

UNITED STATES DISTRICT COURT

FILED

NORTHERN DISTRICT OF CALIFORNIA NOV 15 2018

SAN JOSE DIVISION

SUSAN Y. SOONG  
CLERK, U.S. DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA  
SAN JOSE

THE UNITED STATES OF AMERICA

vs.

FILED  
NOV 15 2018

JERRY JI GUO

CR 18 00562

SUSAN Y. SOONG  
CLERK, U.S. DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA  
SAN JOSE

INDICTMENT

COUNTS ONE-EIGHT 18 U.S.C. § 1343 – Wire Fraud; 18 U.S.C. § 982 –  
Criminal Forfeiture

A true bill.

  
Foreperson

Filed in open court this 15<sup>th</sup> day of Nov.  
A.D. 2018

  
United States Magistrate Judge

Bail. \$ \_\_\_\_\_

No bail arrest warrant

1 ALEX G. TSE (CABN 152348)  
United States Attorney

F I L E D

NOV 15 2018

SUSAN T. BROWN  
CLERK, U.S. DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA  
SAN JOSE

8 UNITED STATES DISTRICT COURT  
9 NORTHERN DISTRICT OF CALIFORNIA  
10 SAN JOSE DIVISION

11 UNITED STATES OF AMERICA,

CR 18 No.

00562

BLF

12 Plaintiff,

13 v.

14 JERRY JI GUO,

15 Defendant.

VIOLATIONS: 18 U.S.C. § 1343 – Wire Fraud; 18  
U.S.C. § 982 – Criminal Forfeiture.

SAN JOSE VENUE

17 INDICTMENT

18 The Grand Jury charges:

19 Introductory Allegations

20 1. Bitcoin (“BTC”) and Ether (“ETH”) are forms of decentralized, convertible, digital  
21 cryptocurrency that use online, decentralized ledger systems called blockchains, to store and transfer the  
22 currency. BTC and ETH are not issued by any government, bank, or company, but rather are generated  
23 and controlled through computer software operating via the decentralized network. To acquire BTC and  
24 ETH, a typical user will purchase them from a BTC or ETH seller, or “exchange.” It is also possible for  
25 a user to “mine” (or earn) BTC and ETH by verifying other users’ transactions. The computer time used  
26 in this verification process entitles the provider of that computer time to some pre-arranged amount of  
27 BTC or ETH. BTC and ETH are just two forms of digital cryptocurrency, and there are a significant  
28 number of other varieties.

1           2.       Little to no personally identifiable information about the payer or payee is transmitted in  
2 a BTC or ETH transaction. BTC and ETH transactions occur using a public key and a private key. A  
3 private key is an alphanumeric string kept secret by users and designed to sign a digital communication  
4 when used along with a public key. A public key is used to receive BTC and ETH, and a private key is  
5 used to allow withdrawals from a BTC or ETH address. Only the BTC and ETH address of the  
6 receiving party and the sender's private key are needed to complete the transaction. These two keys by  
7 themselves rarely reflect any identifying information.

8           3.       Initial Coin Offerings ("ICOs") are a way to fund start-ups and other business projects.  
9 Similar to an IPO, an ICO is a way for a start-up or an established company to raise capital, and a  
10 vehicle of investment for potential investors. Usually, capital and "shares" in cryptocurrency start-ups  
11 and projects are represented in tokens. In an ICO, the companies seeking funding sell their  
12 cryptocurrency tokens in exchange for financial investment or other contributions; the funding is  
13 executed using BTC, ETH, or other cryptocurrencies.

14           4.       PressICO was a business name that defendant JERRY JI GUO operated under to claim  
15 to provide client services as an initial coin offering ("ICO") marketing and publicity agency, including  
16 advisory and consulting related to the listing of cryptocurrencies on various exchanges in order to induce  
17 clients to transfer funds to him. In fact, pressICO performed little or no legitimate services for the  
18 victims in this case and merely served as a conduit for the fraudulent proceeds obtained by GUO.

19           5.       BitGo was a blockchain security platform for virtual currencies, including BTC and ETH,  
20 based in Palo Alto, California. BitGo provides additional security for a BTC or ETH wallet by issuing  
21 three keys for each wallet. A private key is given to the customer, and a public key is held by BitGo.  
22 The third key is a backup private key, which is typically held offline in "cold storage" by a third party as  
23 a backup at the customer's discretion (hereinafter "backup key"). Cold storage refers to the method of  
24 storing digital information that is not connected to a web server or any other computer. Two of the three  
25 keys are necessary to transfer BTC or ETH to another address.

26           6.       Gemini was a cryptocurrency exchange based in New York, New York, that allowed  
27 customers to exchange virtual currency for fiat currency, or virtual currency for virtual currency, and its  
28 custody services provided segregated and omnibus custody services of virtual currency for its customers.

1 Gemini allowed customers to place various order types including “limit” orders to buy or sell virtual  
2 currency at specified prices on a spot exchange basis.

3 The Scheme and Artifice to Defraud

4 7. Defendant JERRY JI GUO orchestrated a scheme to obtain cash and cryptocurrency,  
5 specifically BTC and ETH, in the form of up-front fees and retainers for his services as an ICO  
6 consultant. GUO enticed prospective clients to enter into consulting contracts with him by intentionally  
7 making materially false and fraudulent statements about his experience and credentials as an ICO  
8 consultant, and about the quality and quantity of work he would do on behalf of the clients. Further,  
9 GUO misrepresented the nature and security measures of the multi-signature cryptocurrency wallets he  
10 represented he would use.

