

FILED
11/15/2023

JUDGE MALDONADO
MAGISTRATE JUDGE FINNEGAN
JC

THOMAS G. BRUTON
CLERK, U.S. DISTRICT COURT

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

Nov 15, 2023

CAT 3

UNITED STATES OF AMERICA)	
)	No. 23 CR 591
v.)	
)	Violation: Title 18, United States
ROBERT DUNLAP)	Code, Section 1341
)	
)	<u>UNDER SEAL</u>

COUNT ONE

The SPECIAL OCTOBER 2022 GRAND JURY charges:

1. At times material to this indictment:
 - a. Cryptocurrencies are virtual currencies that are generally not issued by any government, bank, or company, but instead are generated and controlled through computer software operating on decentralized peer-to-peer networks. Legitimate cryptocurrencies can be used to purchase certain goods or services, can be exchanged for other cryptocurrencies, and can be exchanged for conventional currencies, like United States Dollars.
 - b. Meta1 Coin was a purported cryptocurrency established by defendant ROBERT DUNLAP.
 - c. Meta1 Coin Trust was a trust established by DUNLAP purportedly to hold assets securing and backing the value of Meta1 Coin. DUNLAP was the Executive Trustee of that trust.
 - d. The Meta Exchange was a website that DUNLAP caused to be created to promote Meta1 Coin and for the purported purpose of purchasing, selling,

and exchanging Meta1 Coin for other cryptocurrencies and/or conventional currencies.

e. Promoter A was an individual who DUNLAP caused to promote Meta1 Coin.

f. Individual A was an individual who DUNLAP caused to receive money from investors in Meta1 Coin and to deposit that money in personal bank accounts in Individual A's name.

g. The Securities and Exchange Commission ("SEC") commenced an investigation regarding DUNLAP and Meta1 Coin Trust no later than approximately May 2019 (the "SEC Investigation"). The SEC filed an enforcement action against DUNLAP, Meta1 Coin Trust, Promoter A, and others in or about March 2020 (the "SEC Enforcement Action").

h. On or about April 21, 2020, the Court overseeing the SEC Enforcement Action ordered each of DUNLAP and Promoter A to be held in contempt of court, and the Court issued arrest warrants for each of them. Promoter A was arrested on or about May 29, 2020, pursuant to that arrest warrant.

2. Beginning in or about 2018, and continuing through in or about November 2023, in the Northern District of Illinois, Eastern Division, and elsewhere,

ROBERT DUNLAP,

defendant herein, together with others known and unknown to the grand jury, knowingly devised, intended to devise, and participated in a scheme to defraud investors and potential investors in Meta1 Coin and to obtain money and property by

means of materially false and fraudulent pretenses, representations, and promises, as further described below.

3. It was part of the scheme that DUNLAP promoted Meta1 Coin by falsely stating that it was backed by as much as approximately \$44 billion in gold and/or fine art. To support his false representations about those assets, DUNLAP also falsely stated and caused to be stated: (1) that he and/or Meta1 Coin Trust purchased and possessed the gold and fine art; (2) that the value of those assets was guaranteed and secured by insurance, indemnities, and/or bonds, including bonds backed by the U.S. Treasury; (3) that DUNLAP hired one or more independent auditing firms, including KPMG, to physically audit the purported gold and certify its value; and (4) that investors could withdraw their investments from the Meta Exchange by exchanging Meta1 Coin for other cryptocurrencies and/or conventional currencies, including U.S. Dollars. DUNLAP also caused the market price and trading volume of Meta1 Coin to be inflated on the Meta Exchange by the fraudulent use of automated software “bots” and other software programs. Additionally, DUNLAP falsely stated to investors and prospective investors that he spoke with a lawyer from the SEC who stated that he was “extremely impressed” with Meta1 Coin. After the SEC subsequently brought the SEC Enforcement Action, DUNLAP falsely stated that the case against him and Meta1 Coin Trust had been settled. As a result of DUNLAP’s scheme, investors have paid more than \$10 million to purchase Meta1 Coins.

False Statements About \$1 Billion in Fine Art

4. It was further part of the scheme that DUNLAP knowingly made and caused to be made false statements that Meta1 Coin was initially backed by \$1 billion worth of fine art, which DUNLAP stated was equal to a per coin “asset value” of \$22.22.

5. It was further part of the scheme that, during a promotional appearance on an internet webcast on or about September 5, 2018, DUNLAP falsely stated that he had purchased the \$1 billion worth of art with his own money.

6. It was further part of the scheme that DUNLAP falsely stated and caused to be stated that he and/or Meta1 Coin Trust physically possessed the purported \$1 billion worth of art.

