Responsibilities of Parties

a. The government will make known to the Court and other relevant authorities the nature and extent of defendant's cooperation and any other mitigating circumstances indicative of the defendant's rehabilitative intent by assuming the fundamental civic duty of reporting crime. However, the defendant understands that the government can make no representation

that the Court will impose a lesser sentence solely on account of, or in consideration of, such cooperation.

b. It is understood that should the defendant knowingly provide incomplete or untruthful testimony, statements, or information pursuant to this agreement, or should the defendant falsely implicate or incriminate any person, or should the defendant fail to voluntarily and unreservedly disclose and provide full, complete, truthful, and honest knowledge, information, and cooperation regarding any of the matters noted herein, the following conditions shall apply:

(1) The defendant may be prosecuted for any perjury or false declarations, if any, committed while testifying pursuant to this agreement, or for obstruction of justice.

(2) The United States may prosecute the defendant for the charges which are to be dismissed pursuant to this agreement, if any, and may either seek reinstatement of or refile such charges and prosecute the defendant thereon in the event such charges have been dismissed pursuant to this agreement. With regard to such charges, if any, which have been dismissed, the defendant, being fully aware of the nature of all such charges now pending in the instant case, and being further aware of defendant's rights, as to all felony charges pending in such cases (those offenses punishable by

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imprisonment for a term of over one year), to not be held to answer to said felony charges unless on a presentment or indictment of a grand jury, and further being aware that all such felony charges in the instant case have heretofore properly been returned by the indictment of a grand jury, does hereby agree to reinstatement of such charges by rescission of any order dismissing them or, alternatively, does hereby waive, in open court, prosecution by indictment and consents that the United States may proceed by information instead of by indictment with regard to any felony charges which may be dismissed in the instant case, pursuant to this plea agreement, and the defendant further agrees to waive the statute of limitations and any speedy trial claims on such charges.

(3) The United States may prosecute the defendant for any offenses set forth herein, if any, the prosecution of which in accordance with this agreement, the United States agrees to forego, and the defendant agrees to waive the statute of limitations and any speedy trial claims as to any such offenses.

(4) The government may use against the defendant the defendant's own admissions and statements and the information and books, papers, documents, and objects that the defendant has furnished in the course of the defendant's cooperation with the government.

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(5) The defendant will not be permitted to withdraw the guilty pleas to those counts to which defendant hereby agrees to plead in the instant case but, in that event, defendant will be entitled to the sentencing limitations, if any, set forth in this plea agreement, with regard to those counts to which the defendant has pled; or in the alternative, at the option of the United States, the United States may move the Court to declare this entire plea agreement null and void.

13. Forfeiture of Assets

The defendant agrees to forfeit to the United States immediately and voluntarily any and all assets and property, or portions thereof, subject to forfeiture, pursuant to 18 U.S.C. § 981(a)(1)(C) and 28 U.S.C. § 2461(c), whether in the possession or control of the United States, the defendant or defendant's nominees. The assets to be forfeited specifically include, but are not limited to, a money judgment in the amount of \$7,918,720 in proceeds the defendant admits he jointly obtained with his brother as the result of the commission of the offense to which the defendant is pleading guilty. The defendant acknowledges and agrees that: (1) the defendant obtained this amount as a result of the commission of the offense, and (2) as a result of the acts and omissions of the defendant, the proceeds have been transferred to third parties and cannot be located by the United States upon the exercise of

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due diligence. Therefore, the defendant agrees that, pursuant to 21 U.S.C. § 853(p), the United States is entitled to forfeit any other property of the defendant (substitute assets), up to the amount of proceeds the defendant obtained, as the result of the offense of conviction. The defendant further consents to, and agrees not to oppose, any motion for substitute assets filed by the United States up to the amount of proceeds obtained from commission of the offense. The defendant agrees that forfeiture of substitute assets as authorized herein shall not be deemed an alteration of the defendant's sentence.

The defendant also agrees to waive all constitutional, statutory, and procedural challenges (including direct appeal, habeas corpus, or any other means) to any forfeiture carried out in accordance with this plea agreement on any grounds, including that the forfeiture described herein constitutes an excessive fine, was not properly noticed in the charging instrument, addressed by the Court at the time of the guilty plea, announced at sentencing, or incorporated into the judgment.

The defendant admits and agrees that the conduct described in the Factual Basis below provides a sufficient factual and statutory basis for the forfeiture of the property sought by the government. Pursuant to Rule 32.2(b)(4), the defendant agrees that the preliminary order of forfeiture will

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satisfy the notice requirement and will be final as to the defendant at the time it is entered. In the event the forfeiture is omitted from the judgment, the defendant agrees that the forfeiture order may be incorporated into the written judgment at any time pursuant to Rule 36.

The defendant agrees to take all steps necessary to identify and locate all substitute assets and to transfer custody of such assets to the United States before the defendant's sentencing. To that end, the defendant agrees to make a full and complete disclosure of all assets over which defendant exercises control, including all assets held by nominees, to execute any documents requested by the United States to obtain from any other parties by lawful means any records of assets owned by the defendant, and to consent to the release of the defendant's tax returns for the previous five years. The defendant agrees to be interviewed by the government, prior to and after sentencing, regarding such assets. The defendant further agrees to be polygraphed on the issue of assets, if it is deemed necessary by the United States. The defendant agrees that Fed. R. Crim. P. 11 and USSG §1B1.8 will not protect from forfeiture assets disclosed by the defendant as part of the defendant's cooperation.