11 8. Security personnel at BitGo received complaints from clients of GUO that  
12 cryptocurrency, namely BTC and ETH, had been transferred out of their accounts without their  
13 knowledge and consent. GUO, operating as pressICO, convinced clients to add wallets into his  
14 enterprise setup at BitGo. The victim clients entered into consulting contracts with GUO and transferred  
15 BTC and ETH to BitGo wallets based in part upon GUO’s representations that he would not be able to  
16 transfer the cryptocurrency without their knowledge and consent because of BitGo’s multi-signature  
17 solution to ensure security of funds.

18 9. Once GUO received up-front payments from his clients, he did little to no work as  
19 promised under the contracts. Instead, GUO transferred cryptocurrency, held in what he led his clients  
20 to believe were cryptocurrency “escrow” wallets at BitGo, to an account in his name at the Gemini  
21 cryptocurrency exchange, without the knowledge or permission of his clients. GUO also directed cash  
22 to be transferred to a personal checking account at Bank of America (“BofA”), which was in the name  
23 of GUO and his mother.

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1 COUNTS ONE THROUGH EIGHT: (18 U.S.C. § 1343 — Wire Fraud)

2 10. Paragraphs 1 through 9 are realleged and incorporated as if fully set forth here.

3 11. On or about the approximate dates set forth below, in the Northern District of California  
4 and elsewhere, the defendant,

5 JERRY JI GUO,

6 did knowingly devise and intend to devise a scheme and artifice to defraud as to a material matter, and  
7 to obtain money and property by means of materially false and fraudulent pretenses, representations, and  
8 promises, and omission and concealment of material facts, with a duty to disclose, and, for the purpose  
9 of executing his schemes and artifices to defraud, did transmit and cause to be transmitted by means of  
10 wire communication in interstate commerce, certain writings, signs, signals, pictures, and sounds,  
11 namely, wire transfers as described in the separate counts below:

COUNT	DATE	FROM	TO	DESCRIPTION
ONE	03-14-2018	California	Texas/ New Jersey	Fedwire transfer of \$35,025 from account of ML to GUO's Bank of America account
TWO	03-15-2018	California	Texas/ New Jersey	Fedwire transfer of \$85,000 from account of CT to GUO's Bank of America account
THREE	08-19-2018	California	New York	Electronic transfer of 144.1927083 BTC from "penta btc" BitGo wallet to GUO's account at Gemini
FOUR	08-19-2018	California	New York	Electronic transfer of 85.48468581 BTC from "upbit btc" BitGo wallet to GUO's account at Gemini
FIVE	08-19-2018	California	New York	Electronic transfer of 98.63604159 BTC from "bitfinex btc" BitGo wallet to GUO's account at Gemini
SIX	08-19-2018	California	New York	Electronic transfer of 1,275.84 ETH from "TTC eth funds" BitGo wallet to GUO's account at Gemini
SEVEN	08-19-2018	California	New York	Electronic transfer of 1,961.75 ETH from "ttc binance eth" BitGo wallet to GUO's account at Gemini
EIGHT	08-19-2018	California	New York	Electronic transfer of 1,036.99 ETH from "ICST" BitGo wallet to GUO's account at Gemini

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

2 **FORFEITURE ALLEGATION: (18 U.S.C. § 982 and 28 U.S.C. § 2461(c))**

3 1. The allegations contained in Counts 1 through 8 of this Indictment are hereby realleged  
4 and incorporated by reference for the purpose of alleging forfeiture pursuant to 18 U.S.C. § 982(a)(2)(A)  
5 and 28 U.S.C. § 2461(c).

6 2. Upon conviction of one or more of the felony offenses set forth in Counts 1 through 8 of  
7 this Indictment, defendant,

8  
9 JERRY JI GUO,

10 shall forfeit to the United States any property, real or personal, constituting or derived from proceeds  
11 the defendant obtained, directly or indirectly, as a result of said violations, including but not limited to:

12 (a) A money judgment equal to the gross proceeds obtained as a result of the offenses.

13 3. If any of said property, as a result of any act or omission of the defendant:

14 (a) cannot be located upon the exercise of due diligence;

15 (b) has been transferred or sold to or deposited with, a third person;

16 (c) has been placed beyond the jurisdiction of the Court;

17 (d) has been substantially diminished in value; or

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

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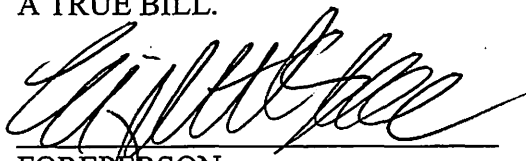
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1 any and all interest defendant has in any other property, up to the value of the property described above,  
2 shall be forfeited to the United States, pursuant to Title 21, United States Code, Section 853(p), as  
3 incorporated by Title 18, United States Code, Section 982(b) and Rule 32.2 of the Federal Rules of  
4 Criminal Procedure.

5 DATED: 11-15-18

A TRUE BILL.

  
\_\_\_\_\_  
FOREPERSON

9 ALEX G. TSE  
United States Attorney

10 *John H. Hemann*

11 \_\_\_\_\_  
12 JOHN H. HEMANN  
Deputy Chief, Criminal Division

13 Approved as to form:   
14 \_\_\_\_\_  
15 MATTHEW A. PARRELLA  
16 Assistant United States Attorney  
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