7. It was further part of the scheme that DUNLAP falsely stated and caused to be stated that the \$1 billion value of the art was guaranteed and insured by a surety bond procured by or on behalf of Meta1 Coin Trust, which bond DUNLAP falsely stated was backed by the U.S. Treasury. In fact, as DUNLAP knew, no actual surety bond or insurance existed. Instead, DUNLAP had caused a document titled “Private Surety Bond” to be created and submitted to the U.S. Treasury Department, which document, as DUNLAP knew, was fictitious and did not secure, guarantee, or insure the value of any purported art.

8. It was further part of the scheme that DUNLAP falsely stated and caused to be stated that money paid by investors for Meta1 Coins would be used to purchase additional art for Meta1 Coin Trust, which art purchases “will launch

META 1 Coin values in the trillions of dollars.” In fact, as DUNLAP knew, no significant amount of money paid by investors was used to purchase additional art.

False Statements About \$2 Billion to \$44 Billion in Gold

9. It was further part of the scheme that beginning in or about mid-2019, DUNLAP knowingly made and caused to be made false statements that Meta1 Coin was backed by gold in addition to art.

10. It was further part of the scheme that by about October 2019, DUNLAP announced that Meta1 Coin was no longer backed by any art assets. Specifically, during a promotional appearance on an internet webcast with Promoter A on or about October 9, 2019, DUNLAP falsely stated that the reason he decided to stop using the \$1 billion in art to back Meta1 Coin was, in part, because “art just got really annoying.”

11. It was further part of the scheme that by in or about late 2019 and early 2020, DUNLAP falsely stated and caused to be stated that the gold assets backing Meta1 Coin were worth \$2 billion, and that the “asset value” of Meta1 Coin had doubled from \$22.22 to \$44.44 per coin, knowing those statements to be false.

12. It was further part of the scheme that in or about March 2020, DUNLAP falsely stated and caused to be stated that the gold assets backing Meta1 Coin were worth \$4 billion, and that the “asset value” of Meta1 Coin had doubled again from \$44.44 to \$88.88 per coin, knowing those statements to be false.

13. It was further part of the scheme that in or about mid-2020, DUNLAP falsely stated and caused to be stated that the gold assets backing Meta1 Coin were worth \$8,888,888,888, knowing those statements to be false.

14. It was further part of the scheme that by about June 2021, DUNLAP falsely stated and caused to be stated that the gold assets backing Meta1 Coin were worth almost \$10 billion, knowing those statements to be false.

15. It was further part of the scheme that by about January 2022, DUNLAP falsely stated and caused to be stated that the gold assets backing Meta1 Coin were worth approximately \$15.5 billion, knowing those statements to be false. As a result of those false statements, DUNLAP also knowingly caused the “asset value” of Meta1 Coin to be falsely reported to be approximately \$155 per coin.

16. It was further part of the scheme that by about May 2022, DUNLAP falsely stated and caused to be stated that the gold assets backing Meta1 Coin were worth approximately \$34 billion, knowing those statements to be false.

17. It was further part of the scheme that by about March 2023, DUNLAP falsely stated and caused to be stated that the gold assets backing Meta1 Coin were worth \$44,444,444,444, knowing those statements to be false. As a result of those false statements, DUNLAP also knowingly caused the “asset value” of Meta1 Coin to be falsely reported to be approximately \$444.44 per coin, which was twenty times the original “asset value” of \$22.22 per coin.

18. It was further part of the scheme that DUNLAP falsely stated and caused to be stated that the full value of the gold was secured and insured by bonds

procured by or on behalf of Meta1 Coin Trust. In fact, as DUNLAP knew, no actual bonds or insurance existed. Instead, DUNLAP had caused one or more documents to be created and submitted to the U.S. Treasury Department as purported security for the gold, which documents, as DUNLAP knew, were fictitious and did not secure, guarantee, or insure the value of any purported gold.

19. It was further part of the scheme that DUNLAP knowingly made and caused to be made false statements that Meta1 Coin Trust possessed large quantities of gold bars, which were stored in vaults.

20. It was further part of the scheme that DUNLAP knowingly made and caused to be made false statements that the gold assets had been and/or were being audited by one or more independent auditors, including KPMG, which is one of the largest financial auditing firms in the world. Those statements included, among others:

a. During a webcast with Promoter A on or about October 9, 2019, DUNLAP falsely stated that “we have tons of gold . . . in vaults” and “a third party audited the gold.”

b. During a webcast with Promoter A on or about January 8, 2020, DUNLAP falsely stated that the gold was “in the process of an audit” that was to be completed by a “big six accounting firm [or] law firm.”

c. During a webcast with Promoter A on or about January 15, 2020, DUNLAP falsely stated that KPMG was the “big six accounting firm” that was going

to conduct the audit of the gold, which audit was “being scheduled as we speak right now.”