The defendant agrees to take all steps necessary to assist the government in obtaining clear title to any substitute assets before the

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defendant's sentencing. In addition to providing full and complete information about substitute assets, these steps include, but are not limited to, the surrender of title, the signing of a consent decree of forfeiture, and signing of any other documents necessary to effectuate such transfers.

Forfeiture of the defendant's assets shall not be treated as satisfaction of any fine, restitution, cost of imprisonment, or any other penalty the Court may impose upon the defendant in addition to forfeiture.

The defendant agrees that, in the event the Court determines that the defendant has breached this section of the plea agreement, the defendant may be found ineligible for a reduction in the Guidelines calculation for acceptance of responsibility and substantial assistance, and may be eligible for an obstruction of justice enhancement.

The defendant agrees that the forfeiture provisions of this plea agreement are intended to, and will, survive the defendant, notwithstanding the abatement of any underlying criminal conviction after the execution of this agreement. The forfeitability of any particular property pursuant to this agreement shall be determined as if the defendant had survived, and that determination shall be binding upon defendant's heirs, successors and assigns until the agreed forfeiture, including the forfeiture of any substitute assets, is final.

B. Standard Terms and Conditions

1. Restitution, Special Assessment and Fine

The defendant understands and agrees that the Court, in addition to or in lieu of any other penalty, shall order the defendant to make restitution to any victim of the offense, pursuant to 18 U.S.C. § 3663A, for all offenses described in 18 U.S.C. § 3663A(c)(1); and the Court may order the defendant to make restitution to any victim of the offense, pursuant to 18 U.S.C. § 3663, including restitution as to all counts charged, whether or not the defendant enters a plea of guilty to such counts, and whether or not such counts are dismissed pursuant to this agreement. The defendant further understands that compliance with any restitution payment plan imposed by the Court in no way precludes the United States from simultaneously pursuing other statutory remedies for collecting restitution (28 U.S.C. § 3003(b)(2)), including, but not limited to, garnishment and execution, pursuant to the Mandatory Victims Restitution Act, in order to ensure that the defendant's restitution obligation is satisfied.

On each count to which a plea of guilty is entered, the Court shall impose a special assessment pursuant to 18 U.S.C. § 3013. To ensure that this obligation is satisfied, the defendant agrees to deliver a check or

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money order to the Clerk of the Court in the amount of \$100, payable to "Clerk, U.S. District Court" within ten days of the change of plea hearing. The defendant understands that this agreement imposes no limitation as to fine.

2. Supervised Release

The defendant understands that the offense to which the defendant is pleading provides for imposition of a term of supervised release upon release from imprisonment, and that, if the defendant should violate the conditions of release, the defendant would be subject to a further term of imprisonment.

3. Immigration Consequences of Pleading Guilty

The defendant has been advised and understands that, upon conviction, a defendant who is not a United States citizen may be removed from the United States, denied citizenship, and denied admission to the United States in the future.

4. Sentencing Information

The United States reserves its right and obligation to report to the Court and the United States Probation Office all information concerning the background, character, and conduct of the defendant, to provide relevant factual information, including the totality of the defendant's criminal activities,

if any, not limited to the count to which defendant pleads, to respond to comments made by the defendant or defendant's counsel, and to correct any misstatements or inaccuracies. The United States further reserves its right to make any recommendations it deems appropriate regarding the disposition of this case, subject to any limitations set forth herein, if any.

5. Financial Disclosures

Pursuant to 18 U.S.C. § 3664(d)(3) and Fed. R. Crim. P. 32(d)(2)(A)(ii), the defendant agrees to complete and submit to the United States Attorney's Office within 30 days of execution of this agreement an affidavit reflecting the defendant's financial condition. The defendant promises that his financial statement and disclosures will be complete, accurate and truthful and will include all assets in which he has any interest or over which the defendant exercises control, directly or indirectly, including those held by a spouse, dependent, nominee or other third party. The defendant further agrees to execute any documents requested by the United States needed to obtain from any third parties any records of assets owned by the defendant, directly or through a nominee, and, by the execution of this plea agreement, consents to the release of the defendant's tax returns for the previous five years. The defendant similarly agrees and authorizes the United States Attorney's Office to provide to, and obtain from, the United States

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Probation Office, the financial affidavit, any of the defendant's federal, state, and local tax returns, bank records and any other financial information concerning the defendant, for the purpose of making any recommendations to the Court and for collecting any assessments, fines, restitution, or forfeiture ordered by the Court. The defendant expressly authorizes the United States Attorney's Office to obtain current credit reports in order to evaluate the defendant's ability to satisfy any financial obligation imposed by the Court.

6. Sentencing Recommendations

It is understood by the parties that the Court is neither a party to nor bound by this agreement. The Court may accept or reject the agreement, or defer a decision until it has had an opportunity to consider the presentence report prepared by the United States Probation Office. The defendant understands and acknowledges that, although the parties are permitted to make recommendations and present arguments to the Court, the sentence will be determined solely by the Court, with the assistance of the United States Probation Office. Defendant further understands and acknowledges that any discussions between defendant or defendant's attorney and the attorney or other agents for the government regarding any recommendations by the government are not binding on the Court and that, should any recommendations be rejected, defendant will not be permitted to withdraw

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defendant's plea pursuant to this plea agreement. The government expressly reserves the right to support and defend any decision that the Court may make with regard to the defendant's sentence, whether or not such decision is consistent with the government's recommendations contained herein.

7. Defendant's Waiver of Right to Appeal the Sentence

The defendant agrees that this Court has jurisdiction and authority to impose any sentence up to the statutory maximum and expressly waives the right to appeal defendant's sentence on any ground, including the ground that the Court erred in determining the applicable guidelines range pursuant to the United States Sentencing Guidelines, except (a) the ground that the sentence exceeds the defendant's applicable guidelines range as determined by the Court pursuant to the United States Sentencing Guidelines; (b) the ground that the sentence exceeds the statutory maximum penalty; or (c) the ground that the sentence violates the Eighth Amendment to the Constitution; provided, however, that if the government exercises its right to appeal the sentence imposed, as authorized by 18 U.S.C. § 3742(b), then the defendant is released from his waiver and may appeal the sentence as authorized by 18 U.S.C. § 3742(a).

8. Middle District of Florida Agreement

It is further understood that this agreement is limited to the Office of the United States Attorney for the Middle District of Florida and cannot bind other federal, state, or local prosecuting authorities, although this office will bring defendant's cooperation, if any, to the attention of other prosecuting officers or others, if requested.

9. Filing of Agreement

This agreement shall be presented to the Court, in open court or in camera, in whole or in part, upon a showing of good cause, and filed in this cause, at the time of defendant's entry of a plea of guilty pursuant hereto.

10. Voluntariness

The defendant acknowledges that defendant is entering into this agreement and is pleading guilty freely and voluntarily without reliance upon any discussions between the attorney for the government and the defendant and defendant's attorney and without promise of benefit of any kind (other than the concessions contained herein), and without threats, force, intimidation, or coercion of any kind. The defendant further acknowledges defendant's understanding of the nature of the offense or offenses to which defendant is pleading guilty and the elements thereof, including the penalties provided by law, and defendant's complete satisfaction with the representation

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and advice received from defendant's undersigned counsel (if any). The defendant also understands that defendant has the right to plead not guilty or to persist in that plea if it has already been made, and that defendant has the right to be tried by a jury with the assistance of counsel, the right to confront and cross-examine the witnesses against defendant, the right against compulsory self-incrimination, and the right to compulsory process for the attendance of witnesses to testify in defendant's defense; but, by pleading guilty, defendant waives or gives up those rights and there will be no trial. The defendant further understands that if defendant pleads guilty, the Court may ask defendant questions about the offense or offenses to which defendant pleaded, and if defendant answers those questions under oath, on the record, and in the presence of counsel (if any), defendant's answers may later be used against defendant in a prosecution for perjury or false statement. The defendant also understands that defendant will be adjudicated guilty of the offenses to which defendant has pleaded and, if any of such offenses are felonies, may thereby be deprived of certain rights, such as the right to vote, to hold public office, to serve on a jury, or to have possession of firearms.

11. Factual Basis

Defendant is pleading guilty because defendant is in fact guilty.

The defendant certifies that defendant does hereby admit that the facts set

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forth in the attached "Factual Basis," which is incorporated herein by reference, are true, and were this case to go to trial, the United States would be able to prove those specific facts and others beyond a reasonable doubt.

12. Entire Agreement

This plea agreement constitutes the entire agreement between the government and the defendant with respect to the aforementioned guilty plea and no other promises, agreements, or representations exist or have been made to the defendant or defendant's attorney with regard to such guilty plea.

13. Certification

The defendant and defendant's counsel certify that this plea agreement has been read in its entirety by (or has been read to) the defendant and that defendant fully understands its terms.

DATED this 13th day of September, 2019.

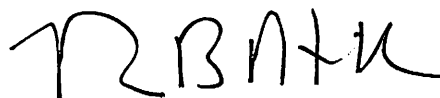


SALVATORE ESPOSITO
Defendant

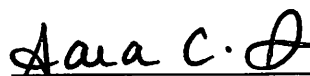


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UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA
ORLANDO DIVISION

UNITED STATES OF AMERICA

v.

CASE NO. 6:19-cr- 208-DRL-YI-DCI

SALVATORE ESPOSITO

PERSONALIZATION OF ELEMENTS

First: Did you and another person, in some way or manner, agree to try to accomplish a common and unlawful plan to commit mail fraud and wire fraud, as charged in the Information?

Second: Did you know the unlawful purpose of the plan and willfully join in it?

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UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA
ORLANDO DIVISION

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v.