d. During a webcast on or about January 29, 2020, Promoter A stated that KPMG was “auditing all of the assets and the gold that Meta1 has, so that you know when the assets are posted, they are audit certified and verified by probably the largest auditing firm in the world.”

e. During a webcast with Promoter A on or about February 12, 2020, when asked by a prospective investor when the audit results were coming out, DUNLAP falsely stated, “They’re in process right now.”

f. On or about March 24, 2020, a Meta1 Coin newsletter that DUNLAP caused to be emailed to investors and prospective investors falsely stated:

Although [the audit] is not completed, we can share that the evaluation, along with the projected trading contract data, support a coin value in the 1000’s.

g. During a Zoom video meeting with prospective investors on or about May 2, 2021, DUNLAP falsely stated:

We are having a auditor audit [the gold], a third party. I know we have been saying that. The previous auditor, umm, got a little bit of attention from our friends with the SEC. We have a new auditor that is going to audit all the assets and you will see their, their findings on this, on this page actually.

21. Beginning no later than in or about May 2021, the Meta Exchange website falsely stated:

Meta1 Coin Trust is working with a private third-party organization to certify all asset underwriting and will publish an opinion letter that will be then published on the

Meta blockchain. Due to the COVID event this process has been delayed and is in process.

Those false statements continued to appear on the Meta Exchange website as of the date of this indictment, and no “opinion letter” had been published by any third-party auditor. As DUNLAP knew, those statements were false because, in part, the COVID pandemic had nothing to do with the purported “delay” in completing any audit or obtaining any opinion letter.

22. It was further part of the scheme that DUNLAP knowingly made and caused to be made false statements that the value of Meta1 Coin was guaranteed not to fall below the value of the purported gold backing Meta1 Coin.

*False Statements About Meta1 Coin’s
Market Price, Trading Volume, and Liquidity*

23. It was further part of the scheme that DUNLAP caused the Meta Exchange to show inflated values for Meta1 Coin’s purported “market price” and inflated volumes of purported trades of Meta1 Coin occurring on that exchange. DUNLAP caused those false market prices and volumes to be shown by the use of automated software programs, including software “bots.” As DUNLAP knew, those “bots” and other software programs were designed to create the appearance that actual trades of Meta1 Coin were being conducted on the Meta Exchange when, in fact, no real users were on either side of those trades.

24. It was further part of the scheme that DUNLAP knowingly made and caused to be made false statements that Meta1 Coin was a liquid investment that

could be exchanged for other cryptocurrencies and/or conventional currencies through the Meta Exchange and/or by the use of a Meta1 “debit card.”

25. It was further part of the scheme that DUNLAP knowingly made and caused to be made false statements that Meta1 Coin Trust had large cash reserves that provided liquidity for the Meta1 Coin.

26. It was further part of the scheme that, in a newsletter emailed to investors and prospective investors on or about August 22, 2020, DUNLAP stated that “all the market gateways are established . . .,” knowing that statement to be false.

27. It was further part of the scheme that, on or about October 1, 2021, DUNLAP caused a newsletter to be emailed to investors and prospective investors, which DUNLAP knew falsely stated:

Our withdrawal gateways are open. For members who wish to exit META 1 at the current market price of \$121.65 a coin, you now have the option to do so.

28. It was further part of the scheme that DUNLAP provided and caused to be provided to investors false excuses for why they were not able to withdraw or transfer their investments from the Meta Exchange.

False Statements About the SEC Investigation and Enforcement Action

29. It was further part of the scheme that, during a webcast with Promoter A on or about April 24, 2019, DUNLAP falsely stated that he recently spoke with “legal counsel” for the SEC, and that:

- a. during that conversation, the SEC lawyer stated that he was “extremely impressed” with Meta1 Coin and that Meta1 Coin was “leading the way in equity”;
- b. the SEC lawyer personally purchased Meta1 Coins; and
- c. as a result, “[t]here’s no illegalities” with Meta1 Coin.

In fact, DUNLAP had no such conversation with any SEC representative.

30. It was further part of the scheme that, on or about July 2, 2020, after Promoter A was arrested in connection the SEC Enforcement Action, DUNLAP caused a newsletter to be emailed to investors and potential investors. As DUNLAP knew, that newsletter falsely stated, “[Promoter A] has been illegally detained. Our legal team immediately acted in the defense of [Promoter A] and is looking forward to his imminent release.” Those statements were false because: (1) Promoter A’s detention was supported by a court-issued warrant and was not illegal; and (2) neither DUNLAP, Meta1 Coin Trust, or Promoter A had any “legal team” that ever appeared in the case or was working for his release.

31. It was further part of the scheme that during a Zoom video call with investors and potential investors on or about October 22, 2022, DUNLAP falsely stated:

[Promoter A] was falsely detained. . . The SEC case was legally settled a long time ago . . . There is nothing to worry about. There is no trial. There is nothing with the SEC . . .