CASE NO. 6:19-cr- 208-ORL-41-DCJ

SALVATORE ESPOSITO

FACTUAL BASIS

In February 2012, U.S. Coin Bullion LLC (U.S. Coin Bullion) was formed. The company was located in Orange County, in the Middle District of Florida. SALVATORE ESPOSITO was the manager and registered agent of the company. His brother, JOSEPH ESPOSITO, helped to run the company. SALVATORE ESPOSITO, with the assistance of JOSEPH ESPOSITO, operated U.S. Coin Bullion together. They hired the sales people and supervised them, and SALVATORE ESPOSITO controlled the bank accounts of the company.

Starting at an unknown date, but not later than 2014 and continuing through and including July 2019, SALVATORE ESPOSITO and JOSEPH ESPOSITO conspired with each other and others known and unknown to engage in a mail and wire fraud scheme. The scheme consisted of a series of false representations that are summarized below related to the sale of precious metals. Those false representations were made to the victims in this case

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through written materials and/or cold calls that were made by the sales people of U.S. Coin Bullion. SALVATORE ESPOSITO, with the assistance of JOSEPH ESPOSITO, were responsible for devising and executing the scheme that is set out below, and in directing the salespeople of U.S. Coin Bullion and others to make the false representations that are summarized below.

From its inception, U.S. Coin Bullion represented in its marketing materials, including its website, that it was “a locally owned & family operated business in Downtown Orlando since 2009” that had “an experienced team of Account Executives here to help you invest in the best way possible.” U.S. Coin Bullion stated that, “[w]ith years of experience in the bullion market -- gold, silver, and other precious metals -- it is our aim to give you the most up-to-the-moment advice on how much to buy and when.” U.S. Coin Bullion told potential customers: “[w]hether you are an experienced investor in your own right, or a novice, we are here to help guide you through the process of buying precious metals; whether delivered, door to door, or kept stored away for further use or delivery.”

One aspect of U.S. Coin Bullion’s marketing pitch was for customers to hedge 5% to 20% of their investments in precious metals which it touted as safe and secure. U.S. Coin Bullion contrasted the safety of precious metals with the lack of reliable performance of stocks, bonds, and mutual funds:

Gold and silver have inherent tendencies to outperform other types of investments in times of economic turmoil and political instability, which makes it an exceptional investment vehicle when planning your retirement. In today's rapidly changing environment, you simply cannot expect a reliable performance of stocks, bonds, and mutual funds when it comes to planning for your retirement.

U.S. Coin Bullion's website touted that purchasers could sell back their precious metals to U.S. Coin Bullion:

Creating a two-way market is a long-standing and important tradition at US Coin Bullion. For more than 7 years, we have offered to buy back all the coins we have sold at then current bid prices, and without any liquidation fees. Should you choose to sell the coins you have purchased from us, we would appreciate the opportunity to offer you our bid (buyback) price for your coins.

SALVATORE ESPOSITO, with the assistance of JOSEPH ESPOSITO, was responsible for managing U.S. Coin Bullion and selecting the products that the company would sell. At the direction of SALVATORE ESPOSITO, U.S. Coin Bullion offered two types of investment opportunities for purchasers of precious metals.

First, U.S. Coin Bullion sold precious metals that would be delivered to the customer. These type of sales were known as "physical delivery" sales. For these sales, the customer selected a type of precious metal, which would be delivered to the address selected by the customer. To fill these orders, U.S. Coin Bullion typically used third parties to ship the precious metals. For most

of U.S. Coin Bullion's operation, these type of physical deliveries did not involve any fraud. Customers received what they paid for, and the precious metals were delivered to them, usually by a third party vendor.

Most of the fraud that was perpetrated by the ESPOSITO brothers occurred with respect to the second type of investment opportunity that was offered by U.S. Coin Bullion. Those investments involved the sale of precious metals, usually silver, that did not involve physical delivery to the customer. For those investments, customers were told that the precious metal would be delivered and held by a holding company or with a depository. That representation was made on U.S. Coin Bullion's website ("[W]e are here to help guide you through the process of buying precious metals; whether delivered, door to door, **or kept stored away for further use or delivery.**") (emphasis added in bold).

It was included in the contract that customers were required to sign (emphasis added in bold):

Upon receipt of good funds on Customer's behalf in full payment for the purchase of commodities, [U.S. Coin Bullion] shall, according to Customer's instructions, deliver the commodities to Customer or to or **depositories used for the purpose of safekeeping Customer commodities** (collectively referred to as "Depositories").

* * *

Ownership of Commodities purchased by Customer, subject to any security interests therein, passes to Customer upon delivery to Customer, Customer's appointed designee, or to Depositories to be held for Customer. Commodities transferred to Depositories for Customer will be delivered as an undivided share of a fungible lot and held in safekeeping on a fungible basis with the commodities of other Depositories Customers. **Upon delivery of commodities for Customer to Depositories, Customer owns an undivided share of the commodities so held.**

It also was made at several places on the purchase orders that many customers received:

1. Upon receipt of good funds on Customer's behalf in full payment for the purchase of the goods, the Company shall deliver the goods to customer or depositories used for the purpose of safekeeping Customer goods.
2. Goods purchased by the Company for Customer will be delivered as an undivided share of a fungible lot and held in safekeeping on a fungible basis with the Precious Metal(s) of other customers. Upon delivery of Precious Metal(s) for Customer to the Company, Customer owns an undivided share of the Precious Metal(s) so held.
3. Any and all costs/expenses in connection with conversion and delivery shall be borne solely by Customer.
4. Customer agrees that the Company may act in its sole discretion for the transfer, sale, purchase, conversion, exchange or holding of the goods held by Depositories. Customer further agrees to indemnify the Company and Depositories from any liability to Customer for actions taken by the Company and Depositories in conformity with such instructions.