In fact, as DUNLAP knew, the SEC Enforcement Action had not been settled and was still pending against DUNLAP and Meta1 Coin Trust.

32. It was further part of the scheme that during a Zoom video call with investors and potential investors on or about January 23, 2021, DUNLAP falsely stated that “we have settled on the public side with the SEC” and that “we” made an \$8 million payment that week to the SEC as part of that purported settlement. In fact, as DUNLAP knew: (1) the SEC Enforcement Action had not been settled as against DUNLAP or Meta1 Coin Trust; (2) the SEC Enforcement Action was still active against DUNLAP and Meta1 Coin Trust, including a pending motion for default judgment against them; and (3) neither DUNLAP nor Meta1 Coin Trust had paid any amount to the SEC toward any settlement.

33. It was further part of the scheme that DUNLAP concealed, misrepresented, and hid, and caused to be concealed, misrepresented, and hidden, the existence, purpose, and acts done in furtherance of the scheme.

34. On or about January 4, 2019, in the Northern District of Illinois, Eastern Division, and elsewhere,

ROBERT DUNLAP,

defendant herein, for the purpose of executing the scheme, knowingly caused to be placed in an authorized depository for mail matter to be delivered by the Postal Service from Hinsdale, Illinois, an envelope addressed to Meta1 Coin Trust in Sedona,

Arizona, which envelope contained a check from Victim A in the amount of \$3,333.00 for the purchase of Meta1 Coins;

In violation of Title 18, United States Code, Section 1341.

COUNT TWO

The SPECIAL OCTOBER 2022 GRAND JURY further charges:

1. The allegations in paragraphs 1 through 33 of Count One are incorporated here.

2. On or about July 19, 2020, in the Northern District of Illinois, Eastern Division, and elsewhere,

ROBERT DUNLAP,

defendant herein, for the purpose of executing the scheme, knowingly caused to be placed in an authorized depository for mail matter to be delivered by the Postal Service from Villa Park, Illinois, an envelope addressed to Individual A in Minnetonka, Minnesota, which envelope contained a check from Victim B in the amount of \$1,433.24 for the purchase of Meta1 Coins;

In violation of Title 18, United States Code, Section 1341.

COUNT THREE

The SPECIAL OCTOBER 2022 GRAND JURY further charges:

1. The allegations in paragraphs 1 through 33 of Count One are incorporated here.

2. On or about September 29, 2020, in the Northern District of Illinois, Eastern Division, and elsewhere,

ROBERT DUNLAP,

defendant herein, for the purpose of executing the scheme, knowingly caused to be placed in an authorized depository for mail matter to be delivered by the Postal Service from North Aurora, Illinois, an envelope addressed to Individual A in Minnetonka, Minnesota, which envelope contained a check from Victim C in the amount of \$2222.00 for the purchase of Meta1 Coins;

In violation of Title 18, United States Code, Section 1341.

COUNT FOUR

The SPECIAL OCTOBER 2022 GRAND JURY further charges:

1. The allegations in paragraphs 1 through 33 of Count One are incorporated here.

2. On or about February 19, 2022, in the Northern District of Illinois, Eastern Division, and elsewhere,

ROBERT DUNLAP,

defendant herein, for the purpose of executing the scheme, knowingly caused to be placed in an authorized depository for mail matter to be delivered by the Postal Service from Mokena, Illinois, an envelope addressed to Individual A in Richardson, Texas, which envelope contained a check from Victim D in the amount of \$33,325.50 for the purchase of Meta1 Coins;

In violation of Title 18, United States Code, Section 1341.

FORFEITURE ALLEGATION

The SPECIAL OCTOBER 2022 GRAND JURY further alleges:

1. Upon conviction of an offense in violation of Title 18, United States Code, Sections 1341, as set forth in this Indictment, defendant shall forfeit to the United States of America any property which constitutes and is derived from proceeds obtained directly and indirectly as a result of the offense, as provided in Title 18, United States Code, Section 982(a)(2)(A).

2. The property to be forfeited includes, but is not limited to:

a. a personal money judgment in an amount of at least \$10 million.

3. If any of the property described above, as a result of any act or omission by a defendant: cannot be located upon the exercise of due diligence; has been transferred or sold to, or deposited with, a third party; has been placed beyond the jurisdiction of the Court; has been substantially diminished in value; or has been commingled with other property which cannot be divided without difficulty, the United States of America shall be entitled to forfeiture of substitute property, as provided in Title 21, United States Code Section 853(p).

A TRUE BILL:

FOREPERSON

Signed by Jason A. Yonan
on behalf of the
ACTING UNITED STATES ATTORNEY