The purchase order identified a holding company. During the course of the conspiracy, a couple of different holding companies were identified to investors. One company, however, was identified on a majority of the purchase orders. That company will be referred to in this plea agreement as the "Holding Company."

Based upon the representations summarized above, customers who purchased precious metals believed that their funds had been used to purchase the precious metals that they had ordered and that the precious metals would be shipped to the holding company identified on their purchase order and/or would be kept in a depository. As the ESPOSITO brothers knew, those representations were false.

There were multiple representations made by the ESPOSITO brothers, and by others acting on their behalf and at their direction, in connection with the sale of precious metals that did not involve physical delivery to the customer.

First, as the defendant and his brother knew, no precious metals were shipped to the holding company identified on the purchase order. For example, the Holding Company that was identified on the majority of the purchase orders was not actually a depository. It was a company that was formed by an individual in the Middle District of Florida who the defendant

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and his brother knew. The Holding Company did not have anywhere to store precious metals. From 2014 to 2018, its principal address was a residence located in the Middle District of Florida. The Holding Company's name made some customers believe that it was actually a well-known depository that was located in a different state. That depository has a two-word name. The Holding Company's name consists of the initials of those two words, followed by another initial and the phrase "Holdings LLC." Some customers believed that the Holding Company was the other depository that was located outside of Florida. It was not. There was no connection between the two except for the similarity of their names.

The Holding Company agreed to serve as the "go between" for U.S. Coin Bullion and Monex Credit Company (Monex). Monex is a seller of precious metals and has been a major player in the precious metals markets for decades. U.S. Coin Bullion would make a sale, obtain funds from a customer, and request the Holding Company to use those funds to take an "open position" in precious metals, usually silver, from Monex. As the ESPOSITO brothers knew, customer funds used to purchase such "open positions" did not result in any delivery of precious metals to the Holding Company. As a result, U.S. Coin Bullion customers whose funds were used to purchase such "open positions" did not actually have any precious metals that were being kept by

the Holding Company for purposes of “safekeeping,” which was contrary to the representations set out on the purchase orders that identified the Holding Company as the location to which the precious metals would be “ship[ped] to.”

Second, as the ESPOSITO brothers knew, U.S. Coin Bullion did not use all of the funds that it received from its customers to purchase precious metals. Instead, SALVATORE ESPOSITO would use a portion of customer funds to purchase an “open position” in precious metals, usually silver, through Monex. The remainder of the customer’s funds were used to pay commissions and other business expenses, as well as to return funds to other U.S. Coin Bullion customers. As noted above, U.S. Coin Bullion offered to buy back precious metals that it had previously sold to customers. To make those buy backs, SALVATORE ESPOSITO used funds from new investors to pay back the investors who wanted a refund or to sell their precious metals. In other words, SALVATORE ESPOSITO, assisted by JOSEPH ESPOSITO, the defendant and his brother operated U.S. Coin Bullion as a “Ponzi scheme” by which some investor funds were not used as intended, but were used to pay earlier investors who had requested refunds or who had asked to sell their precious metals back to U.S. Coin Bullion.

Third, as the ESPOSITO brothers knew, U.S. Coin Bullion also used customer funds to purchase silver for itself on “margin.” Also known as “leverage,” this type of transaction involved U.S. Coin Bullion buying silver by paying only a portion of the full price. The remaining amount was financed through Monex.

Starting at least by 2014, U.S. Coin Bullion, at the direction of SALVATORE ESPOSITO, regularly used customer funds to “leverage” millions of dollars of purchases of silver by U.S. Coin Bullion. U.S. Coin Bullion never told any of its customers that their funds would be used by U.S. Coin Bullion to purchase silver for itself on “margin.” U.S. Coin Bullion customers believed that their funds were used to purchase precious metals for themselves. They never consented to the use of their funds by U.S. Coin Bullion to finance purchases of silver for the benefit of SALVATORE ESPOSITO or anyone else at U.S. Coin Bullion.

One result of those leveraged purchases was the U.S. Coin Bullion had to use customer funds to pay the interest and storage costs associated with the loans that it obtained from Monex to purchase the silver. U.S. Coin Bullion also was subject to “margin calls,” which would require it to immediately deposit more money into its account to increase its equity in the event of a decline in market price.

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That is what happened. When U.S. Coin Bullion formed in 2012, the market price for silver was over \$35 an ounce. It fell after that, and was typically under \$15 an ounce during the timeframe of the conspiracy. After deducting the amount of the loans that it had taken, U.S. Coin Bullion typically had an equity position with Monex that was less than 20% (*i.e.*, its assets in silver were worth less than 20% of the market value of the silver). The poor equity position of U.S. Coin Bullion's silver purchases meant that it had to use customer funds to pay interest on its loans, other expenses related to its purchases, and margin calls, which is not something that was ever disclosed to its customers.

The impact for U.S. Coin Bullion customers was that their investments were worth much less than what they believed based upon the false account statements they were provided. By the end of the conspiracy, U.S. Coin Bullion's loans resulted in a loss of almost all of the market value of silver that its customers had purchased and believed that they held. By July 2019, SALVATORE ESPOSITO, assisted by JOSEPH ESPOSITO, lost all of the money that its customers had invested in precious metals that did not involve physical delivery to the customer.

Fourth, as the ESPOSITO brothers knew, U.S. Coin Bullion provided customers with false account statements that made it appear that silver had

been purchased for the customers and that their account had some value (even despite any drop in the market price of silver). The purpose of these false account statements was to lull customers into believing that their investments had some value and that any loss in value was due to a drop in market prices, and to cover up the fact that SALVATORE ESPOSITO, assisted by JOSEPH ESPOSITO, had lost their customers' money by purchasing large amounts of silver on "leverage."

The losses caused by the defendant's conspiracy and scheme can be seen by reviewing the time period from July 1, 2014 through December 31, 2014 as an example of how the defendant and his brother perpetrated their conspiracy and scheme. During that time period, U.S. Coin Bullion received approximately 34 separate investments from approximately 18 individual victims who were told in their contracts and purchase orders that their precious metals would be shipped to the Holding Company. The total amount paid by those investors to U.S. Coin Bullion was approximately \$644,686.60. Those investors paid that amount to purchase 32,290 ounces of silver, 43.5 ounces of gold, and 21 ounces of platinum.

That is not, however, what the defendant and his brother purchased through Monex in its transactions conducted using the Holding Company. According to the Monex account statements for the Holding Company, the

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Holding Company sent \$555,350 to Monex during the period from July 1, 2014 to December 31, 2014, which means that over \$85,000 of the funds provided by investors were not used to purchase precious metals. Instead, SALVATORE ESPOSITO used those funds to pay commissions, member draws for himself, and other business expenses, as well as to have funds to make payments to customers for refunds or sales of precious metals back to U.S. Coin Bullion. JOSEPH ESPOSITO received commissions and payroll as part of the scheme. In other words, U.S. Coin Bullion did not use the funds from their investors to purchase what the investors had given them the money to purchase.

As the ESPOSITO brothers knew, U.S. Coin Bullion used the funds from their investors to purchase silver on “leverage.” From July 1, 2014 to December 31, 2014, U.S. Coin Bullion purchased over \$1.6 million in silver, which was almost three times the amount of funds that U.S. Coin Bullion paid to Monex (through transfers made by the Holding Company) and more than 2 ½ times what U.S. Coin Bullion received from its 18 customers. U.S. Coin Bullion’s silver purchases were for 90,500 ounces during the period from July 1, 2014 to December 31, 2014. No purchases were made of any of the gold or platinum that some customers had paid for.

The decision by SALVATORE ESPOSITO to misuse their customers' funds to invest heavily in silver did not work out. As noted above, the market for silver fell. For example, the over \$1.6 million in silver that the defendant and his brother had purchased from July 1, 2014 to December 31, 2014 lost approximately 25% of its value by January 31, 2016, for a loss of approximately \$400,000.

Those losses, however, were compounded by the decision of SALVATORE ESPOSITO to use customers' funds to leverage silver purchases for U.S. Coin Bullion. According to a January 31, 2016 Monex statement that summarized the precious metals purchases that the Holding Company had made on behalf of U.S. Coin Bullion customers, the following was the value of U.S. Coin Bullion's purchases of precious metals through Monex:

- \$4,515,896.15 was spent purchasing precious metals;
- \$3,857,049.00 was the actual market value for those metals as of January 31, 2016;
- \$3,205,867.66 was the loan balance for the leveraged purchased as of January 31, 2016; and
- \$651,181.34 was the amount of remaining equity for the over \$4.5 million in purchases that had been made.

When the actual market value of the precious metals (\$3,857,049.00) is divided by the amount of remaining equity (\$651,181.34), U.S. Coin Bullion's

equity percentage in January 2016 was 16.9 %. That means that \$1.00 invested in silver by U.S. Coin Bullion was worth only 17 cents. The size of U.S. Coin Bullion's losses were hidden from its customers. As a result, U.S. Coin Bullion's customers were in a much worse situation that they realized from reviewing the false account statements that U.S. Coin Bullion sent to them. Those false account statements lulled U.S. Coin Bullion's customers into believing that any losses that they experienced were due solely to market factors.

The market price for silver never rose to a point that would give U.S. Coin Bullion funds to pay its customers what they were owed and what they believed they had in their accounts based upon the account statements that U.S. Coin Bullion sent to them. To cover that up, U.S. Coin Bullion would use funds from other customers, including Cryptohedge and My Company Trader, to pay money owed to a customer. At the end of the scheme in 2019, this misuse of customer funds extended to customers who had purchased precious metal for physical delivery. The following are some of the customers who provided funds to purchase precious metals for physical delivery, whose funds were diverted to pay other customers or business expenses: I.F. (\$17,440) and A.W. (\$1,540).

In total, the defendant acknowledges that the number of victims in this case is approximately 120 individuals and that the amount of loss is over \$5 million. An estimate of the amount of restitution owed to each of those victims is set out in the addendum to this plea agreement. The defendant acknowledges that it is likely that additional victims of the conspiracy will be identified after the date that this Plea Agreement is executed and that some of the victims listed in the Addendum may be entitled to more restitution than is currently estimated. The defendant agrees that any such subsequently identified additional victims or loss amounts will be included in the amount of restitution he is ordered to pay and in the amount of loss for which he will be held responsible for purposes of the United States Sentencing Guidelines.

To further this conspiracy and scheme, the defendant, his brother, and the various employees at U.S. Coin Bullion (who were acting on their behalf and at their direction) used the United States Mail and interstate wires, including by sending by United States Mail copies of various documents to investors located in the Middle District of Florida and outside of Florida, by receiving by United States Mail checks for payments from investors, by making interstate telephone calls from the Middle District of Florida to customers located outside of Florida, by receiving interstate telephone calls in the Middle District of Florida from customers located outside of Florida, by

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using interstate wires to send emails to customers located outside of Florida, by using interstate wires to receive emails in the Middle District of Florida from customers outside of Florida, and by processing credit card payments in the Middle District of Florida (that were routed using servers located outside of Florida). The following are three examples of these types of mailings and wires:

- On or about September 28, 2015, U.S. Coin Bullion mailed a \$20,000 check to C.M., a customer from Georgia, for what was represented as a sale of 1,500 ounces of silver bars. This type of payment was an important part of the conspiracy, because these “buy backs” convinced customers that their investments in precious metals were safe and secure due to the fact that U.S. Coin Bullion would buy back what they had previously purchased.
- On May 3, 2016, D.M. purchased 500 one ounce silver rounds for \$9,100 that was to be “ship[ped] to” the Holding Company. The purchase was paid by a Visa card, which was processed by servers outside of Florida.
- On May 17, 2017, S.H. of Mississippi purchased two 1,000 ounce silver bars for \$29,000 that were to be “ship[ped] to” the Holding Company. The purchase was paid by a Visa card, which was processed by servers outside of Florida.

Addendum: Victim Losses as of September 10, 2019**US COIN BULLION**

Initials	City	State	Amount invested
R M	Oakley	CA	\$ 67,000.00
B P	Sioux Center	IA	\$ 41,650.00
B J	New Smyrna B	FL	\$ 80,820.00
H P	Fort Worth	TX	\$ 25,050.00
T F	Aiken	SC	\$ 29,750.00
M O	Murdock	NE	\$ 301,705.00
R O			JOINT
C/S C	St Chalres	MO	\$ 113,744.00
D T	Blue Bell	PA	\$ 136,686.00
P M	Blue Bell	PA	JOINT
R D	Atlanta	GA	\$ 62,677.00
J S	Hamburg	NY	\$ 23,948.00
R/F W	Kiron	IA	\$ 142,300.00
E G	Wyckoff	NJ	\$ 159,300.00
P M	San Antonio	TX	\$ 72,130.00
D S	Lake St. Louis	MO	\$ 9,964.00
T&L M	Croswell	MI	\$ 6,600.00
B S	Tallahassee	FL	\$ 74,250.00
R S	Arnold	MO	\$ 9,994.00
D E	Edgerton	WI	\$ 22,119.00
R H	Brandon	FL	\$ 13,701.00
C J	Franklin	PA	\$ 90,650.00
J F	Satellite Beach	FL	\$ 149,000.00
T G	Marietta	GA	\$ 54,570.00
G H	Humboldt	TN	\$ 194,420.00
D S	Diamond Bar	CA	\$ 67,575.00
E B	Pensacola	FL	\$ 46,720.00
W W	Northhampton	MA	\$ 177,950.00
D S	Olpe	KS	\$ 2,375.00
J G	Murphy	TX	\$ 139,500.00
L S	Brooklyn	NY	\$ 25,750.00
G K	Creson	TX	\$ 141,930.00
G C	Mexico City	MO	\$ 118,850.00
H/E H	Bossier City	LA	\$ 69,000.00
J K	New Bern	NC	\$ 198,810.00
C D	Acworth	GA	\$ 23,100.00

E L	Long Beach	CA	\$	19,469.00
R L	Monroe	LA	\$	96,400.00
J/I R	Pinckney	MI	\$	33,820.00
D D	Carlsbad	NM	\$	9,999.00
R/M M	Spring Hill	FL	\$	113,750.00
A B	Davie	FL	\$	33,314.00
W T	Scranton	PA	\$	23,367.00
S W	Gross Pointe F	MI	\$	210,710.00
M M	San Mateo	CA	\$	53,750.00
R O	Etna	OH	\$	79,750.00
T C	Apex	CA	\$	91,320.00
T B	Edina	MN	\$	15,800.00
I T	Houston	TX	\$	15,250.00
R/M F	Escanaba	MI	\$	94,000.00
J B	Arlington	TX	\$	104,665.00
J L	Lakeville	MN	\$	138,160.00
W/M C	Kennesaw	GA	\$	79,950.00
M C	Orange City	FL	\$	10,239.00
D S	Memphis	TN	\$	87,360.00
O O	Bell Fourche	SD	\$	43,750.00
K/P M	New Fairfield	CT	\$	14,000.00
T B	Lehigh Acres	FL	\$	28,880.00
G A	Geneva	IN	\$	24,600.00
J/K N	Richmond Hill	GA	\$	140,580.00
H L	Fairburn	GA	\$	47,150.00
H J	Littleton	CO	\$	56,000.00
C M	Crossville	TN	\$	31,150.00
T S	Overland Park	KS	\$	15,000.00
E H	Bedford	KY	\$	51,600.00
F S	Lewiston	ID	\$	20,000.00
P H	Pantego	NC	\$	12,500.00
D P	Allentown	NJ	\$	198,250.00
H C	Sarasota	FL	\$	35,350.00
B S	Fredricksburg	VA	\$	15,150.00
H C	Sarasota	FL	\$	49,000.00
C&P	Sarasota	FL	\$	17,000.00
M P	Woodland	NC	\$	48,000.00
C K	Hendersonville	NC	\$	32,060.00
M P	Columbus	GA	\$	48,500.00
A M	Chicago	IL	\$	30,580.00
B B	Caledonia	MN	\$	54,950.00
A C	Trenton	NJ	\$	18,000.00

T M	Mt Dora	FL	\$ 17,450.00
J P	Sussex	WI	\$ 17,750.00
S H	Joneville	MI	\$ 62,000.00
B M	Bonita Springs	FL	\$ 46,750.00
T S	Jacksonville	FL	\$ 16,320.00
S F	Orlando	FL	\$ 10,150.00
K A	Fair Oaks	CA	\$ 165,750.00
T M	Mooreville	NC	\$ 15,500.00
M M	Kissimmee	FL	\$ 152,000.00
L B	Colwich	KS	\$ 32,000.00
R B	Deltona	FL	\$ 105,350.00
J T	Spotsylvania	VA	\$ 8,000.00
B M	Nevada	IA	\$ 149,510.00
R G	Apopka	FL	\$ 31,500.00
D/D G	Doyletown	OH	\$ 15,000.00
J S	Orlando	FL	\$ 127,750.00
S H			JOINT
S/D D	Carlsbad	NM	\$ 51,987.00
T M	Acworth	GA	\$ 14,730.00
J/K F	Middletown	CT	\$ 39,600.00
T M	Orlando	FL	\$ 70,000.00
L B	Gotha	FL	\$ 11,300.00
D H	Perryville	MO	\$ 13,500.00
D J	Orlando	FL	\$ 13,500.00
C D	Houston	TX	\$ 135,000.00
L F	Advance	NC	\$ 14,000.00
T D	St Charles	MO	\$ 55,160.00
R/M V	McPherson	KS	\$ 41,580.00
D I	Oakton	VA	\$ 29,400.00
J M	Catlin	IL	\$ 50,150.00
V B	Santaquin	UT	\$ 1,600.00
R C	Rushville	IN	\$ 1,595.00
C B	Orlando	FL	\$ 13,910.00
B V			JOINT
G B	New Orleans	LA	\$ 32,200.00
L/P M	Osteen	FL	\$ 23,000.00
S K	Osteen	FL	\$ 33,210.00
Total Clients : 114		TOTAL	\$ 6,854,913.00

AMERICAN GOLD SILVER

Initials	City	State	Amount invested
R A	Mahtomdi	MN	\$ 113,000.00
J T	Dakota	MN	\$ 17,500.00
M E	Walnut Grove	CA	\$ 37,500.00
D H	Prescott	WA	\$ 137,300.00
R D	Upper Gwynedd	PA	\$ 74,500.00
R D	Randolph	MA	\$ 91,750.00
R M	Jordan	NY	\$ 166,200.00
Total Clients: 6		TOTAL	\$ 637,750.00

CRYPTOHEDGE

Initials	City	State	Amount invested
L B	Winter Garden	FL	\$ 30,000.00
S M			\$ 12,000.00
K B	Orlando	FL	\$ 10,000.00
P H			\$ 5,000.00
J F	Satellite Beach	FL	\$ 50,000.00
L F			\$ 5,000.00
R H	Unknown		\$ 2,500.00
P C	Unknown		
G G	Unknown	IN	\$ 2,015.00
H L	Fairburn	GA	\$ 2,167.00
C L	Unknown		\$ 9,375.00
R D	Randolph	MA	\$ 5,000.00
		TOTAL	\$ 133,057.00

MY COMPANY TRADER (shareholder)

Initials	City	State	Amount invested
J F	Satellite, Beach	FL	\$ 273,000.00
P T	Satellite, Beach	FL	\$ 20,000.00
		TOTAL	\$ 293,000.00